Social Problems 14th edition Eitzen Test Bank

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Chapter 2 Wealth and Power: The Bias of the System

A. Multiple Choice

1. The authors argue that many of the problems of U.S. society largely result from the __________.

A. maldistribution of power
B. conspiracy of the power elites
C. system being undermined by those who criticize it
D. system being undermined by the poor and disadvantaged

Answer A
Page Reference: 21
Learning Objective:
Topic/A-head: Introduction
Skill Level: Remember the Facts

2. According to Marx's theory of capitalism, the social class in power controls the economy primarily by __________.

A) military force
B) centralized governmental power
C) owning the means of production
D) controlling nearby countries

Answer C
Page Reference: 22
Learning Objective: 2.1
Topic/A-head: Monopolistic Capitalism
Skill Level: Remember the Facts

3. Marx asserted that capitalism has within it the seeds of its own destruction because of __________.

A) the lack labor-saving technology
B) the inevitability of monopolies
C) centralized government control
D) control of the state by the majority

Answer B
Page Reference: 23
Learning Objective: 2.1
Topic/A-head: Monopolistic Capitalism
Skill Level: Remember the Facts

4. According to Marx, capitalism will produce a class of oppressed people called the __________, bent on destroying it.

A) plutocracy
B) proletariats
C) oligopoly
D) capitalists

Answer B
Page Reference: 23

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Learning Objective: 2.1
Topic/A-head: Monopolistic Capitalism
Skill Level: Remember the Facts

5. Contrary to classical economic theory, capitalism is now dominated by huge corporations that __________.

A) act in the best interest of the majority of Americans
B) distribute wealth equally among managers and employees
C) respond to the demands of the market
D) control the demands of the market

Answer D
Page Reference: 21
Learning Objective: 2.1
Topic/A-head: U.S. Economy: Concentration of Corporate Wealth
Skill Level: Remember the Facts

6. Megamergers affect the entire economy in that they __________.

A) decentralize capital
B) eliminate jobs
C) increase corporate debt
D) increase union membership

Answer B
Page Reference: 24
Learning Objective: 2.1
Topic/A-head: Monopolistic Capitalism
Skill Level: Remember the Facts

7. __________ are corporate enterprises with holdings and subsidiaries in several different countries.

A) International cooperatives
B) Plutocracies
C) Oligopolies
D) Transnational corporations

Answer D
Page Reference: 25
Learning Objective: 2.1
Topic/A-head: Transnational Corporations
Skill Level: Remember the Facts

8. By 2014, the average CEO (chief executive officer) of a Fortune 500 corporation was paid ____ times more than the average worker

A) 10
B) 100
C) 200
D) Over 300

Answer D
Page Reference: 26

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Learning Objective: 2.1
Topic/A-head: U.S. Economy: Concentration of Corporate Wealth
Skill Level: Remember the Facts

9. In 2011, the average CEO of a Fortune 500 company was paid __________ times more than the average worker.

A) 50
B) 106
C) 303
D) 511

Answer C
Page Reference: 26
Learning Objective: 2.1
Topic/A-head: U.S. Economy: Concentration of Corporate Wealth
Skill Level: Remember the Facts

10. The average U.S. worker would have to work nearly __________to make a CEO's annual salary.

A) 41 years
B) 62 years
C) 233 years
D) 421 years

Answer C
Page Reference: 27
Learning Objective: 2.1
Topic/A-head: U.S. Economy: Concentration of Corporate Wealth
Skill Level: Remember the Facts

11. In contrast to socialism, capitalism is characterized by __________.

A) autocratic rule
B) free market competition
C) centralized government
D) state ownership of corporations

Answer B
Page Reference: 21
Learning Objective: 2.1
Topic/A-head: U.S. Economy: Concentration of Corporate Wealth
Skill Level: Remember the Facts

12. The linkage between corporations when an individual serves on the board of directors of two companies is called a(n) __________.

