



MindQuest

Social Inequality

Social Inequality

What drives it?

Bob Miller/Torben Riise - 12.7.2023

Who experience inequality?

People of

- certain races / ethnicities
- gender
- religion
- aged (elderly and young people)
- others

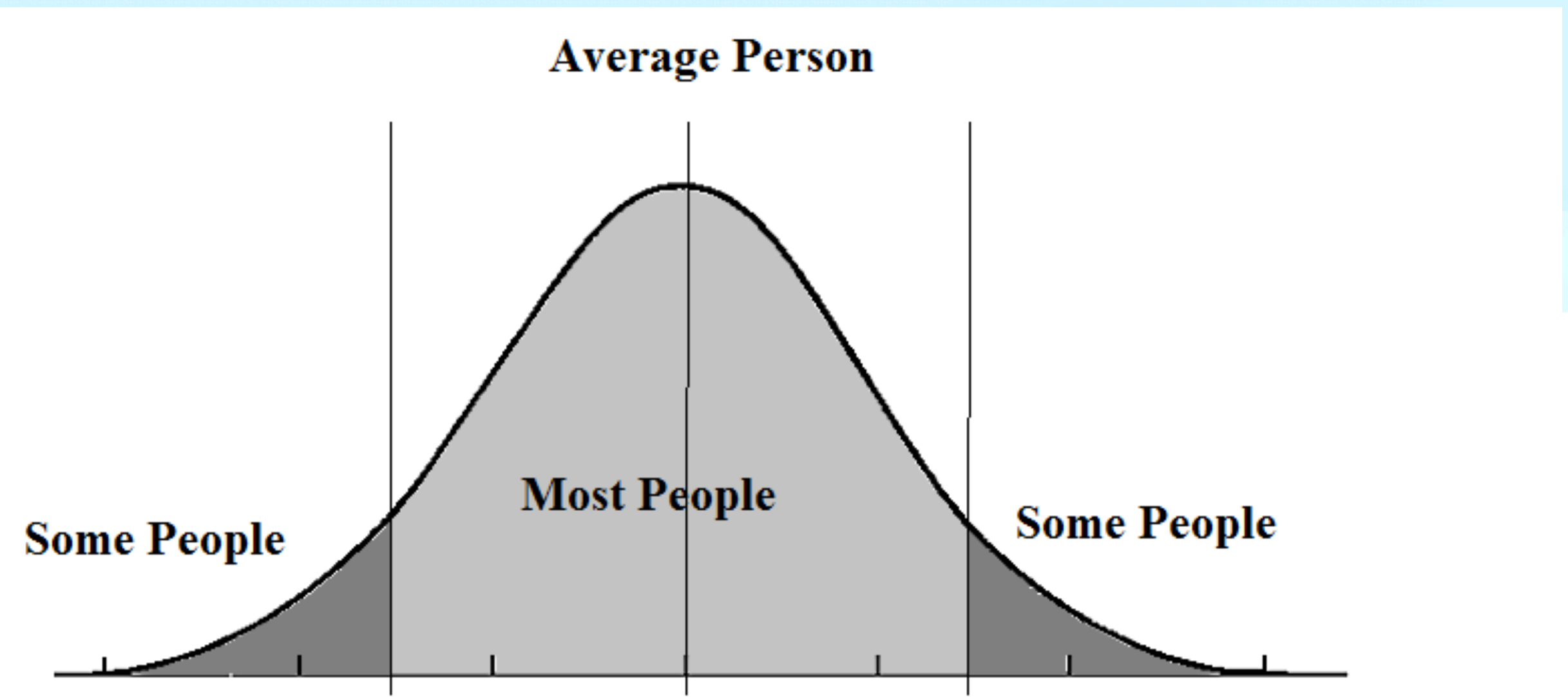
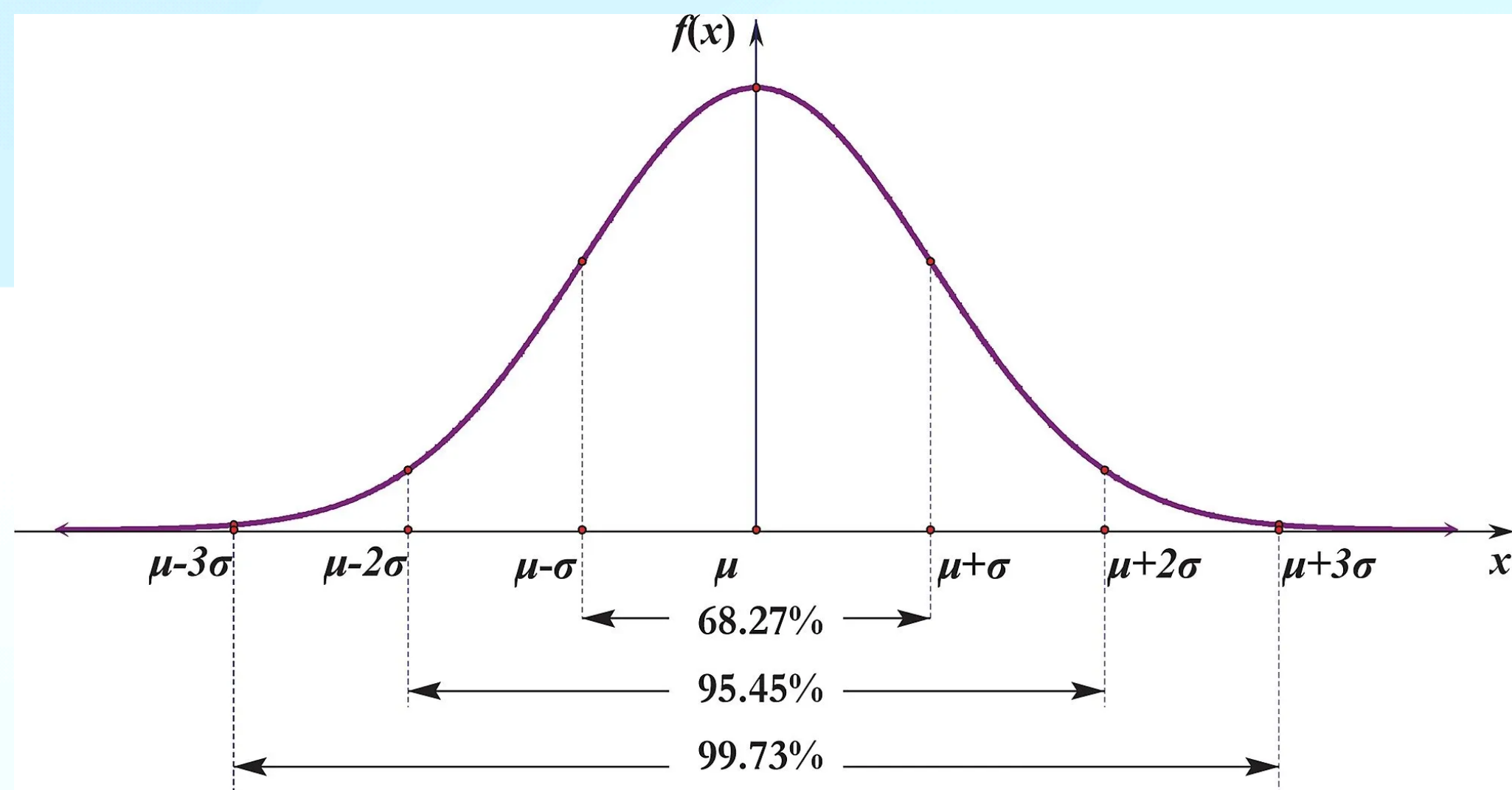
Where do we find inequality?

