

Beyond **DMU**

Lifelong Learning

Beyond Graduation. Beyond Campus. Beyond Boundaries.

COVID-19 and Economic Inequality in the United States

Amber Wichowsky

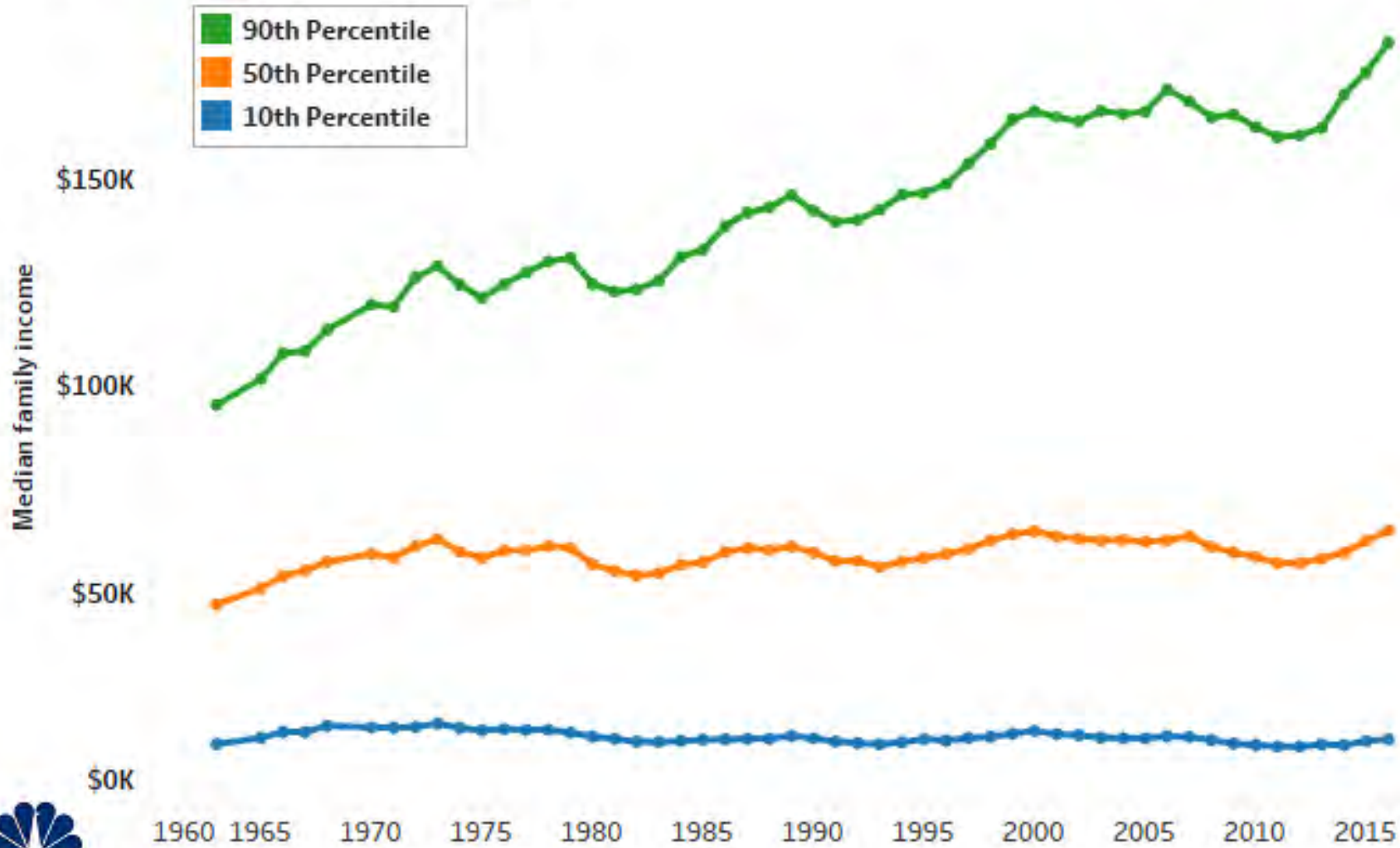
Associate Professor
Department of Political Science

Agenda

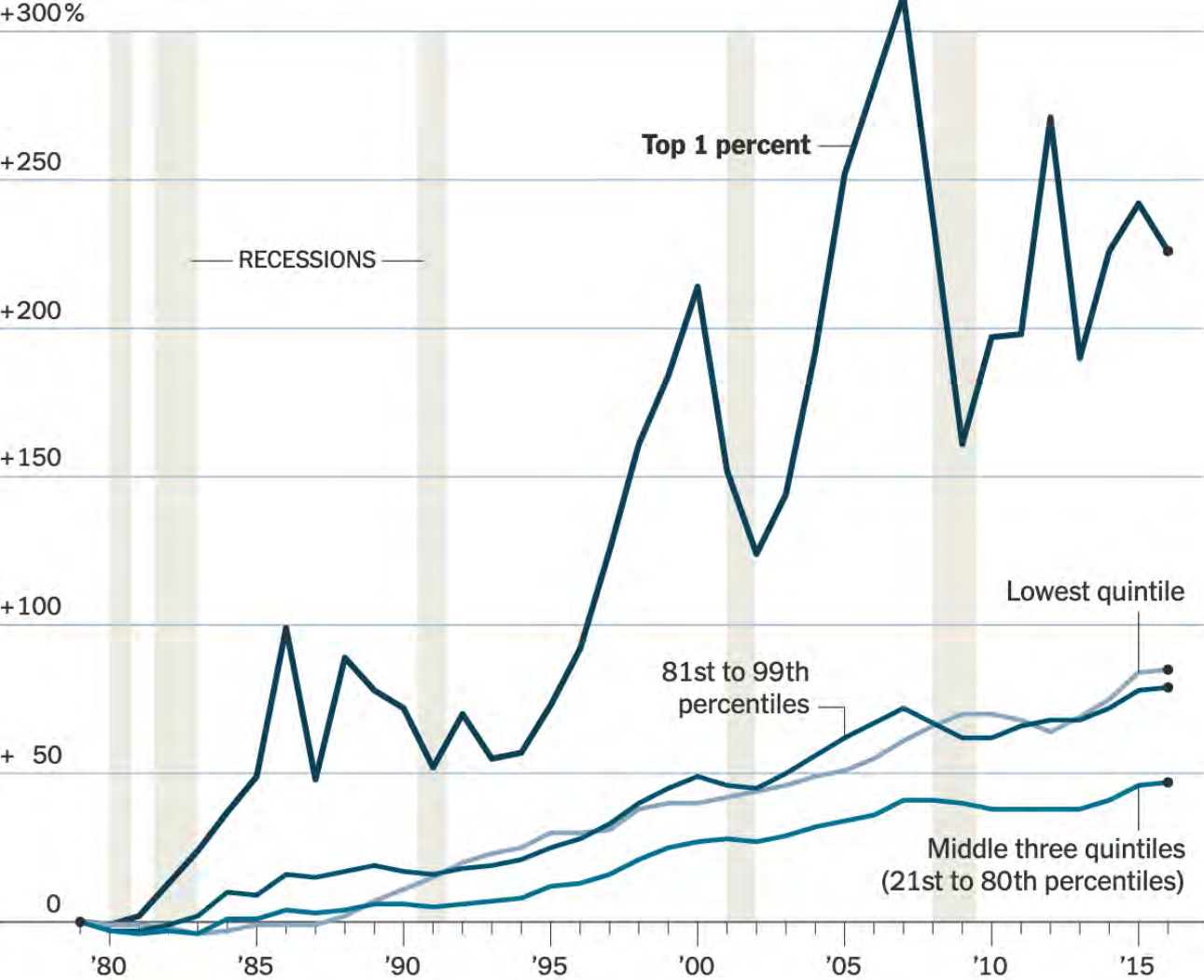
- Covid-19 “laying bare inequalities” in the United States.
- Research on Americans’ attitudes about economic inequality.
- Are Americans’ opinions changing during pandemic?
- What comes next?

Widening income gap

SOURCE: Urban Institute



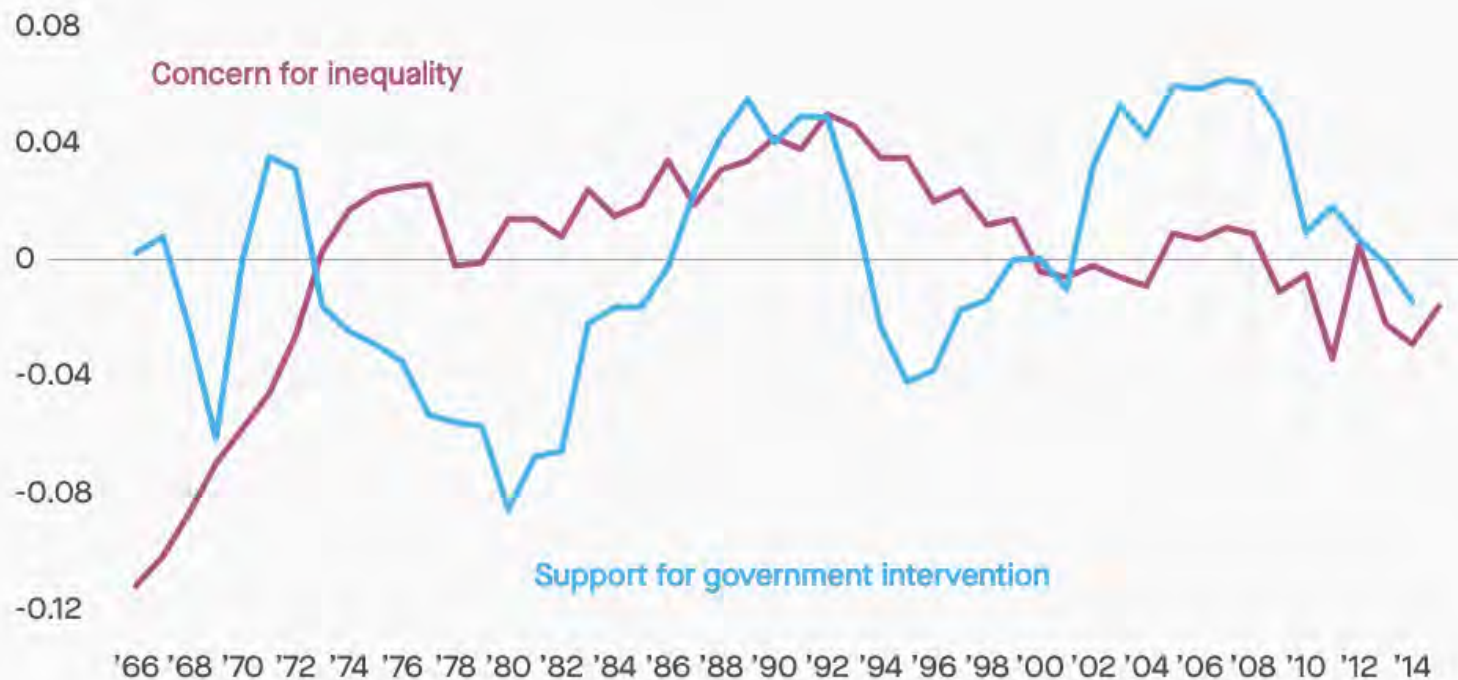
Growth in average income since 1979 by income group, after transfers and taxes



Note: Through 2016 Source: Congressional Budget Office By The New York Times

US surveys: Concern about inequality and support for redistribution

0.12 (both measures are indexed to their mean)



DK Dan Kopf

Data: Wright (2017)

Last updated: 3 years ago

'Extreme inequality was the preexisting condition': How COVID-19 widened America's wealth gap

As 45 million Americans lost their jobs, U.S. billionaires made \$584 billion.