A) oligarchy
B) plutocracy
C) shared monopoly
D) interlocking directorate

Answer D

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Page Reference: 24
Learning Objective: 2.1
Topic/A-head: U.S. Economy: Concentration of Corporate Wealth
Skill Level: Remember the Facts

13. Recent tax policies in the United States have __________.

A) exacerbated the unequal distribution of wealth
B) decreased the national debt
C) decreased the political influence of the wealthy
D) decreased the costs of running for public office

Answer A
Page Reference: 41
Learning Objective: 2.3
Topic/A-head: The Consequences of Concentrated Power
Skill Level: Apply What You Know

14. There is a(n) __________ connection between the growth of multinational corporations and the reduction of semiskilled and unskilled jobs in the United States.

A) beneficial
B) irrelevant
C) direct
D) unknown

Answer C
Page Reference: 25
Learning Objective: 2.1
Topic/A-head: U.S. Economy: Concentration of Corporate Wealth
Skill Level: Apply What You Know

15. Critics argue that capitalism, because its objective is profit and not enhancing the human condition, promotes __________.

A) democracy
B) individual fulfillment
C) equality
D) inequality

Answer D
Page Reference: 41
Learning Objective: 2.2
Topic/A-head: The Consequences of Concentrated Power
Skill Level: Analyze It

16. According to your text, Adam Smith would __________.

A) be against competition
B) not recognize capitalism in America today
C) not believe in the free market
D) approve of socialism

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Answer B
Page Reference: 24
Learning Objective: 2.1
Topic/A-head: U.S. Economy: Concentration of Corporate Wealth
Skill Level: Analyze It

17. One strategic reason that multinational corporations move to developing countries is that __________.

A) there are fewer regulations, which translates into more profits
B) the unemployment rate is much higher in developing countries
C) more regulations make factories safer for workers
D) there are fewer job seekers in the United States.

Answer A
Page Reference: 25
Learning Objective: 2.1
Topic/A-head: U.S. Economy: Concentration of Corporate Wealth
Skill Level: Analyze It

18. Which of the following is an example of a shared monopoly?

A) Company A, Company B, and Company C together supply 20 percent of all mufflers in the United States.
B) Company X, Company Y, and Company Z together supply 60 percent of all beds in the United States.
C) Company B, Company U, and Company Y together supply 30 percent of all snow tires in the United States.
D) Company T, Company O, and Company Y together supply 45 percent of all doll dresses in the United States.

Answer B
Page Reference: 22
Learning Objective: 2.1
Topic/A-head: U.S. Economy: Concentration of Corporate Wealth
Skill Level: Analyze It

19. Which of the following is an example of a direct interlock?

A) Smith and Jones both sit on the board of Company A.
B) Smith sits on the board of Company A and holds stock in Company A.
C) Jones sits on the board of Company A and Company B.
D) Jones and Smith are co-CEOs of Company A.

Answer C
Page Reference: 24
Learning Objective: 2.1
Topic/A-head: U.S. Economy: Concentration of Corporate Wealth
Skill Level: Analyze It

20. Which of the following is an example of an indirect interlock?

A) Smith serves on the board of Company A, and Jones serves on the board of competing Company B. However, Smith and Jones both serve on the board of Company C.
B) Smith serves on the board of Company A, Jones serves on the board of Company B, and Miller serves on the board of Company C. None of them serve on any other board.
C) Smith, Jones, and Miller all serve on the board of Company A. None of them serve on any other board.
D) Smith, Jones, and Miller all started Company A. None of them now serve on the board.

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Answer A
Page Reference: 24
Learning Objective: 2.1
Topic/A-head: U.S. Economy: Concentration of Corporate Wealth
Skill Level: Analyze It

21. The McCain-Feingold law __________.

A) prevented candidates from using their own money to win elections
B) limited the use of "soft" money in federal elections
C) limited the giving of large sums to affect election outcomes
D) granted subsidies to candidates with lower fundraising totals

Answer B
Page Reference: 32
Learning Objective: 2.2
Topic/A-head: Political System: Links Between Wealth and Power
Skill Level: Remember the Facts

22. __________ is a political system in which the will of the majority prevails and decisions are made to maximize the common good.

