quantitative and variable-oriented research is manifest, Wimmer presents this as extending and complementing case-oriented historical research (see above). To decide if the findings flowing from his quantitative analyses are spurious, he encourages a continued dialogue with case-oriented research. Macrohistorical and comparative sociology would be well served if others, critics and supporters alike, accept Wimmer’s invitation to use this book as a focal point of debate.

References

Middle Class Inequality: The Market Hits Home

The affluent soar upward to ever-greater riches, the poor dig deeper to survive, and the middle class inches forward, stuck on the ground. This broad summary of economic trends in the United States over the past forty years also describes many other prosperous countries. The theme varies some, but the up-down-stuck theme tells us a great deal about globalization and economic inequality since 1975. Corporations, markets, and, increasingly, workers span national boundaries. As they do, the institutions that once made one nation different from another have less leverage over factors that make nations more alike while pushing individuals within each nation farther apart.

An interdisciplinary team of social scientists led by Janet Gornick and Markus Jäntti have, nonetheless, uncovered enough variation among nations to assemble a fascinating but demanding volume of empirical research. Income Inequality: Economic Disparities and the Middle Class in Affluent Countries fascinates because it focuses the inequality discussion on those who are stuck in the middle of the income distribution. The soaring rich and burrowing poor get the bulk of academic and journalistic attention—and for good reason. Social and economic disparities are rooted in the behavior of the rich and affect the poor more than others. But the middle is the biggest segment (metaphors like “hollowed out” notwithstanding) and politically pivotal. Thus, the attention in these papers on the middle class is welcome.

Income Inequality is demanding because so many details matter. For example, data show more inequality in both wealth and wages than in disposable income. That means that somehow people form families and allocate labor market time in ways that counter, however incompletely, the centrifugal forces of global capitalism. Governments variously encourage or discourage postsecondary education, saving, home-ownership, and family formation; the incentives they give people and corporations affect how much inequality their citizens live with. The scholars who contribute to this volume worked hard to master the complexity; they leave us with few quick and easy generalizations, but many details worthy of further research.

The revolution in women’s education and employment during the middle of the twentieth century is the key factor in middle-class

Michael Hout
New York University
mikehout@berkeley.edu

life. In almost every chapter, women’s contributions to the income, care-giving, and composition of the family weigh heavily. Complications and contradictions pile up. The gender gap in hours worked actually decreases inequality; the gender gap in wages might be increasing it. Much depends on the correlation between men’s and women’s wages within households. Susan Harkness shows that women’s hours at work reduced inequality relative to what it would have been if no women worked or if all women worked the same number of hours. It is far from a foregone conclusion. Simple theories of labor supply do not imply this result, but Harkness finds the pattern in all 17 countries in her dataset. Women’s hours at work reduced inequality mainly because the correlation between the man’s and the woman’s wages in two-sex, two-earner households was modest in all those countries. If all women work full time in the future, this counterbalance will go away; inequality would rise as a consequence. Now the female partners of low-earning men work more hours than other women, raising their households above some of those with high-earning men; equalize women’s hours and the inequality of family incomes aligns more with that of men’s wages.

Women with paychecks become visible in the macroeconomic data. Their contributions to well-being through unpaid work at home are the invisible economy. Nancy Folbre, Janet Gornick, Helen Connolly, and Teresa Munzi recalibrate the statistics by bringing the unpaid work done at home into the account. If social science could put a fair value on at-home production we would learn that rich countries were richer in the past than we thought and, because we know from time-use surveys that women do less work at home now than before, countries are not quite as rich now as they might be if more work was done at home. As societies segue from home-based childcare and food production to paid work for those goods and services, they conclude, “As women reallocate their time from unpaid to paid work, household inequality is likely to increase, both because the hours of paid work are distributed more unequally than hours of unpaid work and because the imputed hourly value of unpaid work . . . varies less than market wages” (p. 256). They make a number of calculations based on their specific imputation of the hourly value of unpaid work, but their conclusion holds for any reasonable imputation. They do not say that inequality would go away if half of us stayed home half the time; you cannot pay the mortgage with imputed dollars. They do take seriously the proposition that unpaid work contributes to well-being. In doing so they show that today’s division of labor makes the men and women within these households somewhat more equal while adding to inequality among households.

Wealth inequality for the middle class starts at home. For families in the middle of the income distribution, the dividing line between positive and negative net worth is home ownership. Among those who are not yet in a home of their own, affordability matters most, as Eva Sierminska, Timothy Smeeding, and Serge Allegrezza make clear in their chapter on assets and debt. Home owners, though, depend on rising home values; stagnant or falling house prices turn their most valuable asset into a burden. In all countries, single-parent households are more likely to rent than own, even after adjusting for family income. It is clear why that should be at low incomes, but it persists, contrary to expectation, in the top deciles. The authors call for dynamic data; they cannot sort out causes and effects without information on the sequence of events.

Jäntti, Sierminska, and Philippe Van Kerm compare incomes and wealth. They begin with the commonplace observation that nations line up the same way on both — those most unequal on incomes are most unequal on wealth — but discover that households and individuals do not. Young professionals have high incomes but below-average wealth; some seniors have little income but live off dividends and interest from their accumulated wealth. Everything that predicts income predicts wealth, but the predictors do a far better job accounting for income than wealth. Perhaps inheritance makes the difference. Again, the closer we look the more we learn and the more questions we ask; the more questions we ask, the more data we need.