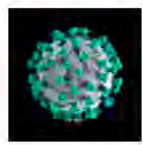
By Catherine Thorbecke and Arielle Mitropoulos
June 28, 2020, 10:42 AM • 12 min read



United States
Apr 18th 2020 edition >

Unequal protection

American inequality meets covid-19



Coronavirus Live Updates

THE CORONAVIRUS CRISIS

Harvard Researchers Find 'Inequality On Top Of Inequality' In COVID-19 Deaths

May 22, 2020 • 6:41 PM ET

JAMES DOUBEK



WEALTH MATTERS

In Pandemic, More Are Paying for Direct Access to Their Doctors

Concierge care has grown fast as patients no longer want to sit in a waiting room with strangers. But it comes at a high price.

Every resident and staff member in Florida's most expensive ZIP code — a private island off the coast of Miami — can now get a coronavirus antibody blood test, and it shows just how differently the wealthy are riding out the pandemic

Taylor Borden Apr 14, 2020, 11:03 AM



Billionaires' wealth rises to \$10.2 trillion amid Covid crisis

Super-rich increase fortunes by more than a quarter during market turmoil

- [Coronavirus - latest updates](#)
- [See all our coronavirus coverage](#)



▲ Amazon founder Jeff Bezos is the world's richest person. His wealth swelled \$74bn so far this year. Photograph: Lindsey Wasson/Reuters



A line for a food pantry in New York City in May (Andrew Lichtenstein / Getty)

'A tale of 2 recessions': As rich Americans get richer, the bottom half struggles

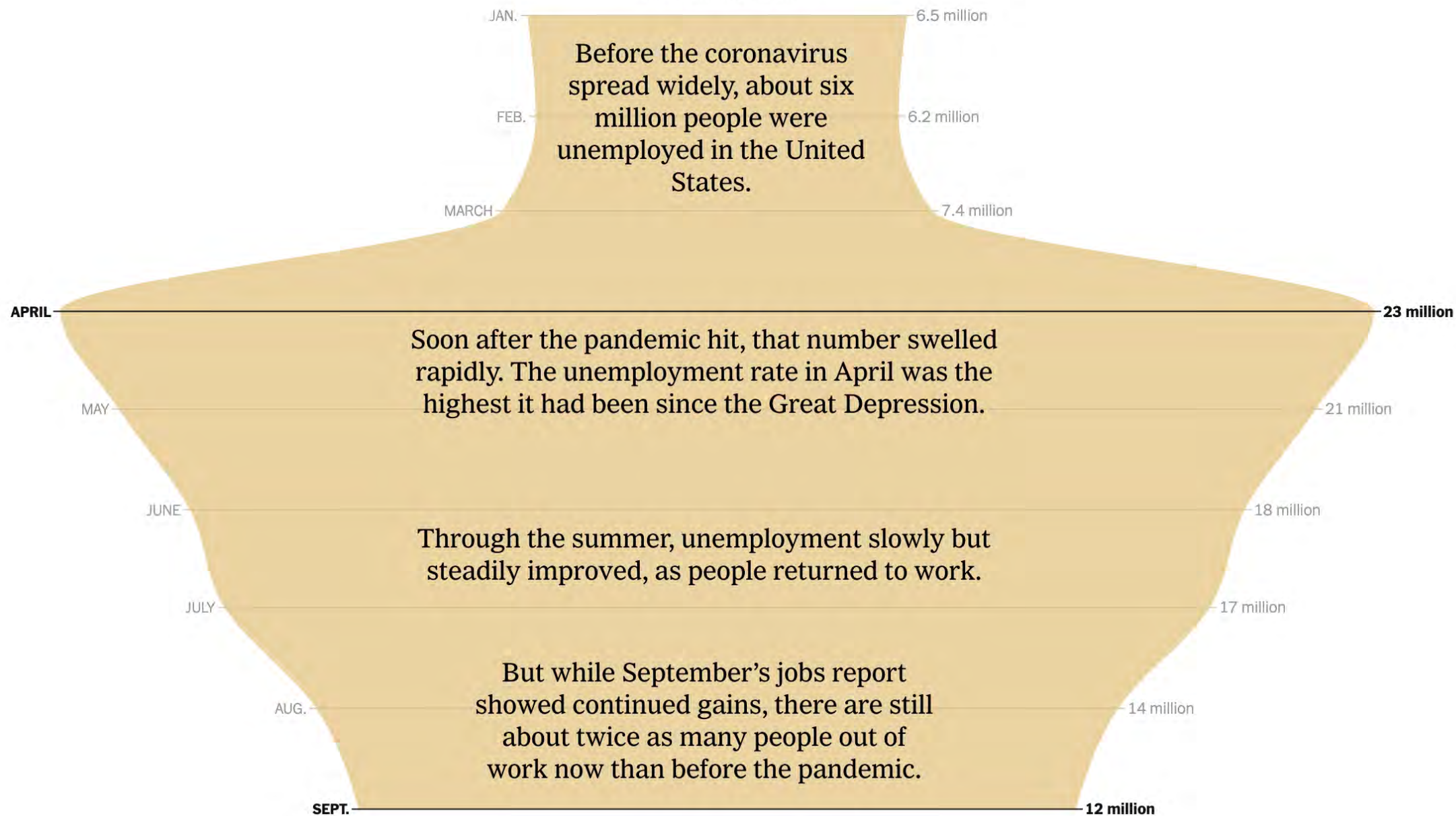
ECONOMY

The trend is on track to exacerbate dramatic wealth and income gaps in the U.S., where divides are already wider than any other nation in the G-7.



People wait in line outside of an unemployment office in Fayetteville, Ark., on Thursday. September Dawn Bottoms for The New York Times

Total unemployed



Roughly four-in-ten adults say they or someone in their household lost a job or wages because of COVID-19

% saying each of the following has happened to them or someone in their household because of the coronavirus outbreak

	Been laid off/lost job	Had to take a cut in pay	Net either/both
All adults	25	32	42
White	23	29	38
Black	29	32	43
Hispanic	34	44	53
Asian*	24	41	47
Ages 18-29	32	45	54
30-49	28	38	48
50-64	27	30	40
65+	14	15	21
Bachelor's+	19	32	39
Some college	28	34	44
HS or less	29	31	42
Upper income	14	26	32
Middle income	26	33	42
Lower income	33	37	47

*Asian adults were interviewed in English only.

Note: White, Black and Asian adults include those who report being only one race and are not Hispanic. Hispanics are of any race.

"Some college" includes those with an associate degree and those who attended college but did not obtain a degree. Family income tiers are based on adjusted 2019 earnings.

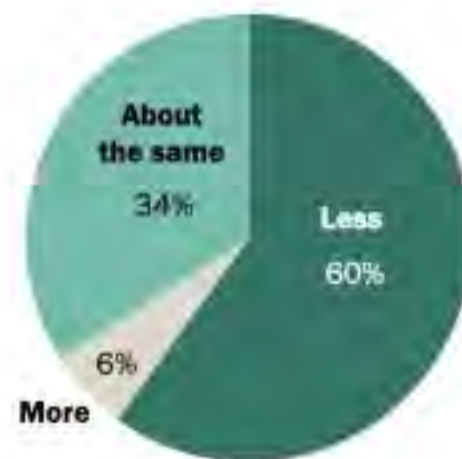
Source: Survey of U.S. adults conducted Aug. 3-16, 2020.

"Economic Fallout From COVID-19 Continues To Hit Lower-Income Americans the Hardest"

PEW RESEARCH CENTER

Most workers who lost wages due to COVID-19 are still earning less

Among employed adults who say they had to take a cut in pay because of the coronavirus outbreak, % saying they are now earning ___ money than before



Note: Share of respondents who didn't offer an answer not shown.

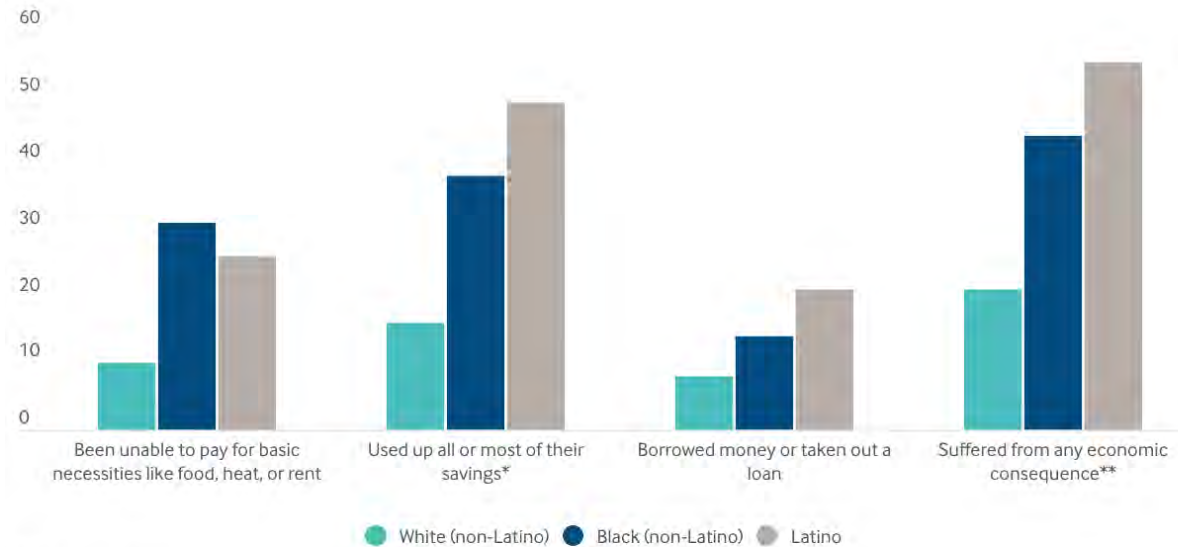
Source: Survey of U.S. adults conducted Aug. 3-16, 2020.


"Economic Fallout From COVID-19 Continues To Hit Lower-Income Americans the Hardest"

PEW RESEARCH CENTER

Many Americans are facing substantial economic hardship during the pandemic. Latino and Black people experience these hardships at significantly higher rates than white people.

Percent of respondents who reported the following had happened because of the COVID-19 pandemic



 Download data

^ Difference is statistically significant compared to White (non-Latino) respondents at $p \leq 0.05$.

* Excludes those who reported never having had savings.

** "Suffered from any economic consequence" identifies any respondents who said yes to at least one of the other questions on economic consequences (been unable to pay for necessities like food, heat or rent; used up all or most of savings; borrowed money or taken out a loan).

Data: Commonwealth Fund International Health Policy COVID-19 Supplement Survey, 2020.

Source: Yaphet Getachew et al., *Beyond the Case Count: The Wide-Ranging Disparities of COVID-19 in the United States* (Commonwealth Fund, Sept. 2020). <https://doi.org/10.26099/gjcn-1z31>

Increasing percentage of voters concerned about the economic fallout of Covid-19

Are you more concerned about the impact of the coronavirus outbreak on ...