A) Capitalism
B) Socialism
C) Democracy
D) Plutocracy

Answer C
Page Reference: 27
Learning Objective: 2.2
Topic/A-head: Political System: Links Between Wealth and Power
Skill Level: Understand the Concepts

23. The popular will is sometimes thwarted in the Senate by the extraordinary power of small states with __________.

A) a large independent base
B) a large democratic base
C) large populations
D) small populations

Answer D
Page Reference: 29
Learning Objective: 2.2
Topic/A-head: Political System: Links Between Wealth and Power
Skill Level: Understand the Concepts

24. At the national level, lobbying in 2014 was a __________ business.

A) $3.3 million
B) $300 million
C) $3.3 billion

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D) $3.22 billion

Answer C
Page Reference: 28
Learning Objective: 2.2
Topic/A-head: Political System: Links Between Wealth and Power
Skill Level: Understand the Concepts

25. Requiring a __________ in order to register to vote is an example of a recent tactic states use that disenfranchises certain groups of potential voters.

A) government-issued ID
B) party donation
C) background check
D) language test

Answer A
Page Reference: 31
Learning Objective: 2.2
Topic/A-head: Political System: Links Between Wealth and Power
Skill Level: Understand the Concepts

26. In the *Citizens United* case the Supreme Court interpreted political donations as __________.

A) only allowable for low-income candidates
B) a restriction on equal access to democracy
C) a form of speech protected by the Constitution
D) an unconstitutional influence over policymakers

Answer C
Page Reference: 33
Learning Objective: 2.2
Topic/A-head: Political System: Links Between Wealth and Power
Skill Level: Understand the Concepts

27. The high cost of financing a political campaign __________.

A) enhances the democratic process
B) ensures the "little guy" will have a voice
C) favors independently wealthy candidates
D) encourages voting from disenfranchised groups

Answer C
Page Reference: 35
Learning Objective: 2.2
Topic/A-head: Political System: Links Between Wealth and Power
Skill Level: Understand the Concepts

28. Contributors of large sums of money to political campaigns receive which of the following benefits?

A) Free publicity for their companies
B) Full tax exemptions
C) Influence over the positions of politicians on public issues

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D) Free trips with the candidate to national events

Answer C
Page Reference: 35–36
Learning Objective: 2.2
Topic/A-head: Political System: Links Between Wealth and Power
Skill Level: Understand the Concepts

29. 527s are advocacy groups that __________.

A) finance political ads that are directly connected to a specific candidate
B) finance political ads while not directly campaigning for a specific candidate
C) provide illegal financing of federal political campaigns
D) provide direct political lobbying for specific candidates

Answer B
Page Reference: 32
Learning Objective: 2.2
Topic/A-head: Political System: Links Between Wealth and Power
Skill Level: Understand the Concepts

30. The Bipartisan Campaign Reform Act __________.

A) prevented candidates from using their own money to win elections
B) limited the use of soft money in federal elections
C) limited the giving of large sums to affect election outcomes
D) allowed unlimited donations from individual donors

Answer B
Page Reference: 32
Learning Objective: 2.2
Topic/A-head: Political System: Links Between Wealth and Power
Skill Level: Understand the Concepts

31. The high cost of financing political campaigns favor __________, who have an easier time raising money.

A) incumbent candidates
B) African American candidates
C) female candidates
D) first-time candidates

Answer A
Page Reference: 31
Learning Objective: 2.2
Topic/A-head: Political System: Links Between Wealth and Power
Skill Level: Apply What You Know

32. By paying less in taxes, the affluent are in effect reducing their support from programs that __________.

A) help the poor
B) maintain roads
C) promote finance reform
D) reduce racism

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Answer A
Page Reference: 39
Learning Objective: 2.2
Topic/A-head: Political System: Links Between Wealth and Power
Skill Level: Apply What You Know

33. The implication in Chapter 2 is that oligarchs are likely also __________.

A) socialists
B) plutocrats
C) Marxists
D) in poverty

Answer B
Page Reference: 27
Learning Objective: 2.2
Topic/A-head: Political System: Links Between Wealth and Power
Skill Level: Analyze It

34. According to your text, the government has the power to expand or reduce the gap between the haves and the have-nots but politicians have prioritized __________.