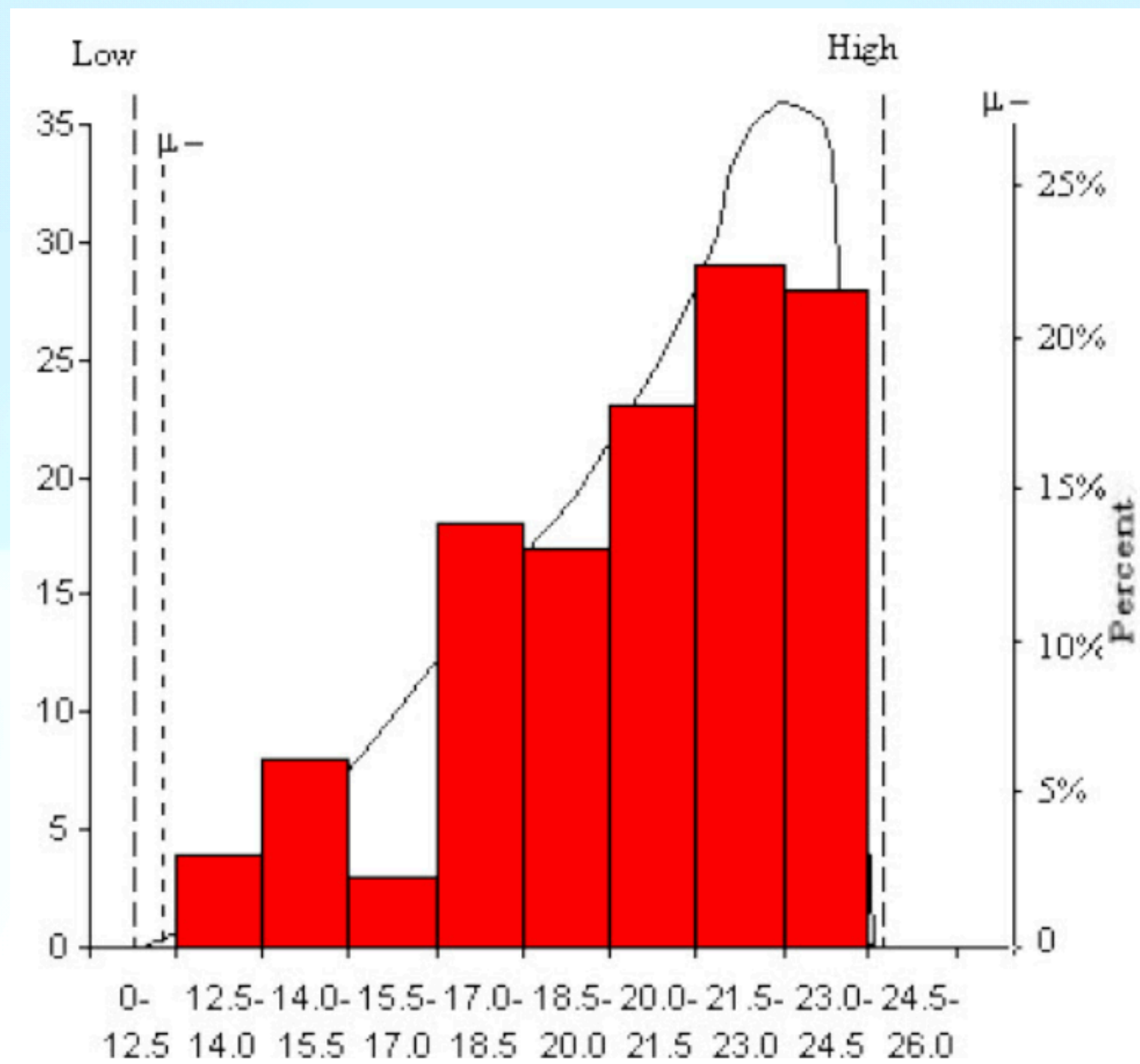
(alphabetically)