Public health The economy



Source: FT-Peterson poll
© FT

I would say that the longstanding disparities in income within groups and between groups are a feature of our economy. In fact, inequality between groups and within groups has been increasing. We've noted that that's something that holds back the U.S. economy as a general matter....

~Fed Chair, Jerome Powell (Nov 12, 2020)

I worry that that is going to make it even more difficult than it was for many workers ... It's a relatively low paid public facing workers in the service sector who are bearing the brunt...

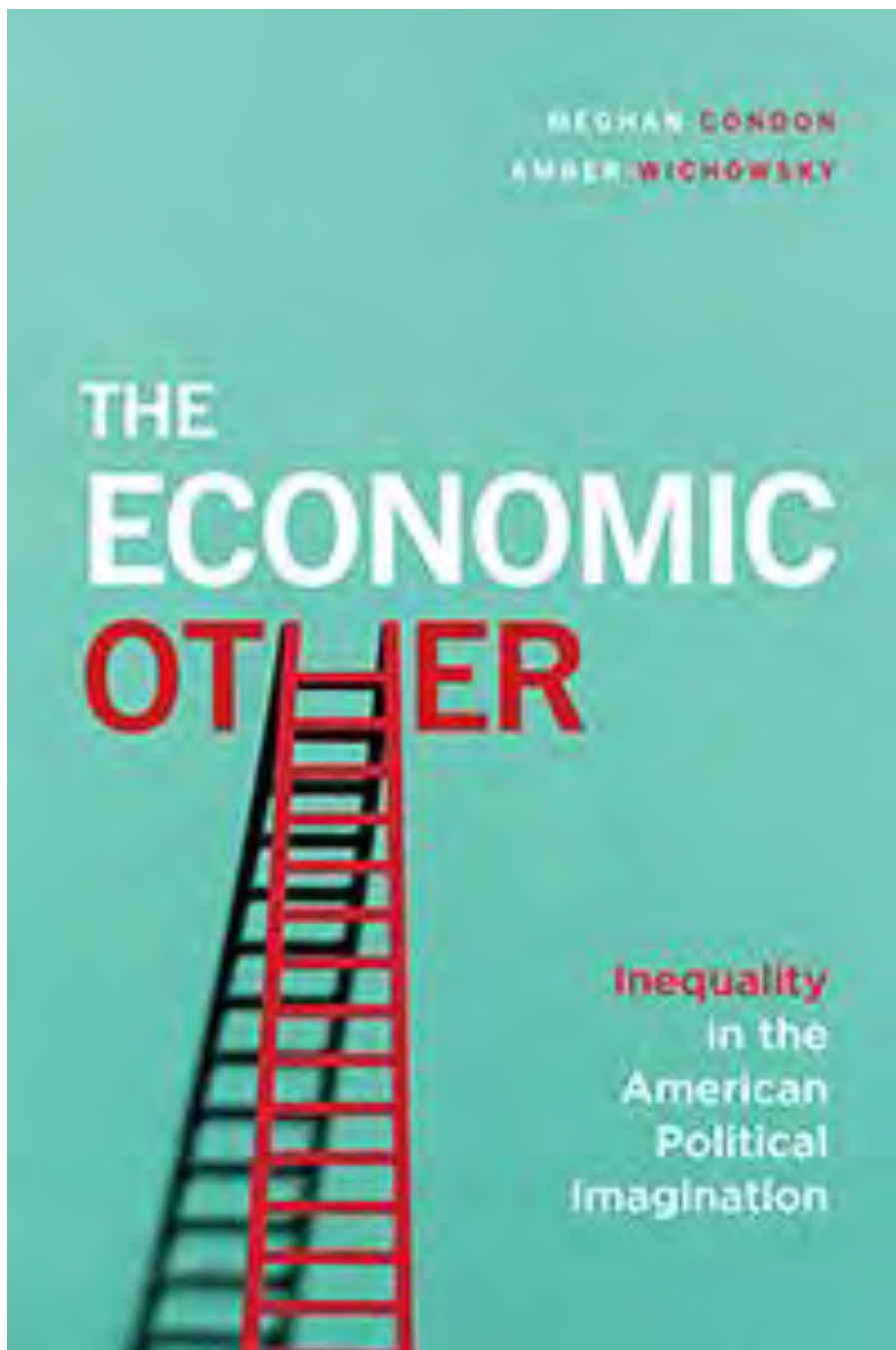
Those people are going to struggle to get back to work in their old jobs or, in many cases, in new jobs. I mean, I think you'll see more telework. You'll see probably the acceleration of automation. All of that was in the process of happening, but you're going to see much more of it. I guess that, for me, the main takeaway from all of this is that even after the unemployment rate goes down and the economy is ... And there's a vaccine, there's going to be probably a substantial group of workers who were going to need support as they find their way into post-pandemic economy because it's going to be different in some fundamental ways...

~Fed Chair, Jerome Powell (Nov 12, 2020)

Just who are essential workers? It's not the financiers and money pushers or the 1%. It's the plant and factory workers, the grocery clerks, the people producing our food, the caregivers in nursing homes and daycare centers, the janitors. The disparity and inequity in this country must be addressed. Our infrastructure and health care systems need fixing.

– 65-year-old-woman

(Pew Research Center, American Trends Panel, July 2020)



The Economic Other:

Inequality in the American Political Imagination
(University of Chicago Press, 2020)

Meghan Condon

Loyola University Chicago

mcondon1@luc.edu

Amber Wichowsky

Marquette University

amber.wichowsky@marquette.edu



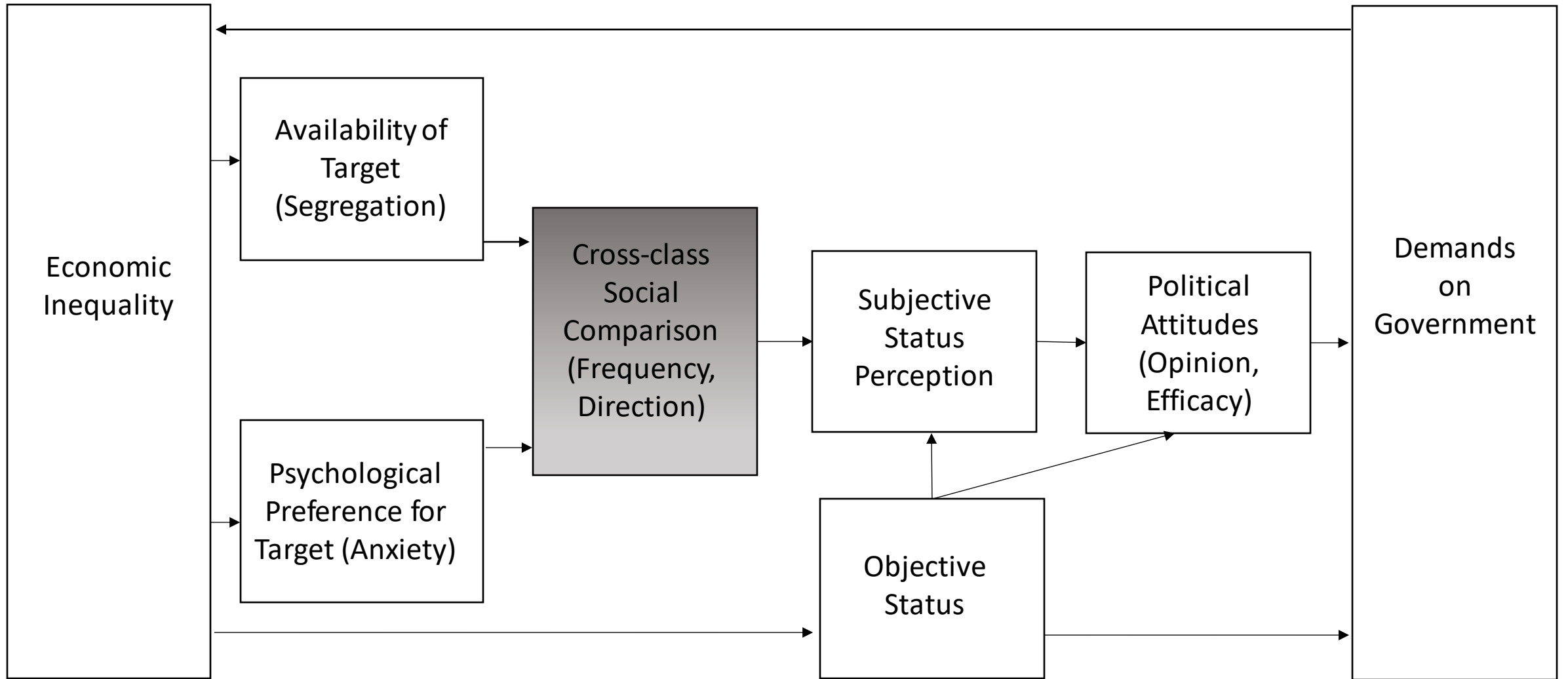
Undoubtedly Philosophers are in the Right, when they tell us, that **nothing is great or little otherwise than by Comparison.**

—Jonathan Swift, *Gulliver's Travels*, 1826









Getting Inside the Social Mind



Experiments with Representative Samples: How does cross-class comparison affect status perception and attitudes?



Large-N Qualitative Data: what comes to mind when Americans think of the rich and poor?



Observational Data: Do experimental results match up with the real world?



Supplemental Experiments & Replications

Manipulating Social Comparison

Subjects instructed to think of the ladder

“as representing where people stand in the United States.”



Now, **please compare yourself to the people at the very bottom [top] of the ladder.** These are people who are the worst [best] off—those who have the least [most] money, least [most] education, and the least [most] respected jobs. **In particular, we’d like you to think about how you are different** from these people in terms of your own income, educational history, and job status.

Imagining the Economic Other

- Americans do resent the rich
- But they also express admiration
- And feelings of personal inferiority



I DO NOT THINK THE PEOPLE AT THE TOP OF THE LADDER WOULD HAVE ANY THING TO DO WITH ME.AND THAT FINE WHITH ME.

I would ask them how they got to the top.

I always feel like what i say is being dissected or not important enough.

Imagining the Economic Other

- Americans do resent the rich
- But they also express admiration
- And feelings of personal inferiority

- We find some sympathy for the poor
- But it is repeatedly qualified or walked back



I think I would be sympathetic and try to help with the situation.

However, I would also expect this person to help themselves. I don't particularly like lazy and therefore would have to believe in the sincerity of the person before I would take the extra to to assist.