A) health care reform
B) the reduction of the size of government
C) the reduction of taxes for the wealthy
D) campaign finance reform

Answer C
Page Reference: 32
Learning Objective: 2.2
Topic/A-head: Political System: Links Between Wealth and Power
Skill Level: Analyze It

35. According to the text, which of the following is a means through which power can be wielded?

A) Consensus
B) Cooperation
C) Democracy
D) Control of Ideology

Answer D
Page Reference: 37
Learning Objective: 2.3
Topic/A-head: The Consequences of Concentrated Power
Skill Level: Remember the Facts

36. The power elite can get its way without actually being mobilized because the choices of decision makers are often limited by __________.

A) government checks and balances
B) systemic imperatives
C) the political power of the power elite

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D) congressional filibusters

Answer B
Page Reference: 45
Learning Objective: 2.2
Topic/A-head: Political System: Links Between Wealth and Power
Skill Level: Understand the Concepts

37. According to your text, the power elite are engaged in __________.

A) a conspiracy to disadvantage the poor
B) ending subsidies to business and industry
C) making sure the voice of the powerless is heard
D) making decisions that advantage the haves at the expense of the have-nots

Answer D
Page Reference: 35–36
Learning Objective: 2.2
Topic/A-head: Political System: Links Between Wealth and Power
Skill Level: Understand the Concepts

38. The popular belief in democracy works to the advantage of the __________.

A) power elite
B) working class
C) working poor
D) military

Answer A
Page Reference: 35
Learning Objective: 2.2
Topic/A-head: Political System: Links Between Wealth and Power
Skill Level: Understand the Concepts

39. Which of the following is a characteristic of the systemic imperatives the authors discuss?

A) The upheaval of the status quo every few decades
B) The allowance of dissidents to protest in the name of free speech
C) The inertia of institutions that happens because no change is easier than change
D) Participation in the political system by those who represent a wide array of interests

Answer C
Page Reference: 36
Learning Objective: 2.3
Topic/A-head: Political System: Links Between Wealth and Power
Skill Level: Understand the Concepts

40. The economic and social constraints on political decision makers that promote the status quo refers to __________.

A) systemic imperatives
B) capitalism
C) socialism

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D) interlocking directorates

Answer A
Page Reference: 36
Learning Objective: 2.2
Topic/A-head: Political System: Links Between Wealth and Power
Skill Level: Understand the Concepts

41. After the Great Recession hit in late 2007, federal and state governments cut ____________.

A) tax breaks for homeowners
B) subsidies to big business
C) social programs for the poor
D) international defense spending

Answer C
Page Reference: 41–42
Learning Objective: 2.3
Topic/A-head: The Consequences of Concentrated Power
Skill Level: Remember the Facts

42. Which of the following programs were reduced or eliminated after the Great Recession in 2007?

A) Social programs for the disadvantaged
B) Subsidies for businesses
C) Tax breaks for corporations
D) Tax breaks for homeowners

Answer A
Page Reference: 41
Learning Objective: 2.3
Topic/A-head: The Consequences of Concentrated Power
Skill Level: Understand the Concepts

43. The U.S. government has directly intervened in the domestic affairs of foreign governments to __________.

A) institute social welfare policies
B) institute labor and safety laws
C) prevent the rise of capitalist competition
D) protect U.S. corporate interests

Answer D
Page Reference: 40
Learning Objective: 2.3
Topic/A-head: Consequences of Concentrated Power
Skill Level: Apply What You Know

44. The relationship between U.S. foreign policy and corporate interests is demonstrated by which of the following actions?

A) The embargo of the sales of military arms overseas
B) The government support of tyrannical governments if they support U.S. multinational corporations
C) The government policy of nonintervention in the domestic affairs of foreign governments to protect U.S.

