Exam #1

1.(m/c) Since the end of the what Robert Reich calls the Great Prosperity, the financial situation of working class and middle class Americans has deteriorated. All of the following are examples EXCEPT:

a. decline in disposable income b. increase in consumer debt

c. decrease in mortgage debt as housing values increase d. increase in student debt

e. none are exceptions

2.(t/f) According to Inequality for All, a strong middle class is the necessary foundation for a stable consumer-based economy.

3.(t/f) According to Inequality for All, one of the main reasons for the decline of the middle class in the U.S. is their lack of productivity.

4.(m/c) According to Inequality for All, there are strong parallels between the Great Depression and the Great Recession. Which of the following are examples?

a. There were booms in the financial sectors based on speculative bubbles.

b. Middle class wages were stagnant and the middle class was forced to go into debt.

c. Consumer demand decreased d. a and b e. all of above

5.(m/c) The Great Prosperity ended in the \_\_\_\_\_\_\_\_.

a. 1960s b. 1970s c. 1980s d. 1980s

6.(m/c) An almost fifty per cent decline in the tax rates for the rich began under \_\_\_\_\_\_\_\_\_\_?

a. Eisenhower b. Ford c. Reagan d. Bush I e. Clinton

7.(m/c) The Great Prosperity, according to Inequality for All, included all of the following EXCEPT:

a. low inequality b. increased educational opportunity, especially affordable higher education

c. decrease in union membership d. highly educated work force e. none are exceptions

8.(m/c) According to Inequality for All, the Great Prosperity involved a Virtuous Cycle. All of the following were parts of the Virtuous Cycle EXCEPT:

a. increase in wages for workers. b. increased consumer demand c. increased unemployment

d. increased tax revenue e. increased government spending on education and infrastructure

9.(m/c) According to Inequality for All, the end of the Great Prosperity led to a Vicious Cycle. All of the following are parts of the Vicious Cycle EXCEPT:

a. wages stagnant for workers b. decrease in consumer demand c. companies downsized

d. less government funding of education e. higher welfare payments to those hurt the most.

10.(m/c) According to Inequality for All, high concentration of wealth undermines democracy by giving disproportionate power to the rich. All of the following are examples of how the rich have benefited EXCEPT:

a. bailouts b. subsidies c. decreased tax rates for the rich

d. Supreme Court rulings like Citizens United e. none are exceptions

11..(t/f) According to Inequality for All, the “basic bargain” of consumer capitalism is that workers are also consumers. Their earnings are continually recycled to buy consumer goods and services. So workers need a proportionate gain in income growth to keep the economy going.

12.(m/c) According to Inequality for All, the “multiplier effect” means that money spent has which of the following positive outcomes for the economy and workers?

a. creates jobs b. creates a larger tax base c. provides money for research

d. a and b e. all of above

13.(m/c) According to Inequality for All, the middle class tried to cope with the stagnant and declining income in all of the following ways EXCEPT:

a. women entering the workforce. b. average worker working longer hours

c. borrowing on their homes d. entering the workforce at an earlier age e. none are exceptions

14.(t/f) According to Inequality for All, one of the solutions to the problem of the undermining of our democracy because of increasing inequality would be stronger campaign finance laws.