Imagining the Economic Other

- Americans do resent the rich
- But they also express admiration
- And feelings of personal inferiority

- We find some sympathy for the poor
- But it is repeatedly qualified or walked back

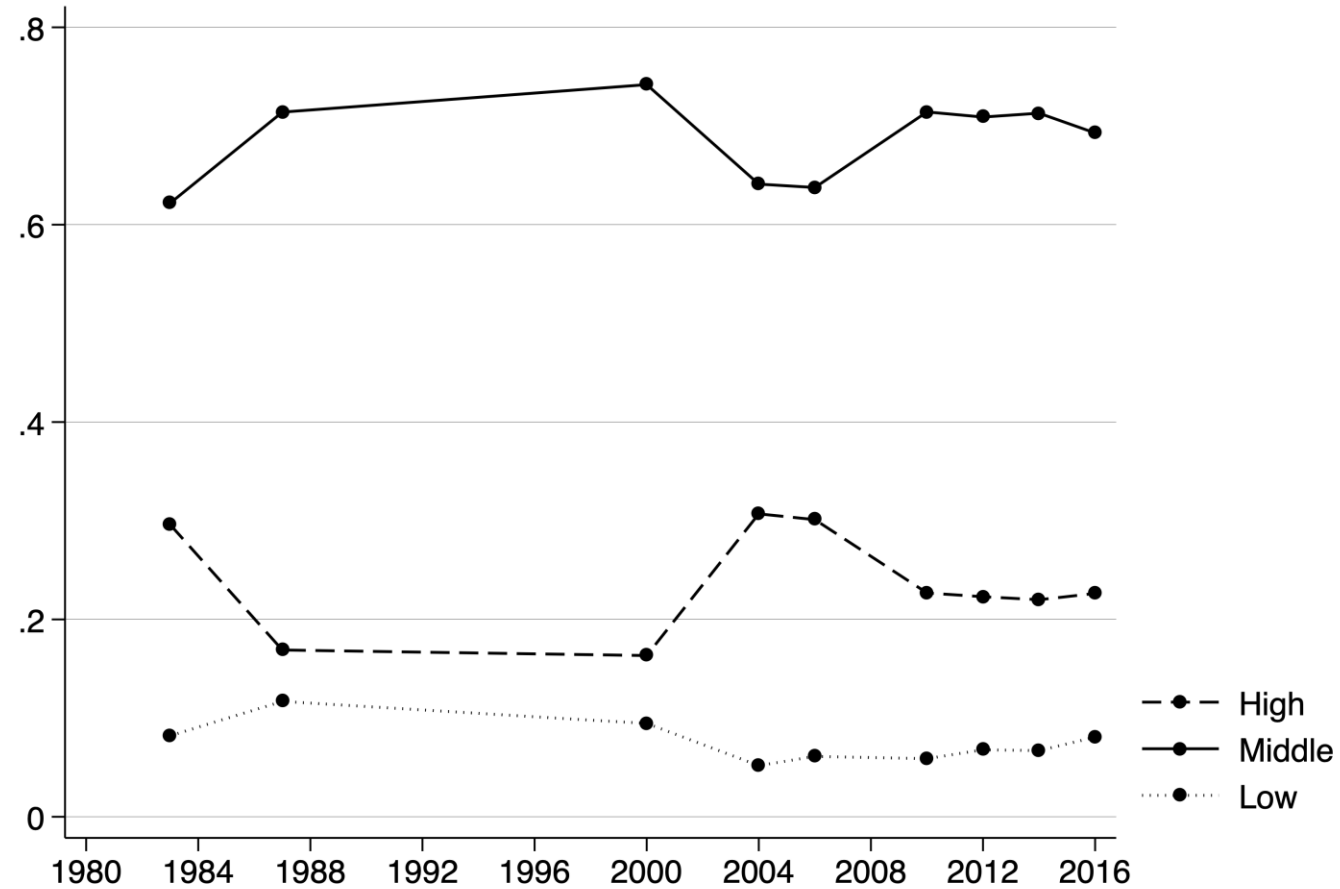
- Thinking about the other induces and influences self-referent evaluations



ID FEEL UNEDUCATED

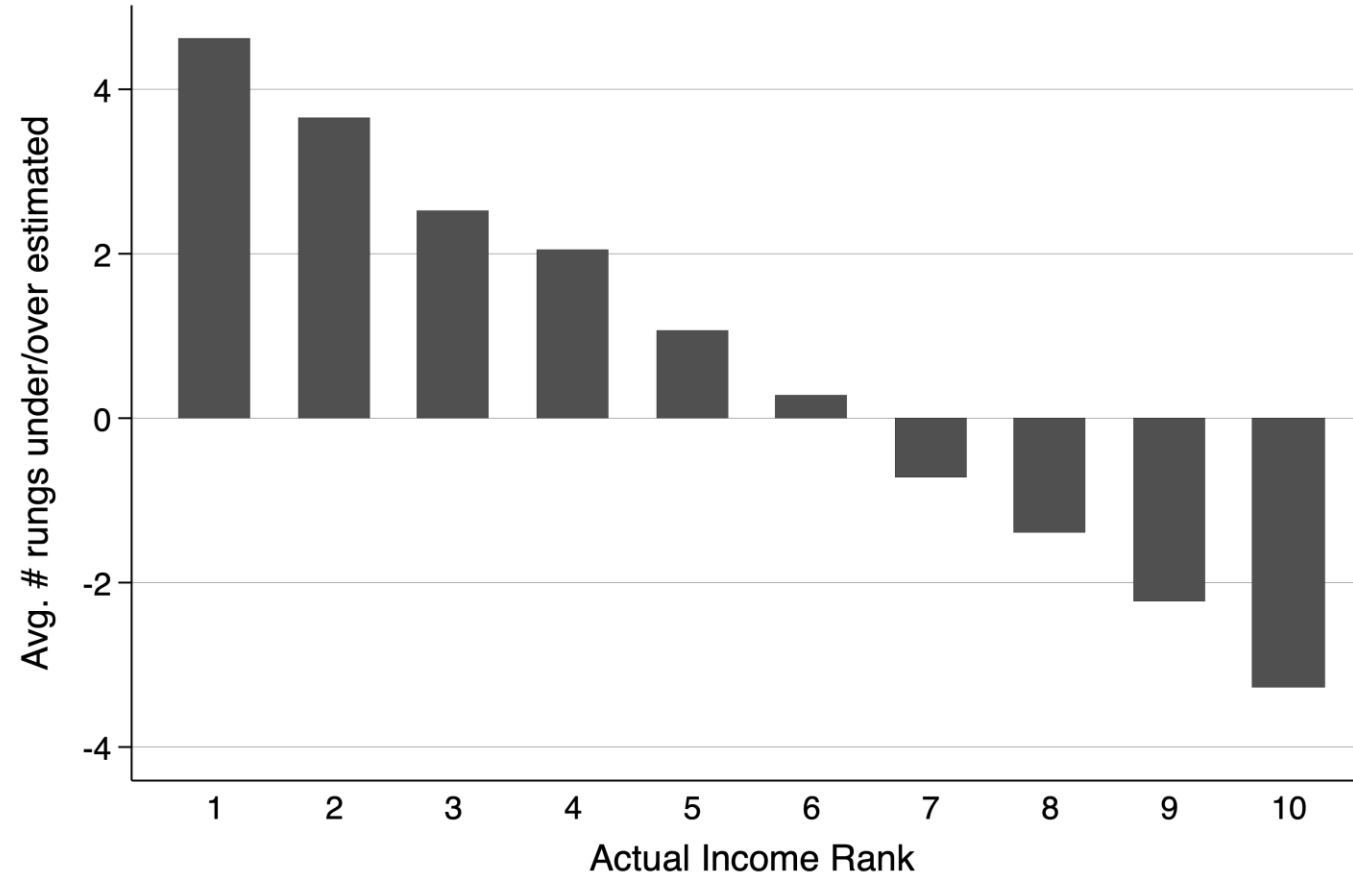
Perceptions of Subjective Status

Percentage of survey respondents placing themselves in top (1-3), middle (4-7) or bottom (8-10) of GSS measure of subjective social status. Source: 2016 General Social Survey.



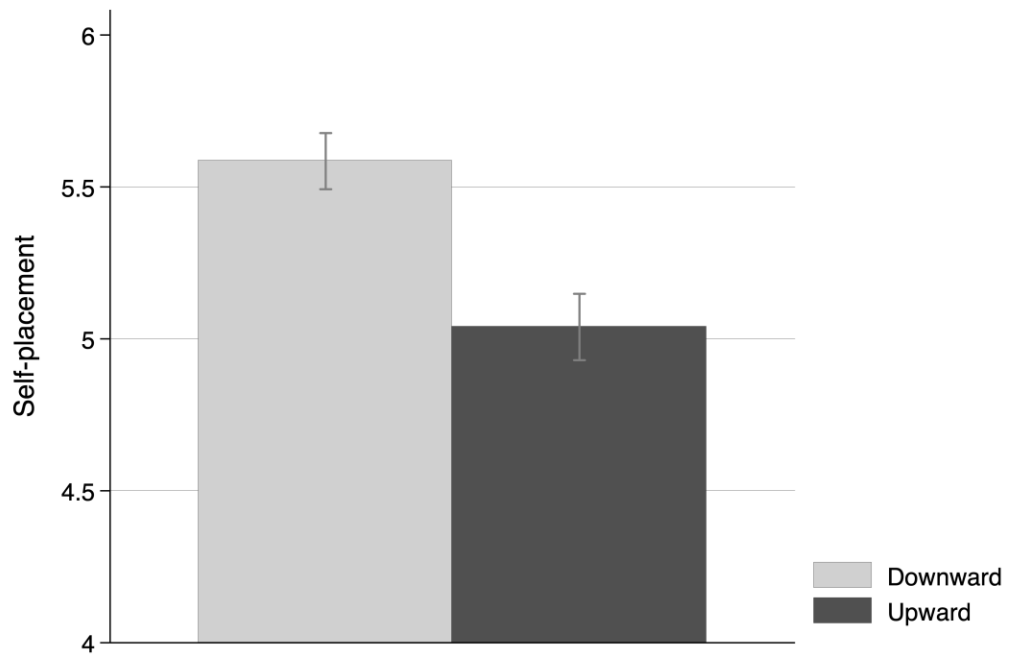
Misperceptions of Relative Social Position

Average difference between subjective self-placement and objective percentile ranking in the income distribution. Source: 2016 General Social Survey.

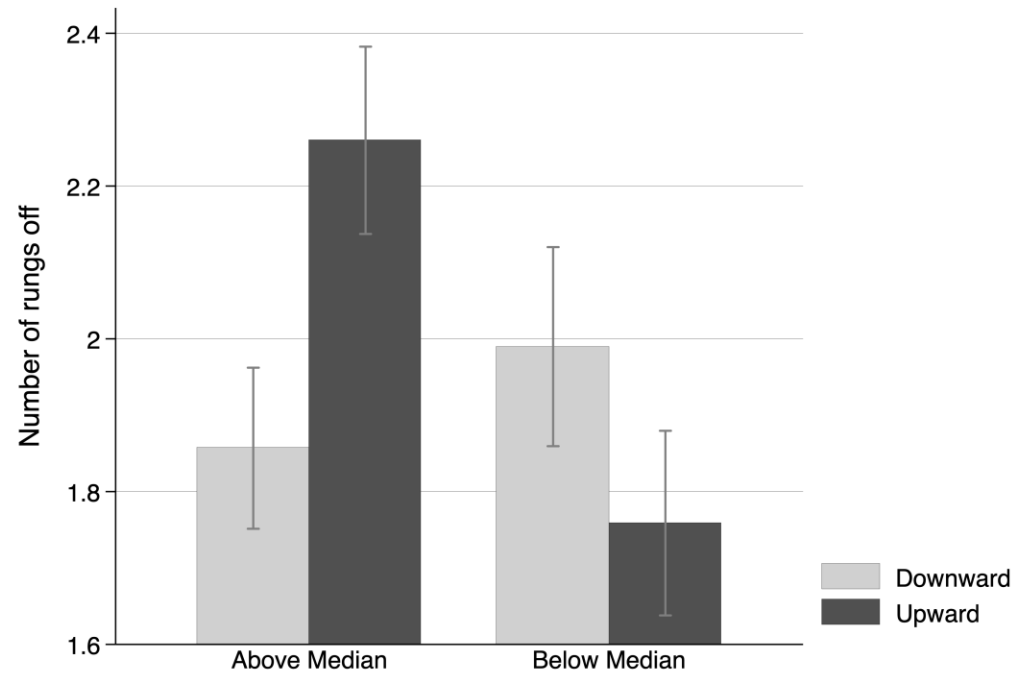


Social Comparison and Status Perception

The effect of social comparison on perceptions of status



Social comparison with the economic other makes us more accurate about our relative social position