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corporate interests
D) The government providing foreign aid that primarily goes to benefit the poor in other countries

Answer B
Page Reference: 40
Learning Objective: 2.3
Topic/A-head: Consequences of Concentrated Power
Skill Level: Apply What You Know

45. The bailout of airlines by Congress shortly after the terrorist attacks of September 2001, without similar relief to fired airline workers, represents an example of a __________.

A) government subsidy
B) trickle-down solution
C) congressional gerrymander
D) congressional filibuster

Answer A
Page Reference: 39
Learning Objective: 2.3
Topic/A-head: Consequences of Concentrated Power
Skill Level: Apply What You Know

46. Which of the following represents an example of the argument that the powerless bear the burden of U.S. government policy?

A) Only 10 percent of college-aged men were drafted in the Vietnam War.
B) Subsidies to social services for the poor were increased during the 2007 recession.
C) Rebuilding priority was given to the poor after Hurricane Katrina.
D) Government subsidies are overwhelmingly given to small businesses.

Answer A
Page Reference: 42
Learning Objective: 2.3
Topic/A-head: Consequences of Concentrated Power
Skill Level: Apply What You Know

47. One of the reasons that the government tends to be pro-business is because government officials are more likely to __________.

A) support socialism as an economic ideology
B) hear arguments and receive contributions from the poor
C) hear arguments and receive contributions from the powerful
D) support a liberal political ideology

Answer C
Page Reference: 41
Learning Objective: 2.3
Topic/A-head: Consequences of Concentrated Power
Skill Level: Apply What You Know

48. By building roads for logging, the government is providing a __________ to the timber industry.

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A) monopoly
B) cloture
C) filibuster
D) subsidy

Answer D
Page Reference: 41–42
Learning Objective: 2.3
Topic/A-head: Consequences of Concentrated Power
Skill Level: Apply What You Know

49. the principles of "trickle-down" economics are adopted by the government because __________.

A) government officials who tend to come from the business class bring a conservative ideology to office with them
B) government officials who tend to come from activist backgrounds bring a liberal ideology to office with them
C) government officials are more likely to hear the arguments of the powerless, who are in most need of support
D) government officials are more likely to hear the arguments of the powerful, who want to make sure the needy are taken care of

Answer A
Page Reference: 41–42
Learning Objective: 2.3
Topic/A-head: Consequences of Concentrated Power
Skill Level: Analyze It

50. The authors of your text point out that the flood of election money sabotages democracy in which of the following ways?

A) There is increased access for all people to run for office.
B) The have-nots of society are equally represented among decision makers.
C) The influence of campaign donors makes it harder for legislators to solve social problems.
D) Everyone has a voice in how leftover campaign money is spent after an election is over.

Answer C
Page Reference: 42
Learning Objective: 2.3
Topic/A-head: Consequences of Concentrated Power
Skill Level: Analyze It

B. True/False

51. According to the text, the problems in U.S. society result from the distribution of power and the form of the economy.

Answer TRUE
Page Reference: 21
Learning Objective:
Topic/A-head: Introduction
Skill Level: Remember the Facts

52. The economy of the United States is purely a free enterprise system.

Answer FALSE

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Page Reference: 21–22
Learning Objective: 2.1
Topic/A-head: U.S. Economy: Concentration of Corporate Wealth
Skill Level: Remember the Facts

53. According to the text, capitalism rewards the efforts of all enterprising individuals.

Answer FALSE
Page Reference: 22–23
Learning Objective: 2.1
Topic/A-head: U.S. Economy: Concentration of Corporate Wealth
Skill Level: Remember the Facts

54. Income inequality is increasing in the United States.

Answer TRUE
Page Reference: 26
Learning Objective: 2.1
Topic/A-head: U.S. Economy: Concentration of Corporate Wealth
Skill Level: Remember the Facts

55. Marx hypothesized that free enterprise would eventually destroy itself and be replaced with a new economic form.

Answer TRUE
Page Reference: 22–23
Learning Objective: 2.1
Topic/A-head: U.S. Economy: Concentration of Corporate Wealth
Skill Level: Understand the Concepts

56. According to the authors of the text, capitalism will, if unhindered by government regulation, result in individual self-fulfillment and general material progress for all of society.