Debt rose to the fore as subprime lending, derivative bundling, and loan insurance
nearly brought down the global financial system. People borrow for big items like their homes, cars, and college educations. But some people, especially young people, pile up consumer debt with daily expenses. Consumption inequality is even less than income inequality. This volume has less to say about these trends and regularities than it might have.

Several authors, especially Arthur Alderson and Kevin Doran in the first empirical chapter, describe the income distribution as “hollowing out.” It is the wrong metaphor, and its repeated use in this volume and elsewhere can distort both analyses and conclusions. The image derives from plots like Figure 1.2 (p. 60) of Alderson and Doran’s chapter. They carefully discuss in four panels how the typical income histogram for the countries in this book gets lower with fatter tails. The share of the population in the lowest and highest deciles rises, while the share in the middle falls. It is the distribution of changes that takes on the U-curve with a hollow middle; the distribution of income itself is still, in every country in this book, higher in the middle than at the ends. The middle class is much smaller than it used to be; call it squeezed, squashed, or dispersed. Yet, after a major change, the middle class is still far larger than either the poor or the rich. As Anthony Atkinson and Andrea Brandolini show, social scientists work with several definitions of the middle class, but it remains the biggest economic segment by any reasonable definition. The above figure illustrates by comparing the U.S. income distributions of 1977 and 2010. The horizontal axis goes from the lowest to highest incomes; the height of each curve is proportional to the share of the population with that much income. In 1977, 69 percent of American households had an income between $33,000 and $120,000 (the amounts where the density lines cross); by 2010, that was down to 56 percent. We all know the American middle class is smaller than it used to be, but we also have to keep in mind that it is still the biggest social, economic, and political segment.

We know these facts and much, much more about how income and wealth are distributed among households in almost forty nations because of the LIS (the letters once stood for “Luxembourg Income Study;” now they are just three letters). Beginning in 1983, economist Tim Smeeding and psychologist Gaston Schaber along with the sociologist Lee Rainwater integrated and standardized measures of income and poverty from high-quality, nationally representative datasets for a handful of countries. Over time the project grew to include more nations, more time periods, and more measures, most notably wealth. Political scientists joined. Altogether the interdisciplinary collaboration is very impressive. The seventeen papers of this volume share that trait; nine authors are economists, eight are sociologists, four are political scientists (one of
whom has a joint appointment), and nine more have appointments in interdisciplinary professional schools and research institutes. The chapters mesh. The editors and authors both deserve credit for this model of collaboration and eclecticism.

To summarize, Income Inequality highlights why the middle class is sociologically, politically, and economically interesting. Figuring out why the average working family in rich countries is not keeping pace with economic growth turns out to be more intellectually challenging than it might first appear to be. The right trusts the rich to advance all of society; the left would redistribute incomes to raise the poor. The center-left garners votes with middle-oriented rhetoric but has yet to change the trend lines. The papers in this volume suggest that supporting women’s opportunities and wages, promoting middle-class wealth accumulation, and regulating debt can all promote greater equality in living standards. The social science blends gender, family, politics, and economics. The patterns defy easy summary, suggesting that the complexity may be part of why problems persist. But Gornick, Jäntti, and their collaborators are leading us in the right direction.

Reading The Great Transformation

ISAAC WILLIAM MARTIN
University of California, San Diego
iwmartin@ucsd.edu

Karl Polanyi’s book The Great Transformation is a classic. First published in 1944, it has come to be recognized as a founding charter for economic sociology. It anticipated major accomplishments of late-twentieth-century social science (including, among others, Ben Bernanke’s studies of the Great Depression and Amartya Sen’s work on famine). Its core problems—how do societies respond to globalization? how do they address the risks of market failure?—are central to contemporary macrosociology. It is probably time to recognize the canonical status of this book and put it on the classical theory syllabus alongside Marx, Weber, and Durkheim.

But The Great Transformation is also—can we admit this about our classics?—a mess. It is conceptually sloppy. Some key terms (such as “market society” and “social dislocation”) are never explicitly defined. Others (such as “a ‘movement’”) are defined with pedantic care, and then used willy-nilly, as if Polanyi forgot what he said the words meant. Important steps in the argument assume what is to be proven. Inconsistencies abound. The treatment of historical sources is casual. To round it all off, the book concludes with a breathtakingly wrong prediction: namely, that the era of market liberalism is over for good—as of 1944. To salvage a theory from all this, let alone one that we can apply to societies in the present day, surely requires a heroic effort of interpretation.

Fred Block and Margaret R. Somers undertake the salvage effort in The Power of Market Fundamentalism: Karl Polanyi’s Critique. Block and Somers have done more than anyone to ensure that Polanyi’s text gets the recognition it deserves: their book collects and revises several critical and exegetical essays that they have written over three decades. The result is an important, interesting, and idiosyncratic reading of The Great Transformation.

It is grounded in a serious intellectual history of Polanyi’s early milieu. Block and