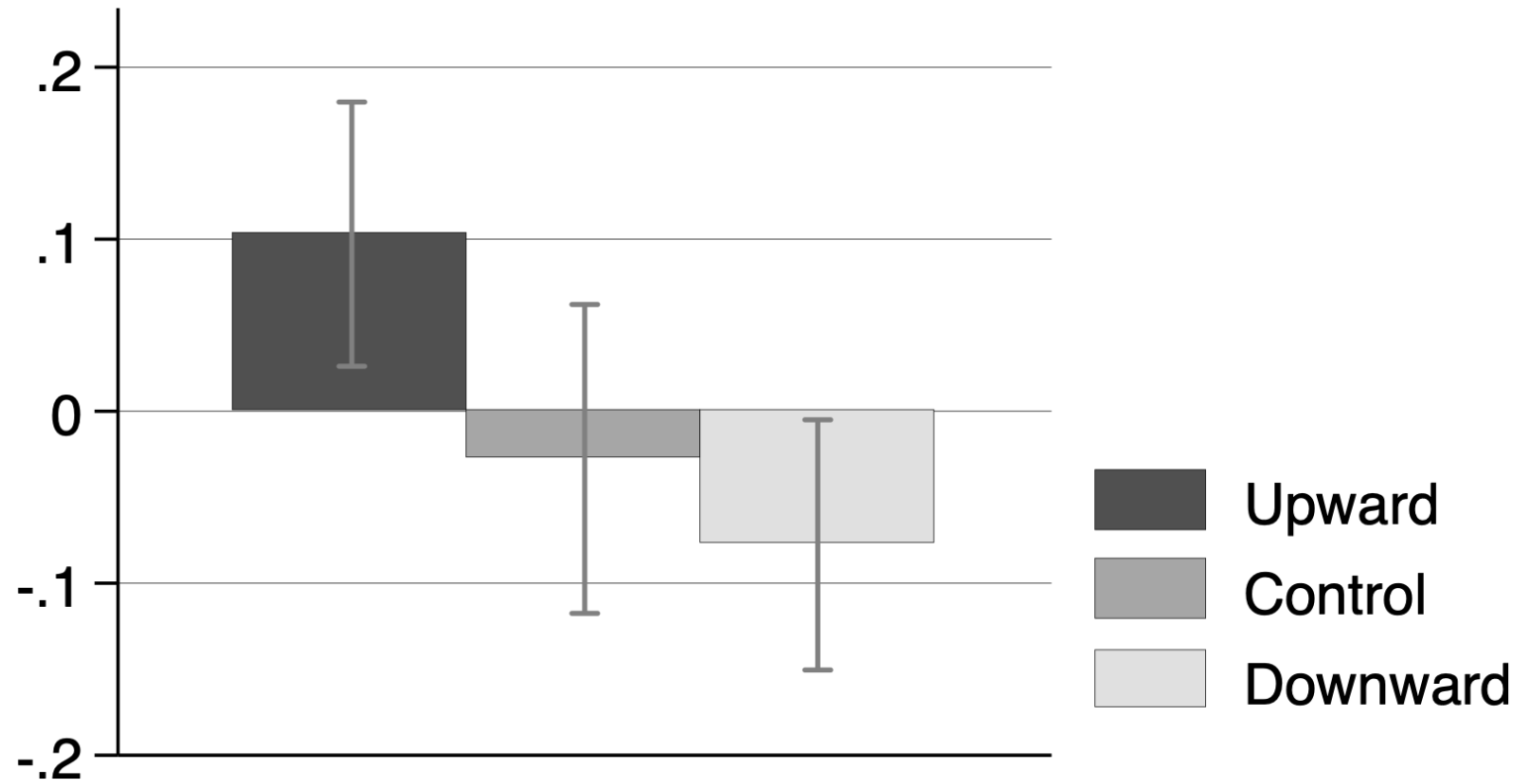


Public Opinion

Should federal spending be increased, decreased, or kept the same? (0-100 scale). Factor score ($M=0$, $SD=1$):

- Financial aid for college students
- Food stamps
- Unemployment insurance
- Social Security

Social Comparison and Support for Social Spending



Countervailing Trends?



Class segregation
keeps us from
looking up



Economic anxiety
makes us want to
look down



Upward comparison
depresses efficacy
when it happens

How Much Upward Comparison Happens in the Real World?

Americans generally have **one thing in common with their neighbors:** they have similar **incomes**.

–Robert B. Reich, “Secession of the Successful,” 1991



The Segregation of Affluence

- Neighborhoods (Reardon and Bischoff 2011, 2016)
- Schools (Owens, Reardon, and Jencks 2016)
- Workplace networks (Marsden 1990, Kaufman 2001)
- Marriage (Mare 2016)



The Segregation of Affluence

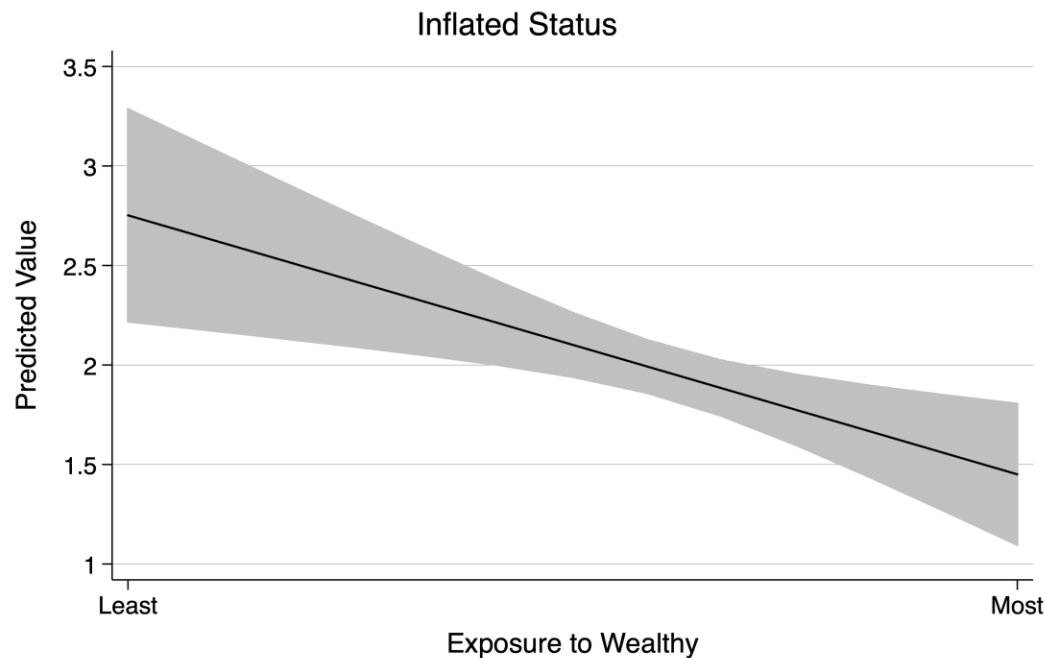
Common question: How does class segregation affect **the empathy of the elite?**

We ask: How does class segregation affect **attitude formation for everyone else?**

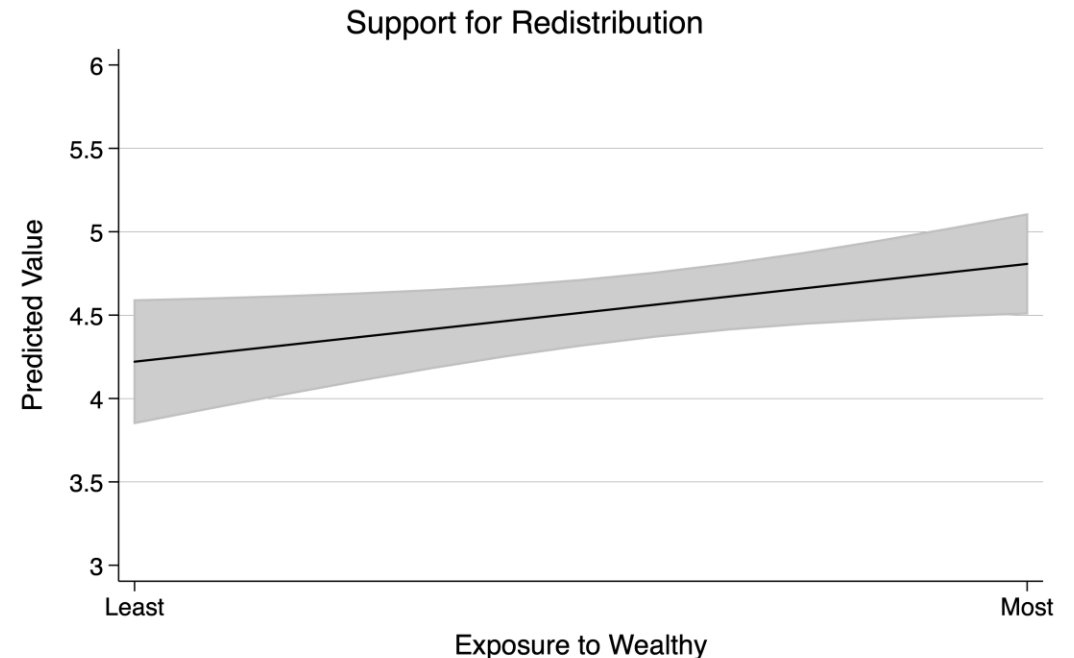


Availability of Target: exposure to affluent other in real world

Exposure to wealthy makes people more accurate about their status.



Exposure to wealthy makes people more supportive of redistribution.



Exposure to wealthy defined as (logged) ratio of individuals at 80th percentile and 20th percentile living in the zip code (Flavin and Franko, 2019). Models control for individual covariates (e.g., gender, income) and other contextual factors (e.g., racial diversity in zip code).

Beyond Contact: Does Anxiety Make Us Want to Look Down?