Answer FALSE
Page Reference: 22
Learning Objective: 2.1
Topic/A-head: U.S. Economy: Concentration of Corporate Wealth
Skill Level: Understand the Concepts

57. Political lobbyists represent a balance of viewpoints that legislators weigh in their decision making.

Answer FALSE
Page Reference: 29
Learning Objective: 2.2
Topic/A-head: Political System: Links Between Wealth and Power
Skill Level: Understand the Concepts

58. Power in the United States is concentrated in a power elite, and this elite uses its power for its own advantage.

Answer TRUE
Page Reference: 44

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Learning Objective: 2.2
Topic/A-head: Political System: Links Between Wealth and Power
Skill Level: Understand the Concepts

59. Political decisions are likely to be limited by preexisting conditions that serve to maintain the status quo.

Answer TRUE
Page Reference: 36
Learning Objective: 2.3
Topic/A-head: Political System: Links Between Wealth and Power
Skill Level: Apply What You Know

60. By reducing taxes, the government has eliminated waste, given the poor more money to spend and invest, and improved the economy.

Answer FALSE
Page Reference: 1
Learning Objective: 2.3
Topic/A-head: The Consequences of Concentrated Wealth
Skill Level: Apply What You Know

C. Fill in the Blank

61. Income inequality is __________ in the United States.

Answer increasing
Page Reference: 26
Learning Objective: 2.1
Topic/A-head: U.S. Economy: Concentration of Corporate Wealth
Skill Level: Remember the Facts

62. __________ is the nation with the most millionaires.

Answer United States
Page Reference: 26
Learning Objective: 2.1
Topic/A-head: U.S. Economy: Concentration of Corporate Wealth
Skill Level: Remember the Facts

63. Four or fewer companies control at least 60 percent of the light bulb market in the United States, which demonstrates a __________.

Answer shared monopoly
Page Reference: 22
Learning Objective: 2.1
Topic/A-head: U.S. Economy: Concentration of Corporate Wealth
Skill Level: Understand the Concepts

64. Lack of centralized planning is a feature of ________.

Answer capitalism
Page Reference: 22–23

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Learning Objective: 2.1
Topic/A-head: U.S. Economy: Concentration of Corporate Wealth
Skill Level: Apply What You Know

65. If Smith serves on the board of Company A, Jones serves on the board of Company B, and Smith and Jones both serve on the board of Company C, then there is a __________ between Companies A and B.

Answer direct interlock
Page Reference: 24
Learning Objective: 2.1
Topic/A-head: U.S. Economy: Concentration of Corporate Wealth
Skill Level: Apply What You Know

66. The __________ are the people who occupy the most influential roles in society.

Answer power elite
Page Reference: 35
Learning Objective: 2.2
Topic/A-head: Political System: Links Between Wealth and Power
Skill Level: Remember the Facts

67. __________, as summarized throughout the text, is the ability to get what one wants from someone else.

Answer Power
Page Reference: 35
Learning Objective: 2.2
Topic/A-head: Political System: Links Between Wealth and Power
Skill Level: Understand the Concepts

68. Men __________ were less likely to be drafted during the height of the Vietnam War.

Answer in college
Page Reference: 42
Learning Objective: 2.3
Topic/A-head: The Consequences of Concentrated Power
Skill Level: Remember the Facts

69. The transfer of publicly funded technologies to private corporations is an important example of a government __________ to big business.