1. climate exposure / environment
2. education (K-12 and college / universities)
3. health care / life span
4. housing
5. job market (hiring)
6. justice system
7. loans / credit
8. salary / wealth
9. social benefits

We are all different

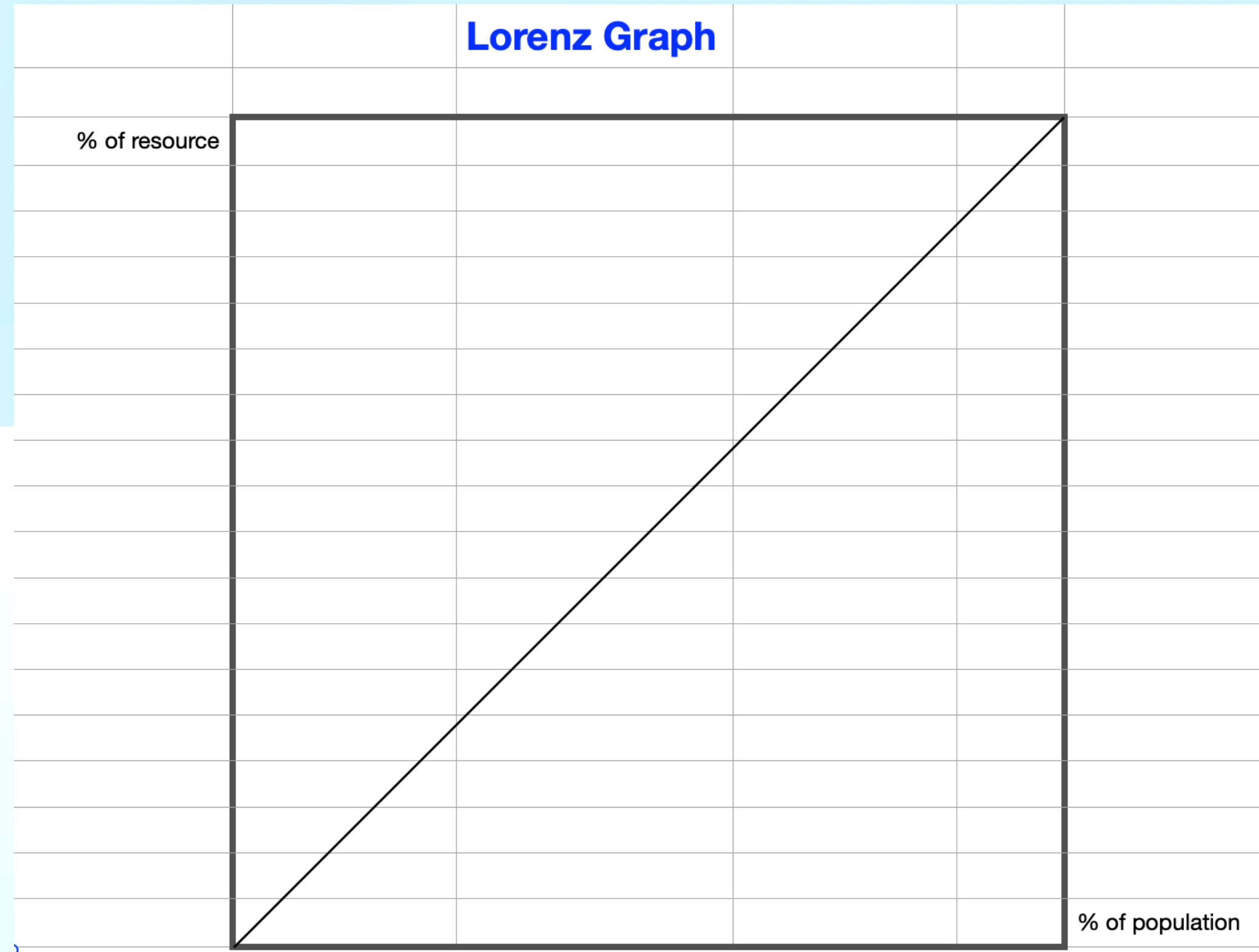
... so why does inequality matter?