- **2 out of 3** Americans report feeling financially insecure (Marketplace Survey, 2017).
- **9 out of 10** Americans would prefer financial stability over moving up the income ladder (Pew, 2015).
- **1 in 3** Americans report trouble paying usual household expenses (US Census, September 2020 Household Pulse Survey)



Economic Anxiety Manipulation

First, we'd like you to take a moment to think about the economy, money, and your personal finances. When you think about the economy, money, and your personal finances, what makes you worried? Please list everything that comes to mind. (Albertson and Gadarian, 2015)

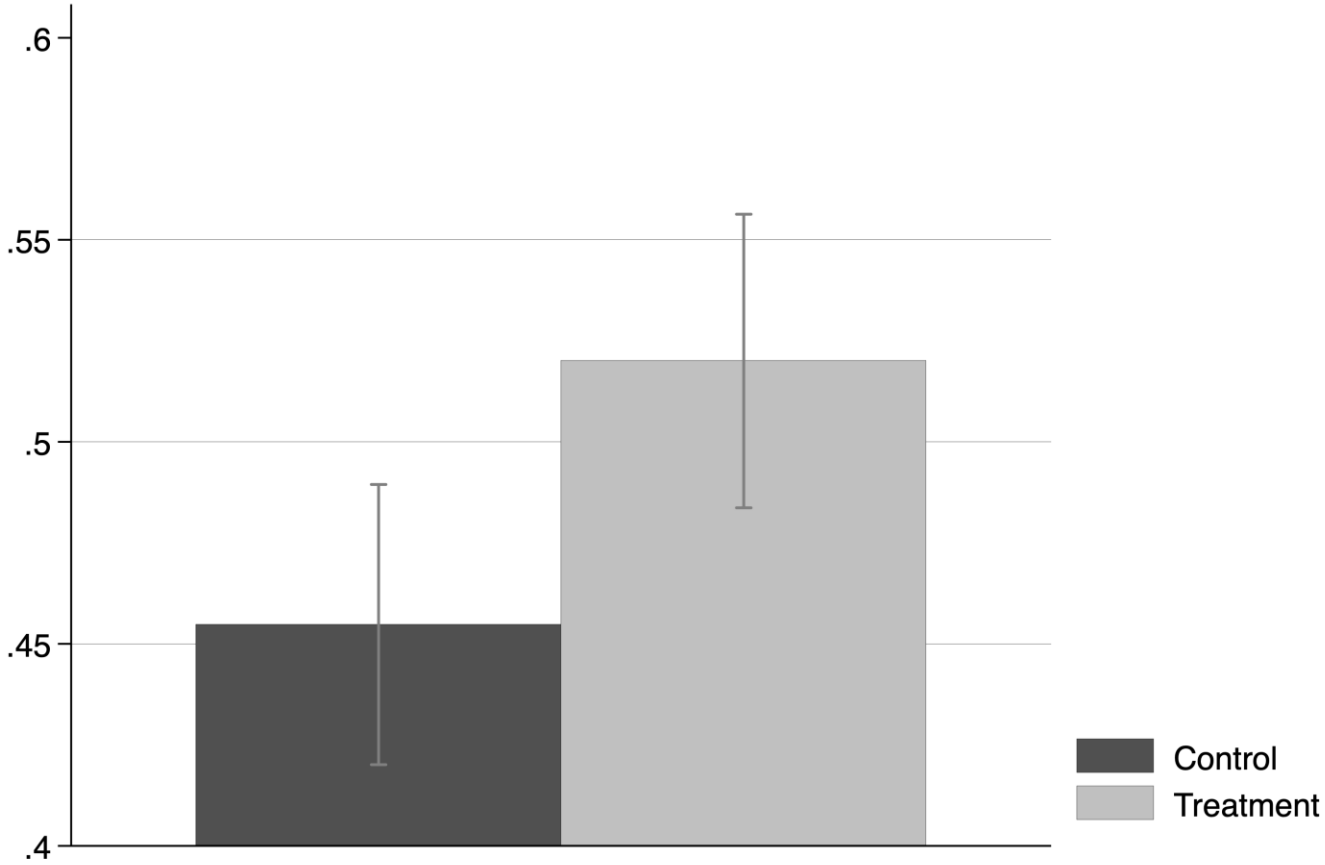
- *That I don't have enough. I am **paycheck to paycheck**.*
- *One of my main worries is being able to pay my **debts** on time...I also worry about paying my main **bills** (internet, power).*
- *health **insurance**, we pay an astronomically high deductible (7500), **job security**, husband is starting new job at a much lower **salary** after being laid off.*

Psychological Preference for Target

Subjects instructed to think of a ladder “as representing where people stand in the United States.”

Next we are going to ask you to read a news article about a person on the ladder and their life. We will then ask you to answer a few questions about how you are personally different from that person.

Anxiety and Preference for Downward Comparison



Qualtrics Study 1: n=800, 784 complete

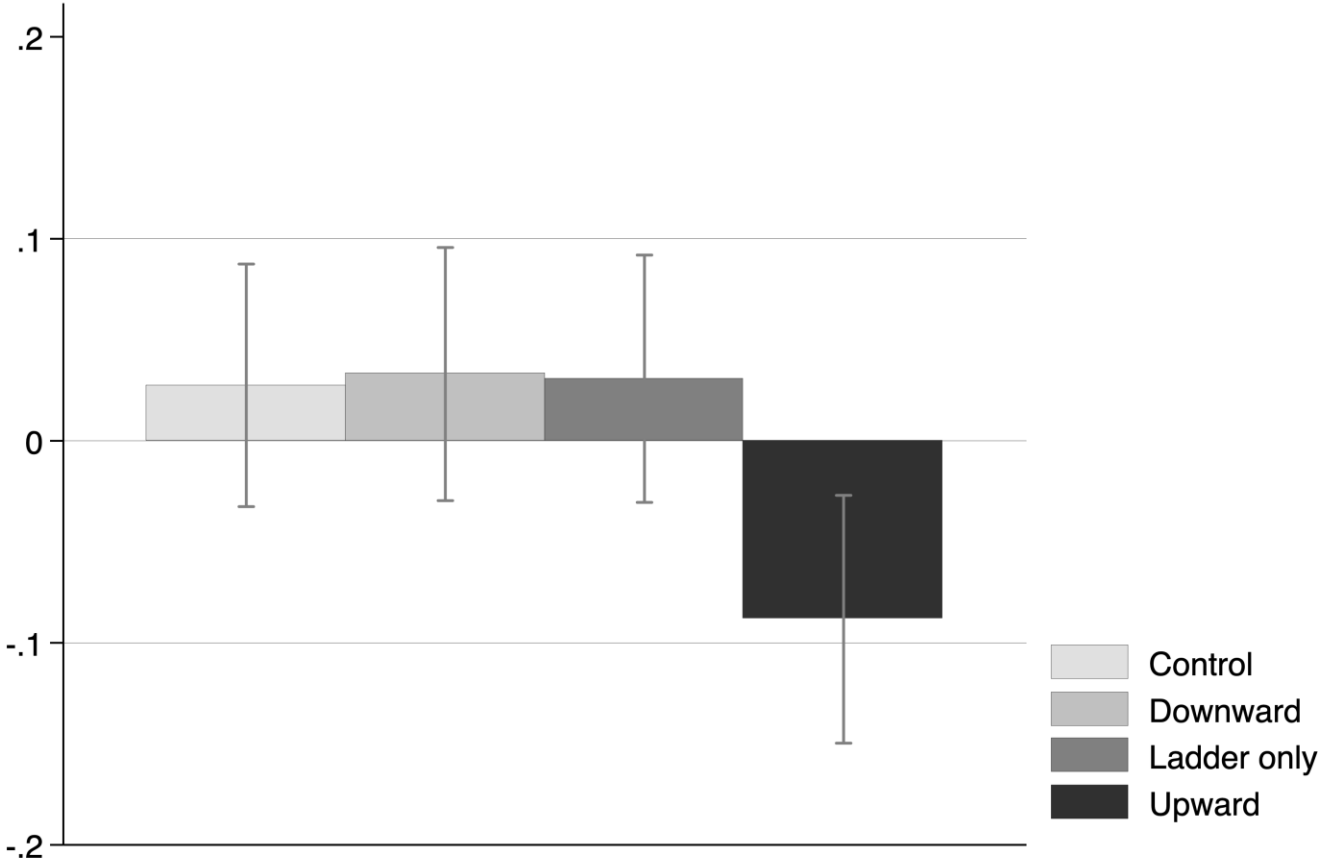
Internal Political Efficacy

1. I feel that I could do as good a job in public office as most other people
2. I consider myself well-qualified to participate in politics
3. I feel that I have a pretty good understanding of the important political issues facing our country
4. I think that I am as well-informed about politics and government as most people

(factor score, $M=0$, $SD=1$)



Social Comparison and Political Efficacy



Qualtrics Study 2: n=2,100, 2,010 complete

'Extreme inequality was the preexisting condition': How COVID-19 widened America's wealth gap

As 45 million Americans lost their jobs, U.S. billionaires made \$584 billion.

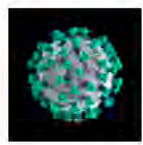
By Catherine Thorbecke and Arielle Mitropoulos
June 28, 2020, 10:42 AM • 12 min read