Answer subsidy
Page Reference: 39
Learning Objective: 2.3
Topic/A-head: The Consequences of Concentrated Power
Skill Level: Understand the Concepts

70. A __________ solution stems from the assumption that private profit maximizes public good.

Answer trickle-down
Page Reference: 40–41
Learning Objective: 2.3

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Topic/A-head: The Consequences of Concentrated Power
Skill Level: Understand the Concepts

D. Short Answer

71. Identify the ways in which monopolies hurt free enterprise.

Page Reference: 22–23
Learning Objective: 2.1
Topic/A-head: U.S. Economy: Concentration of Corporate Wealth
Skill Level: Understand the Concepts

72. How has the *Citizens United* ruling affected the role of small donors to political campaigns?

Page Reference: 33
Learning Objective: 2.2
Topic/A-head: Political System: Links Between Wealth and Power
Skill Level: Analyze It

73. How have super PACs corrupted democracy?

Page Reference: 34
Learning Objective: 2.2
Topic/A-head: Political System: Links Between Wealth and Power
Skill Level: Apply What You Know

74. Describe how government subsidies are biased toward the rich and powerful.

Page Reference: 39
Learning Objective: 2.3
Topic/A-head: The Consequences of Concentrated Power
Skill Level: Apply What You Know

75. How do trickle-down solutions hurt the disadvantaged?

Page Reference: 40–41
Learning Objective: 2.3
Topic/A-head: The Consequences of Concentrated Power
Skill Level: Analyze It

E. Essay

76. What did Karl Marx mean when he discussed the inherent contradictions of capitalism? What has the passage of time shown us about those hypothetical contradictions?

Ideal Answer The ideal answer should include the following:
1. Describe how Marx conceptualized the role of the economy to society.
2. Define capitalism as an economic system. Describe how this system is maintained.
3. Describe the four contradictions inherent in capitalism.
4. Conclude with examples of the evolution of economic systems using historical examples.

Page Reference: 22–23

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Learning Objective: 2.1
Topic/A-head: U.S. Economy: Concentration of Corporate Wealth
Skill Level: Understand the Concepts

77. Why are U.S. corporations shifting more and more of their total assets outside the United States? What are the consequences of the shift in production to other countries?

Ideal Answer The ideal answer should include the following:
1. Outline the three main reasons U.S. multinationals move offshore. Students should touch on increased profits, cheaper production and labor costs, and lax labor and safety laws.
2. Describe the consequences to semiskilled and unskilled laborers in the United States.
3. Describe how this increases the power of transnational companies. Students should mention the twin processes of concentration and internationalization.
4. Conclude with a discussion of the interplay between transnational companies and foreign governments.

Page Reference: 25
Learning Objective: 2.1
Topic/A-head: U.S. Economy: Concentration of Corporate Wealth
Skill Level: Apply What You Know

78. What is an interlocking directorate? Explain the difference between direct and indirect interlocks.

Ideal Answer The ideal answer should include the following:
1. Explain how interlocks are the linkage between corporations.
2. Describe how direct interlocks occur when an individual servers on the board of directors of two companies.
3. Describe how indirect interlocks occur when two companies each have a director on the board of a third company.

Page Reference: 24
Learning Objective: 2.1
Topic/A-head: U.S. Economy: Consequences of Concentrated Power
Skill Level: Apply What You Know

79. Why it is problematic that the information we receive is increasingly under monopolized control? How do these monopolies affect social, cultural, and political landscape?

Ideal Answer The ideal answer should include the following:
1. Describe how the media helps define reality.
2. Describe the reasons why diverse opinions are rarely heard.
3. Illustrate the ways in which reporting is sometimes compromised by conflict of interest.
4. List the ways in which a media giant may push a specific political stance.
5. Describe the ways the messages we see tend to focus on individual problems.
6. Conclude with a discussion of the trend toward more rather than less media concentration.

Page Reference: 37–38
Learning Objective: 2.3
Topic/A-head: The Consequences of Concentrated Power
Skill Level: Analyze It

80. How does the systemic imperative benefit the power elite? Describe the ways in which the systemic imperative is biased toward the status quo.

Ideal Answer The ideal answer should include the following:

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1. Define what it means to be part of the power elite. Describe how power is conceptualized in this definition.
2. Define the systemic imperative.
3. Illustrate the ways in which the systemic imperative favors the status quo. Students should touch on the connection of politics, economy, and the military.
4. Conclude with a discussion on why the popular belief in democracy works to the advantage of the power elite.

Page Reference: 36–37
Learning Objective: 2.2
Topic/A-head: Political System: Links Between Wealth and Power
Skill Level: Analyze It

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