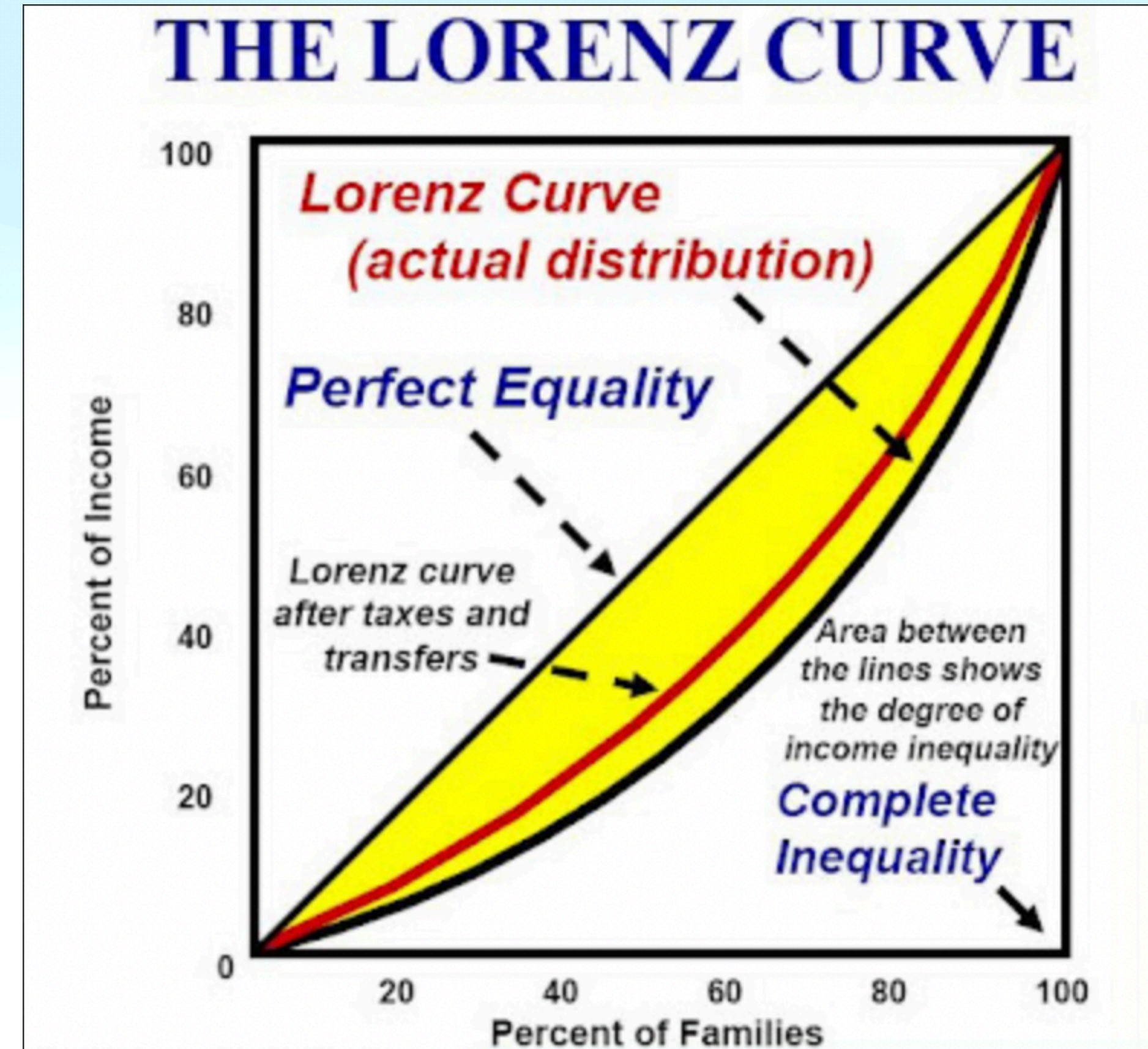
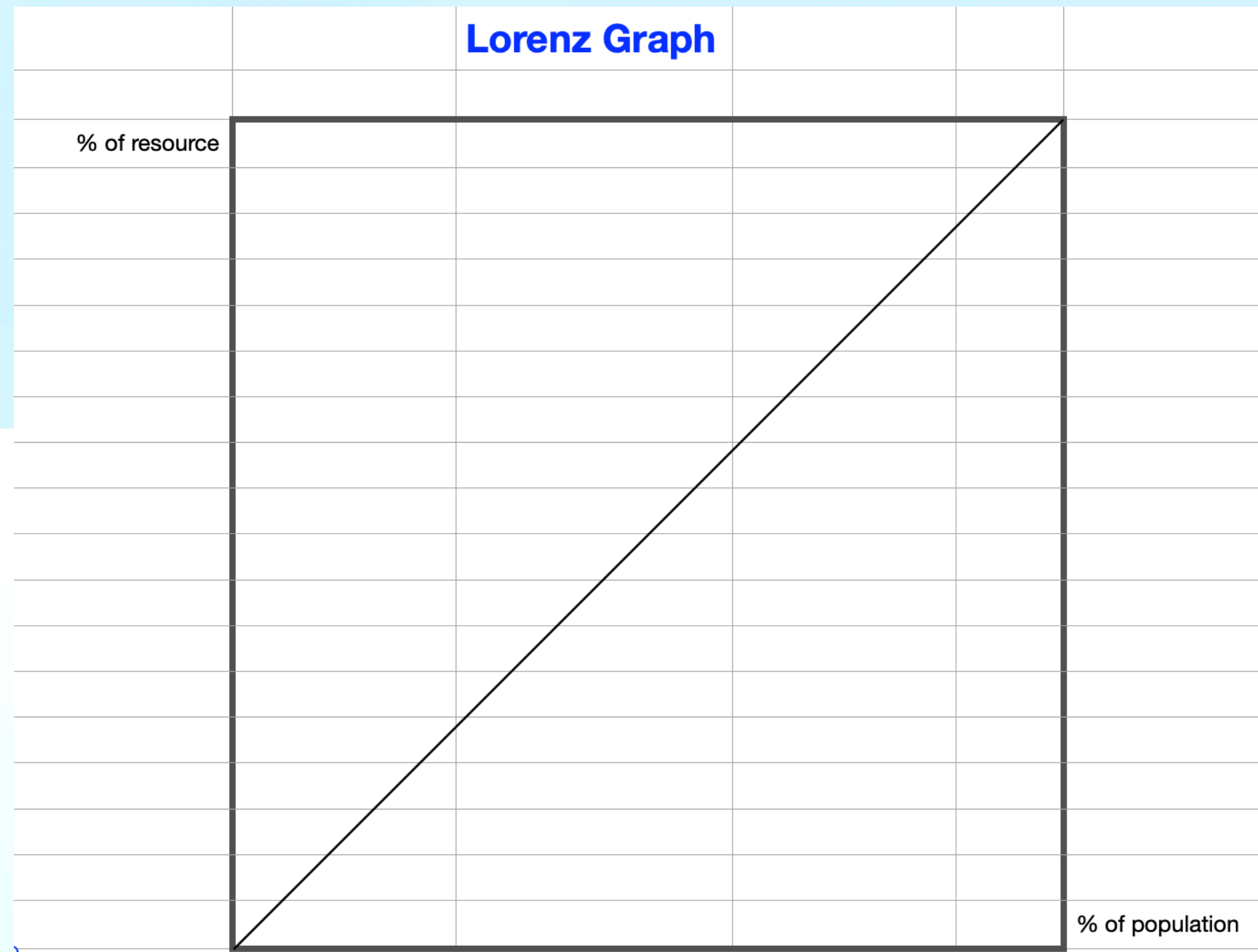
What is inequality?