United States
Apr 18th 2020 edition >

Unequal protection

American inequality meets covid-19



Coronavirus Live Updates

THE CORONAVIRUS CRISIS

Harvard Researchers Find 'Inequality On Top Of Inequality' In COVID-19 Deaths

May 22, 2020 • 6:41 PM ET

JAMES DOUBEK

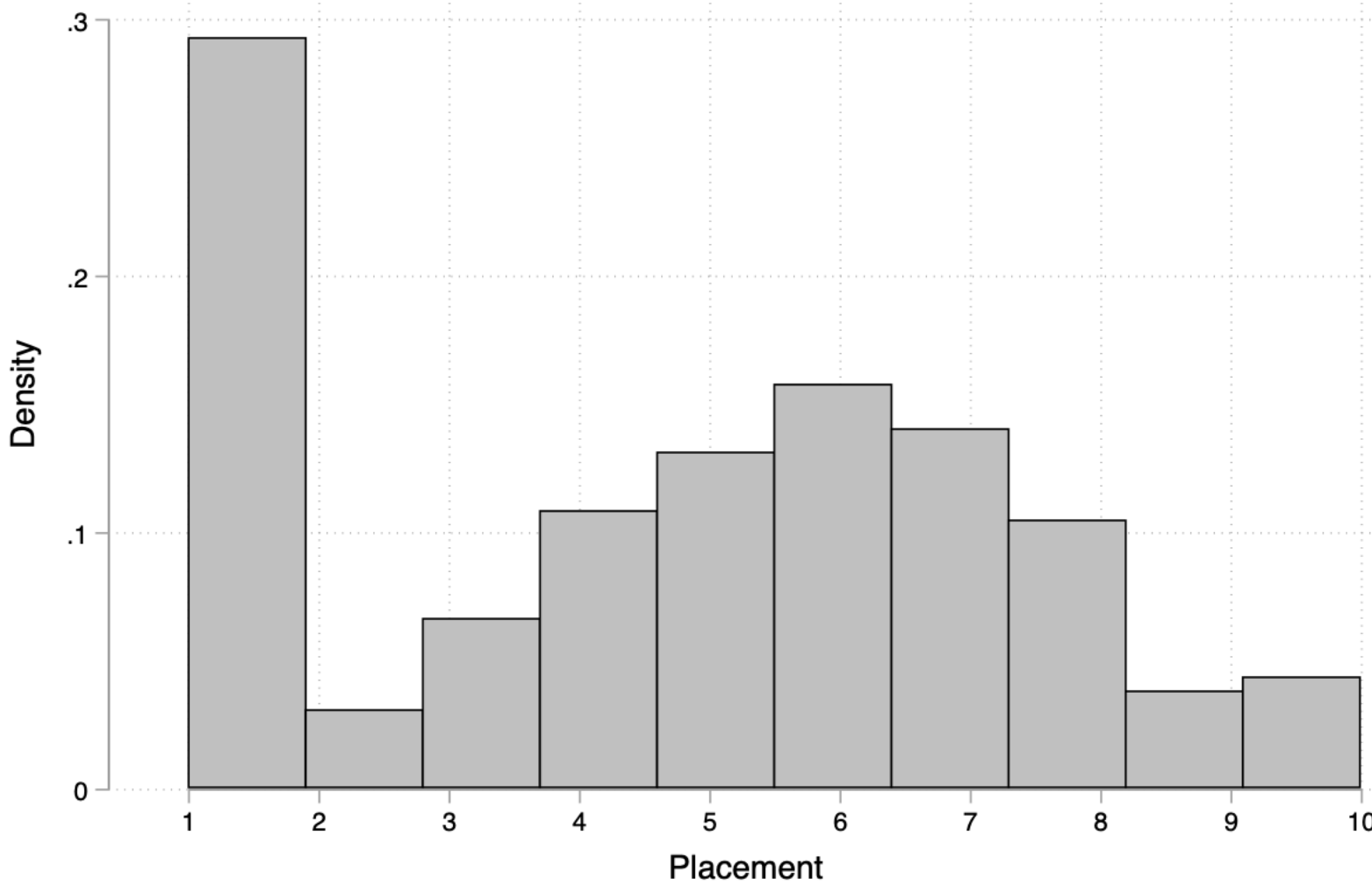


WEALTH MATTERS

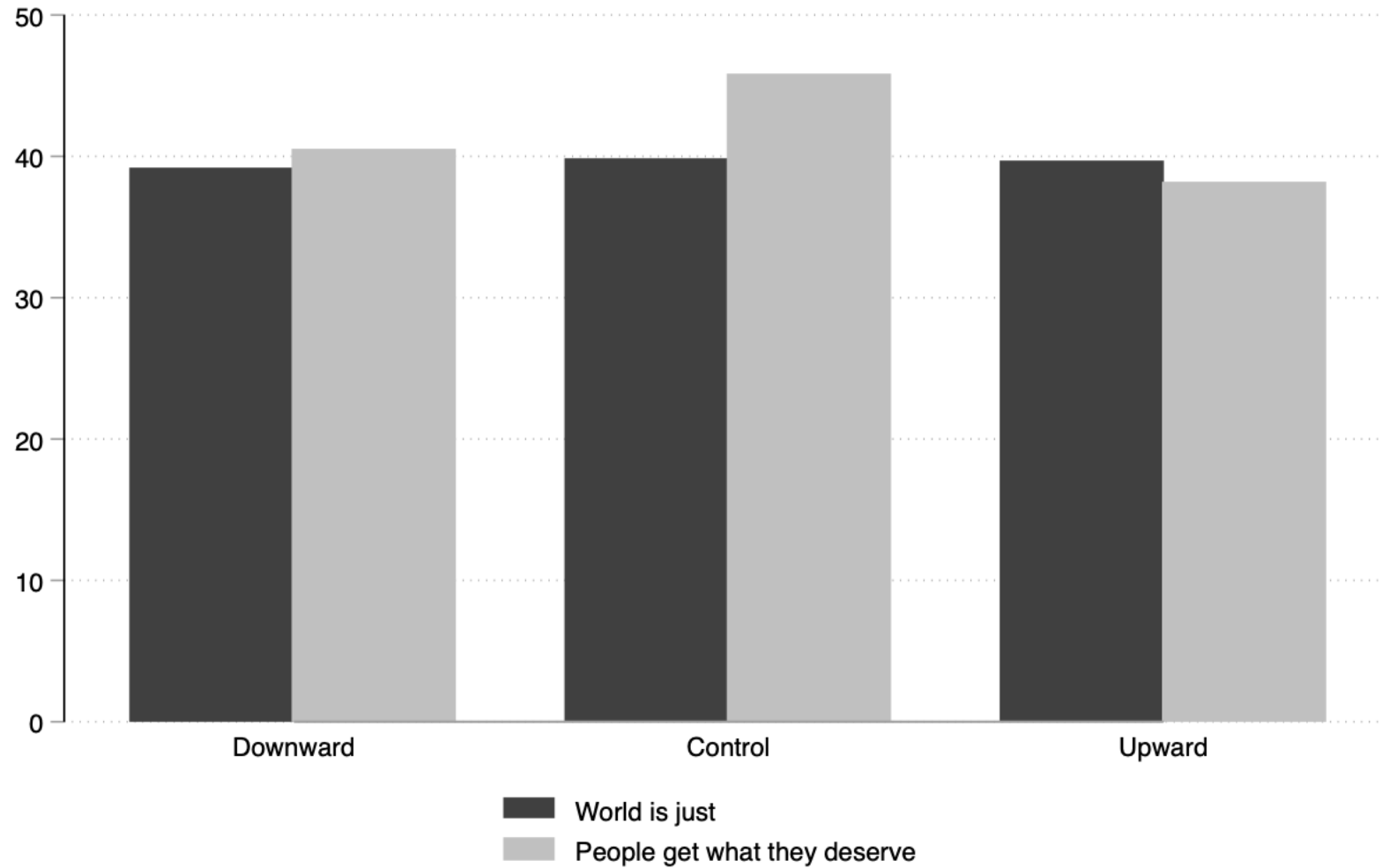
In Pandemic, More Are Paying for Direct Access to Their Doctors

Concierge care has grown fast as patients no longer want to sit in a waiting room with strangers. But it comes at a high price.

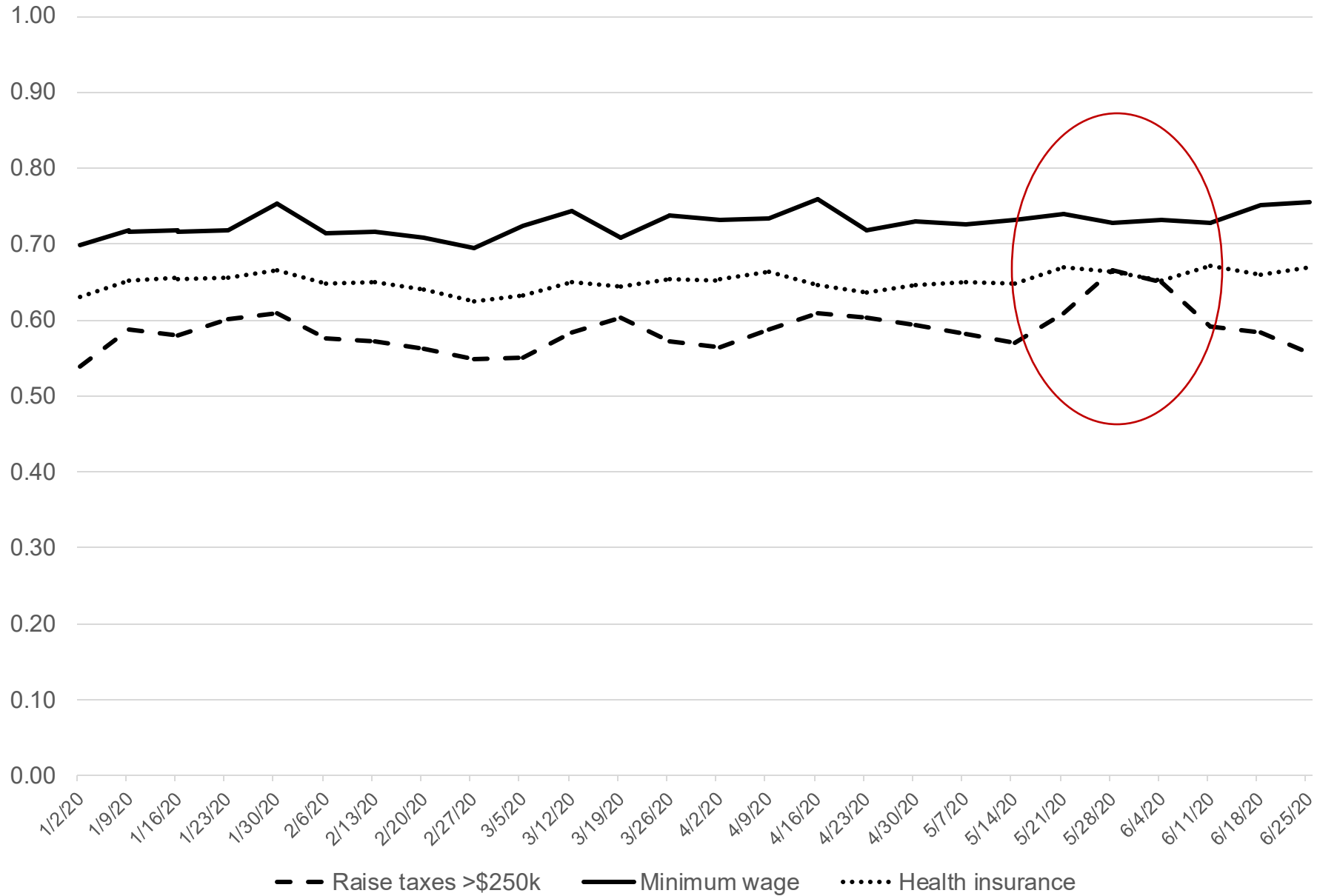
Status Perception in May (2020)



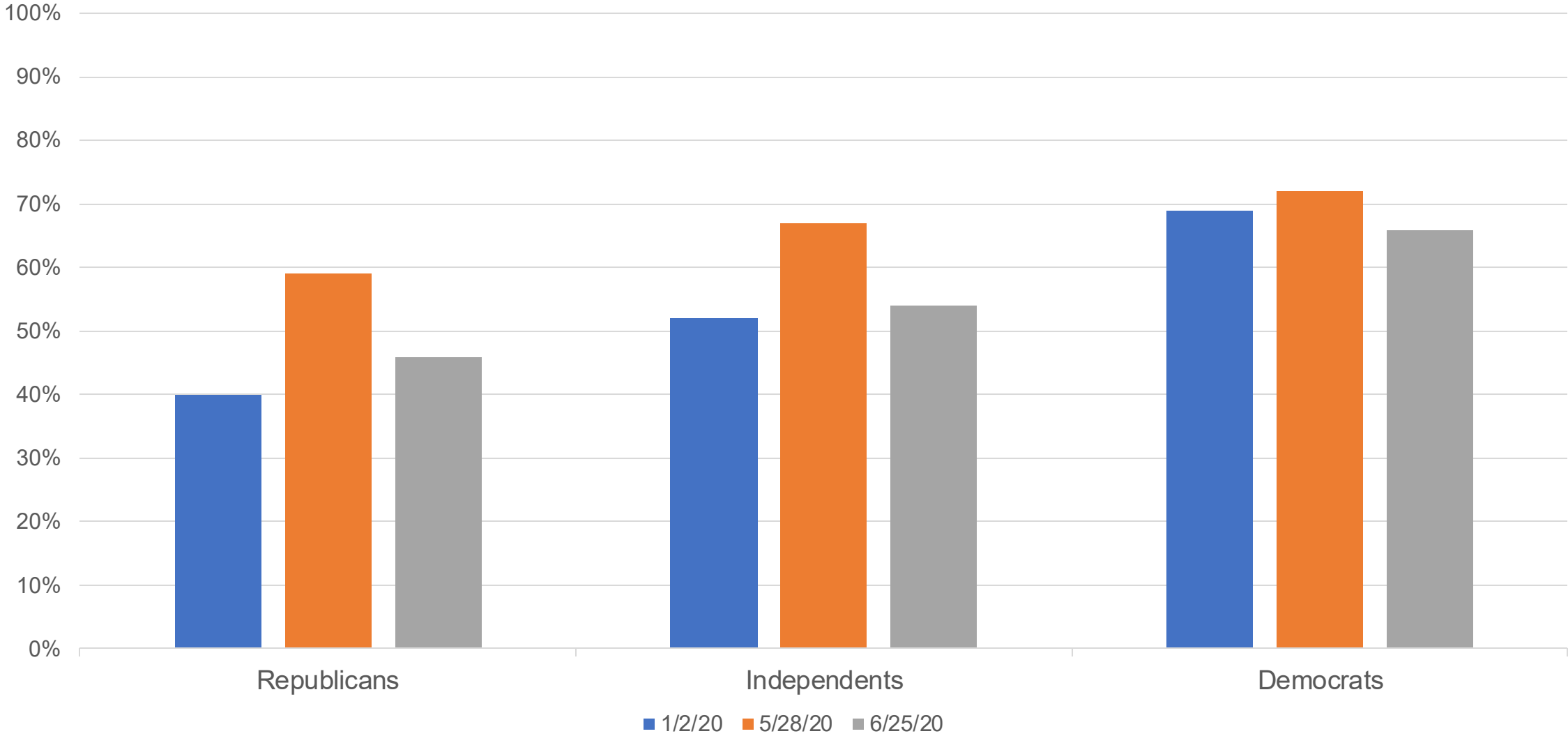
Perceptions of justice and deservingness