What does it *look* like



What is inequality?

What does it look like



We'll get back to that later

Inequality

Quotes:

Inequality is a feature not an accidental *consequence* of capitalism.

Thomas Piketty's book: *Capital in the Twenty-First Century*

The deepest forms of inequality are the personal inequalities where not everyone is given equal *value* as a human being.

Angus Deaton's book: *Economics in America: An Immigrant Economist Explores the Land of Inequality*

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1. Climate/environment

1. Disproportionate Effects on Vulnerable Communities

- exposure to extreme weather events, sea-level rise **exacerbates existing inequalities in access** to resources such as **water, food, and energy**
- climate **migration** because of extreme weather event; displaced populations face challenges in finding new homes and often encounter unequal treatment
- poorer communities often **lack the resources** to adapt to and recover from climate-related shocks.

2. Education

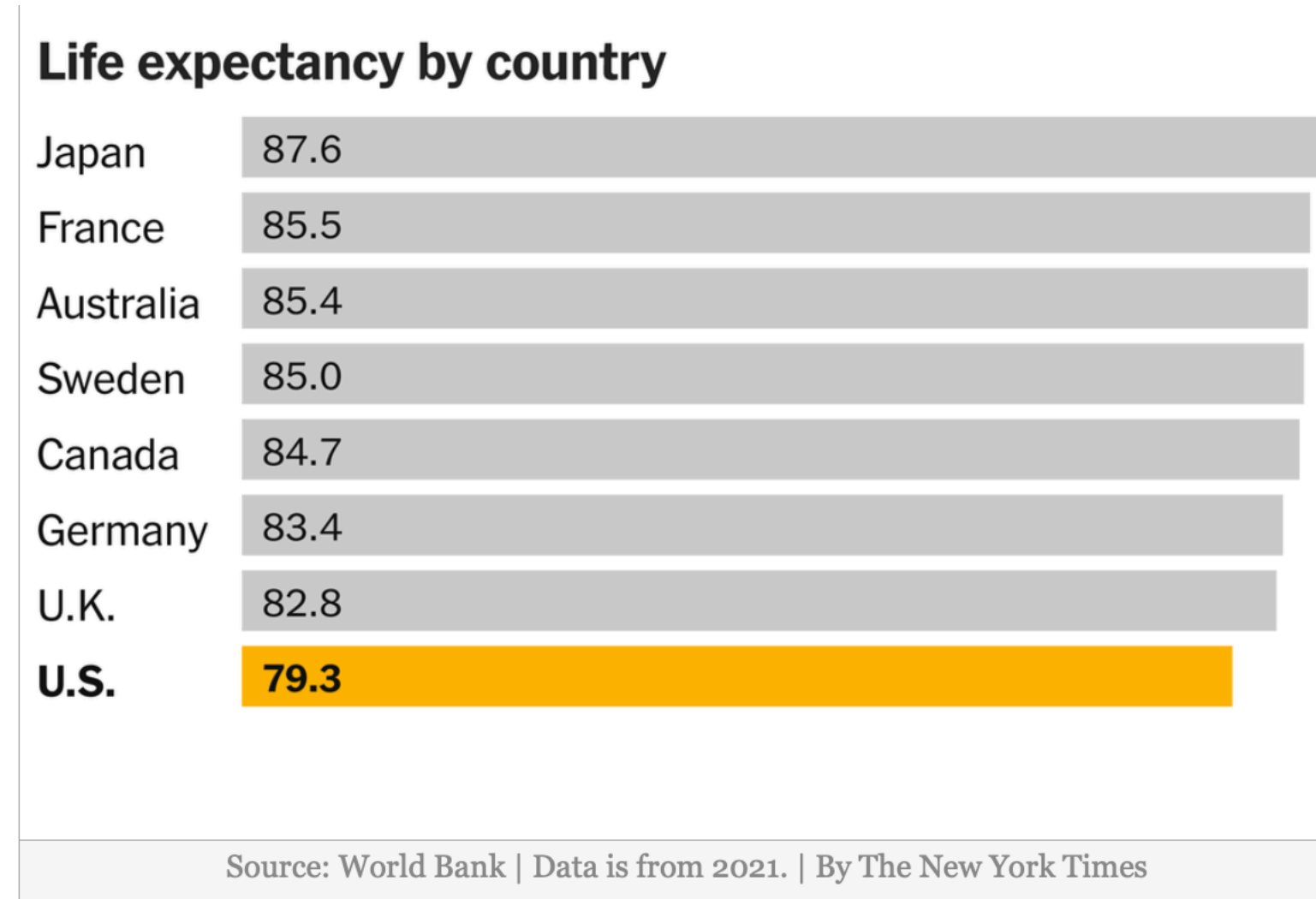
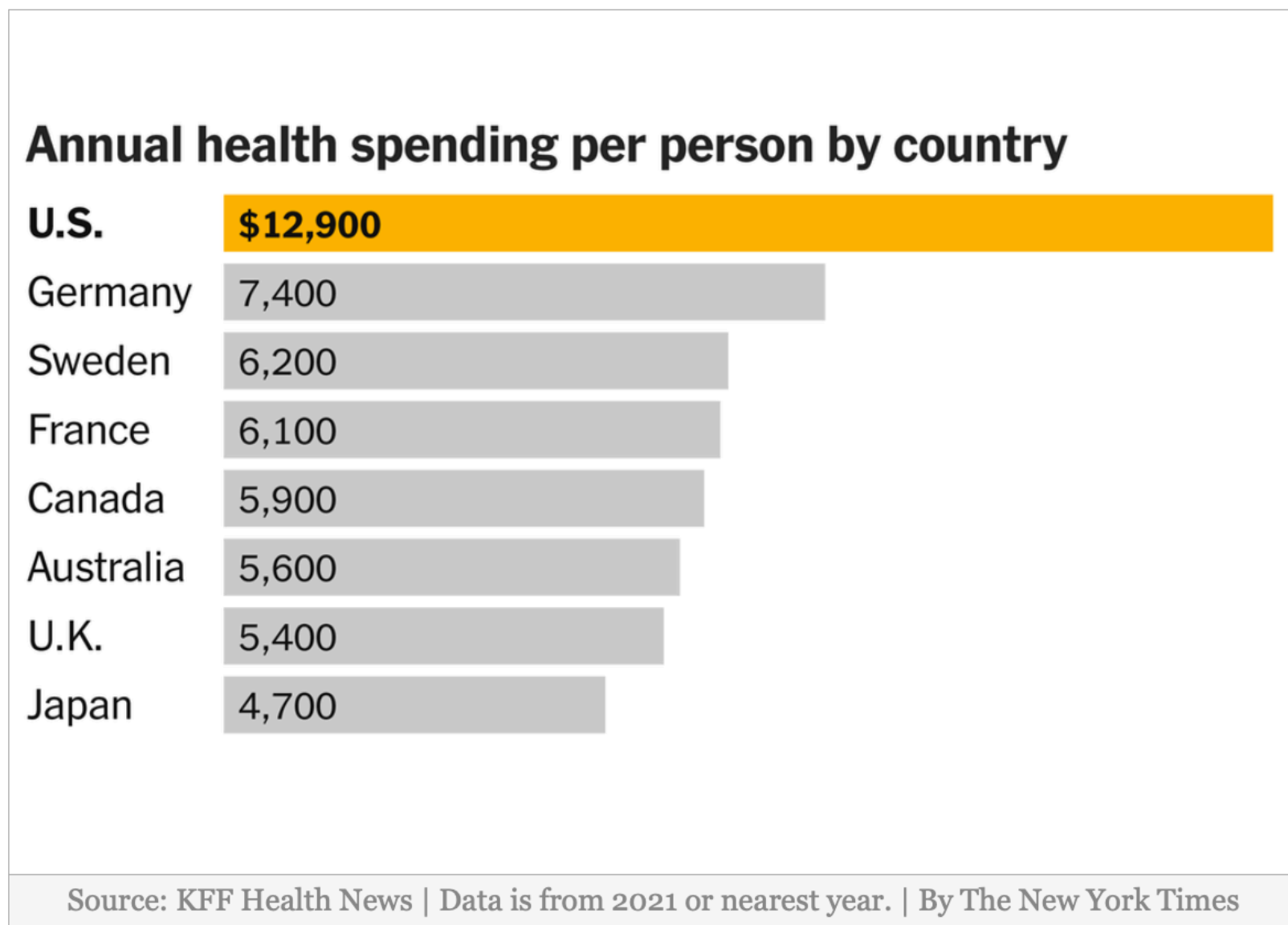
There are two Americas:

- Americans with four-year college degrees are flourishing economically, while those without are struggling
- the destruction of good jobs for less-educated people helps explain much of the decline in [stable two-parent families](#) among [non-college-educated men and women](#).
- a college degree works through often arbitrary assignation of status: jobs are handed out not on the basis of necessary qualifications but by the use of the *degree as a hiring screen*

Factors for change: 70% of *economics* PhDs in the US are non-American. For example: [Economics](#) is being completely changed by this influx.

3. Health / Lifespan Internationally

○



The main reason is that almost every form of care in the U.S. costs more: doctor's visits, hospital stays, drug prescriptions, surgeries and more. The American health care system maximizes the profits of health care companies at the expense of families' budgets.

Health (life style)

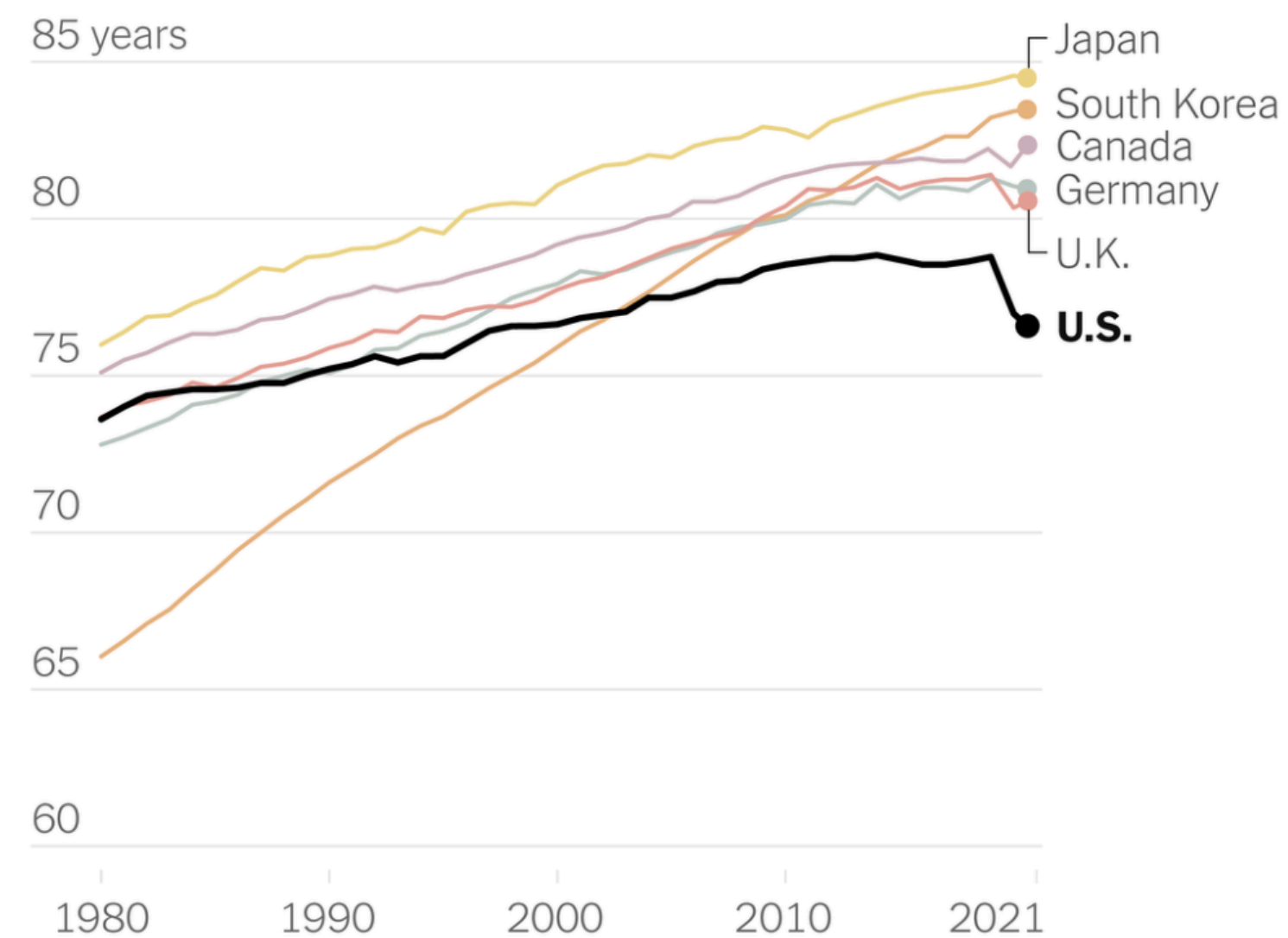
USA

- Unhealthy behaviors are more common among people without college degrees
- Poor **health** can often be traced to the **environments** in which the individuals live, to lack of work, and the community decay.

Life expectancy

Country comparison

Life expectancy in select high-income countries



Source: World Bank | By The New York Times

- For nearly half a Century, our economy has failed to deliver the basic promise of the American dream - that living conditions improve meaningfully over time

● For nearly a half-century, our economy has failed to deliver on the basic promise of the American dream — that living standards meaningfully improve over time for most citizens.

4. Housing

Affordability

- Housing inequality includes disparities in access to affordable housing, discrimination in the housing market, and unequal living conditions.
- One of the main factors contributing to housing inequality in the US is the high **cost of housing**. The rising cost of housing has made it difficult for low-income individuals and families to afford decent and safe housing.
- **Discrimination:** A disproportionate number of people of color, particularly Black and Hispanic communities, living in substandard and overcrowded housing.
-

5. Job market

Access to jobs

- people of color hold a disproportionate number of jobs that *cannot be done from home*
- workers with high school diplomas spend almost an hour more time **commuting** per week than their counterparts with bachelor's degrees.
- For those without cars, things are getting even worse, as *public transit* use has seen a 5% *decrease* compared to 2019, putting more financial strain on the trains and buses people rely on to move around.

6. Justice system

We are not equal under the law

- One of the main causes of inequality in the justice system is systemic **racism**. People of color, particularly Black and Indigenous individuals, are **disproportionately targeted and arrested**, leading to higher rates of incarceration.
- Low-income people are more likely to be arrested and **face harsher sentences** compared to those from wealthier backgrounds due to a **lack of access** to quality legal representation and resources to navigate the justice system.
- Women and LGBTQ+ individuals face **discrimination and bias** in the legal process and are more likely to be incarcerated for nonviolent offenses.
- These factors perpetuate cycles of poverty and incarceration, leading to further **marginalization and disenfranchisement**.

7. Loans/Credit

The best time to get a loan is when you don't need it!

- One of the main causes of inequality in the loan market is **income inequality**. Individuals with lower incomes struggle to obtain loans or may only be able to access loans with higher interest rates.
- Studies have shown that people of color and women may face **discrimination** in the loan market, resulting in limited access to loans and credit.
- **Younger** individuals may have a harder time obtaining loans due to their limited credit history
- The **structure of the loan market** contribute to inequality (predatory lending practices, where lenders target vulnerable individuals with high-interest loans, disproportionately affect low-income and minority communities).