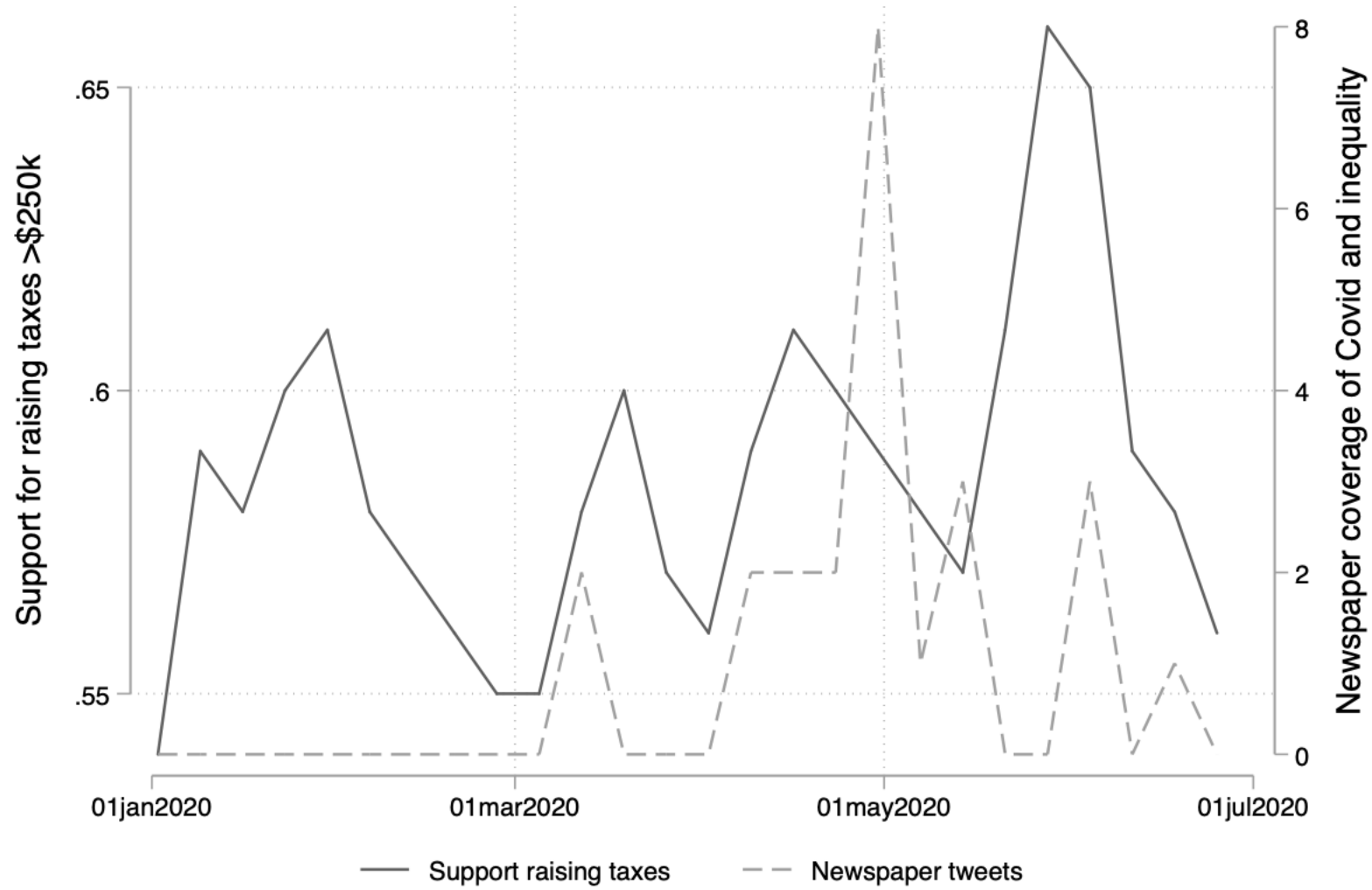


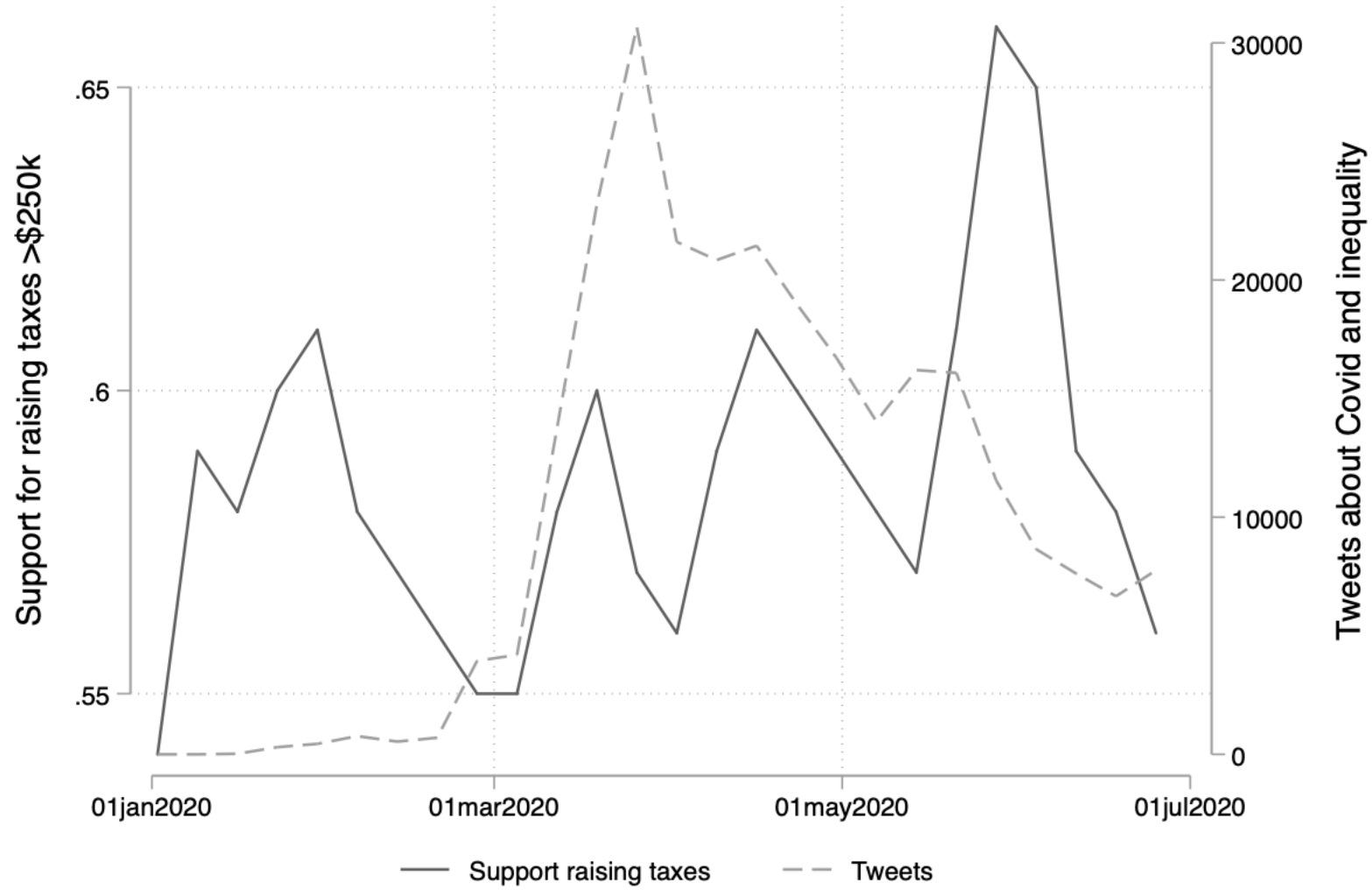
Public opinion about redistributive public policies



Support for raising taxes >\$250,000







What comes next?

- Will pandemic accelerate trends in remote work and automation?
- Will employment rebound or will more Americans fall out of the labor market?
- Will trends toward greater financial insecurity continue?
 - 40% of Americans don't have \$400 in the bank for emergency expenses.
- Will wealth disparities widen between groups and within groups?

How should we spread prosperity and improve opportunity? (adapted from National Issues Forum)

- **Focus on giving people the tools to start new enterprises?**
 - Support small businesses
 - Cut corporate tax rates
 - Invest in job training
- **Repair and strengthen the safety net?**
 - Boost unemployment insurance and other benefits
 - Make benefits portable (disconnect health insurance, retirement, unemployment insurance from employers)
 - Shore up Social Security
 - Put people to work
- **Reduce large gaps between the very rich and the rest of Americans?**
 - Adjust tax rates
 - Increase workers' pay and collective bargaining power
 - Equalize school funding
 - Reduce student loan debt

— POLITICSWATCH —

What happens when America is condensed into one room? Partisanship fades.

WHY WE WROTE THIS

Writing on the heels of political events in Iowa, both before and after small-group discussions informed by briefings, Centrist proposals gained support as did confidence in democracy.



Students participate in a political speed dating event sponsored by Brookings at the University of South Florida campus on September 11, 2017 in South Florida, Indiana. The students had 10-15 minutes to discuss an issue by bringing together people from across the political spectrum to hear to all opinions and request to challenge each other as an important national issue. The students are now being prepared to present their proposals around the country, seeking to create political solutions.

“America in One Room’ polled voters on issues both before and after small-group discussions informed by briefings. Centrist proposals gained support, as did confidence in democracy.”

MU4Gold Deliberative Democracy Experiment

- Invite students to participate in a moderated discussion about economic inequality and opportunity.
 - (Les Aspin scholars trained as moderators).
- Conduct pre-treatment survey of attitudes.
- Randomly assign students to groups varying in diversity of thought.
- Moderated hour-long discussion on Zoom.
- Conduct post-treatment survey of attitudes.
- Code transcripts (e.g., elaboration, recognition of difference, argumentation style).

BeyondMU



Lifelong Learning

Beyond Graduation. Beyond Campus. Beyond Boundaries.

Thank you!

Questions?