8. Salaries & Wealth

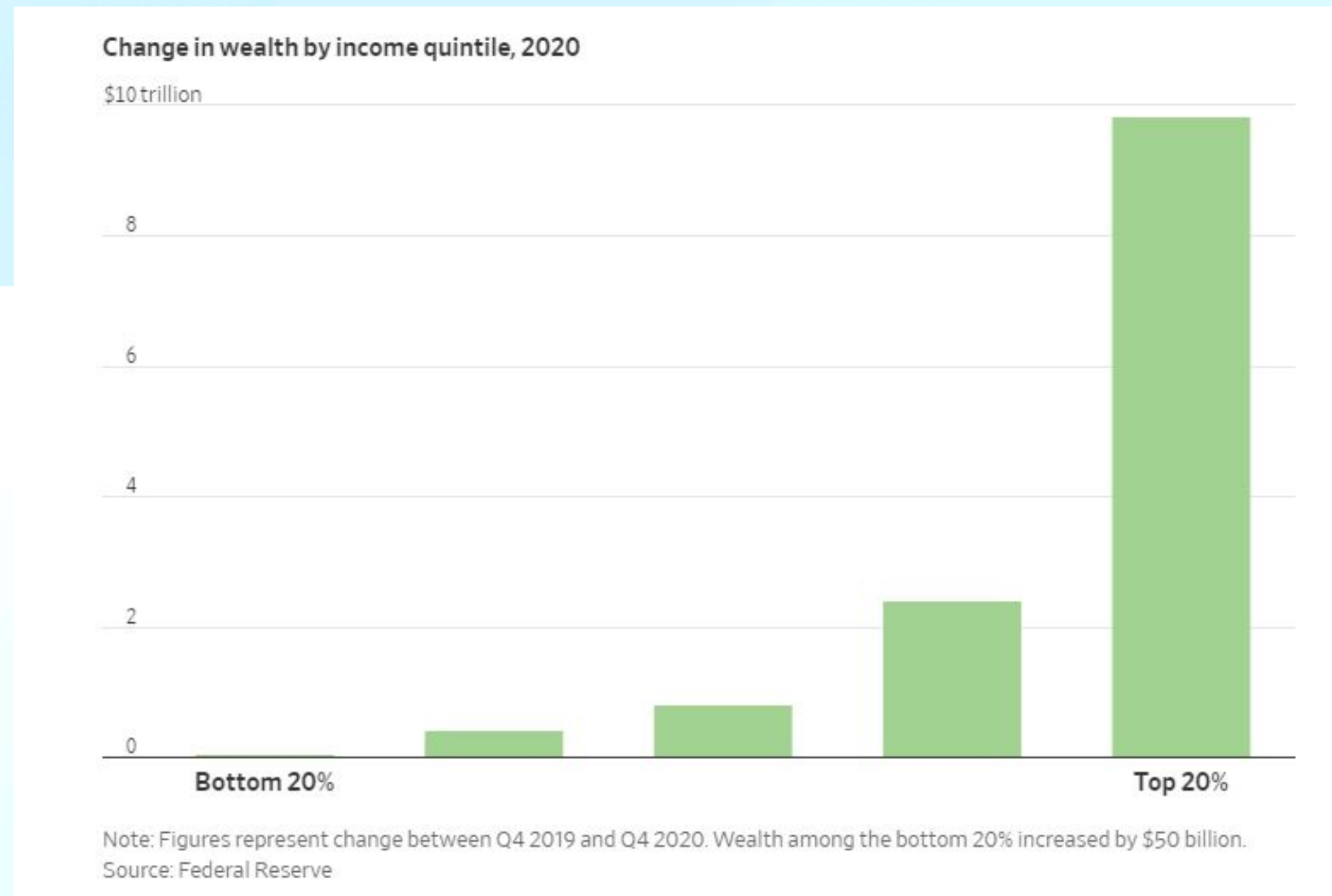
There's nothing *new* about inequality

- Back in 1920s, the business boom increased worker productivity by about 43% . . . but wages did not rise!
- yet, wealth moved upward: In **1929**, 5% of the population received one third of the nation's income.
- while productivity more than doubled in the **1980s**, real wages stagnated; the rich got the profit - the result: The top 10% of US families now own 76% of wealth; the top 1% holds 32%; the bottom 50% own just 1%.
- See Lorenz graph

8. Salaries & Wealth

Wealth data

- in 2020, the top 20% wealthiest households accounted for nearly \$10 trillion of the \$13.5 in new wealth (74%) that was created that year
- the top 1% of Americans added around \$4 trillion to their wealth — more than the total amount of wealth that the bottom 50% of Americans held that year.



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Net worth

Second quarter of 2021:

The top 1% of Americans (by income) had an aggregate net worth of \$36.2 trillion

The middle 60% had an aggregate net worth of the of \$35.7 trillion.

A special area:

7% of the American farms get nearly 90% of the farm income.

- See Lorenz graph

8. Wealth

Globally

Globally (source: HCR):

“When 26 people have as much wealth as 4 billion people (half of humanity), that’s a crisis....”

From July 2020 through July 2022, inflation rose by 14%,

Corporate profits rose by 75% . . .

In other words: a family making \$68,000 a year in 2022 paid \$6,740 to corporate executives and wealthy shareholders (public report, Sen.

Casey (D-PA)

8. Poverty

The opposite reflection of wealth

In 2022:

A sample of roughly 32,000 American households the report said **12.8%** (17 million households) reported occasional problems affording **enough food** — up from about 10% the two previous years

“Very low food security” — families having to ration food consumption and “normal eating patterns are disrupted at times during the year because of limited resources.”

- See Lorenz graph

9. Social benefits

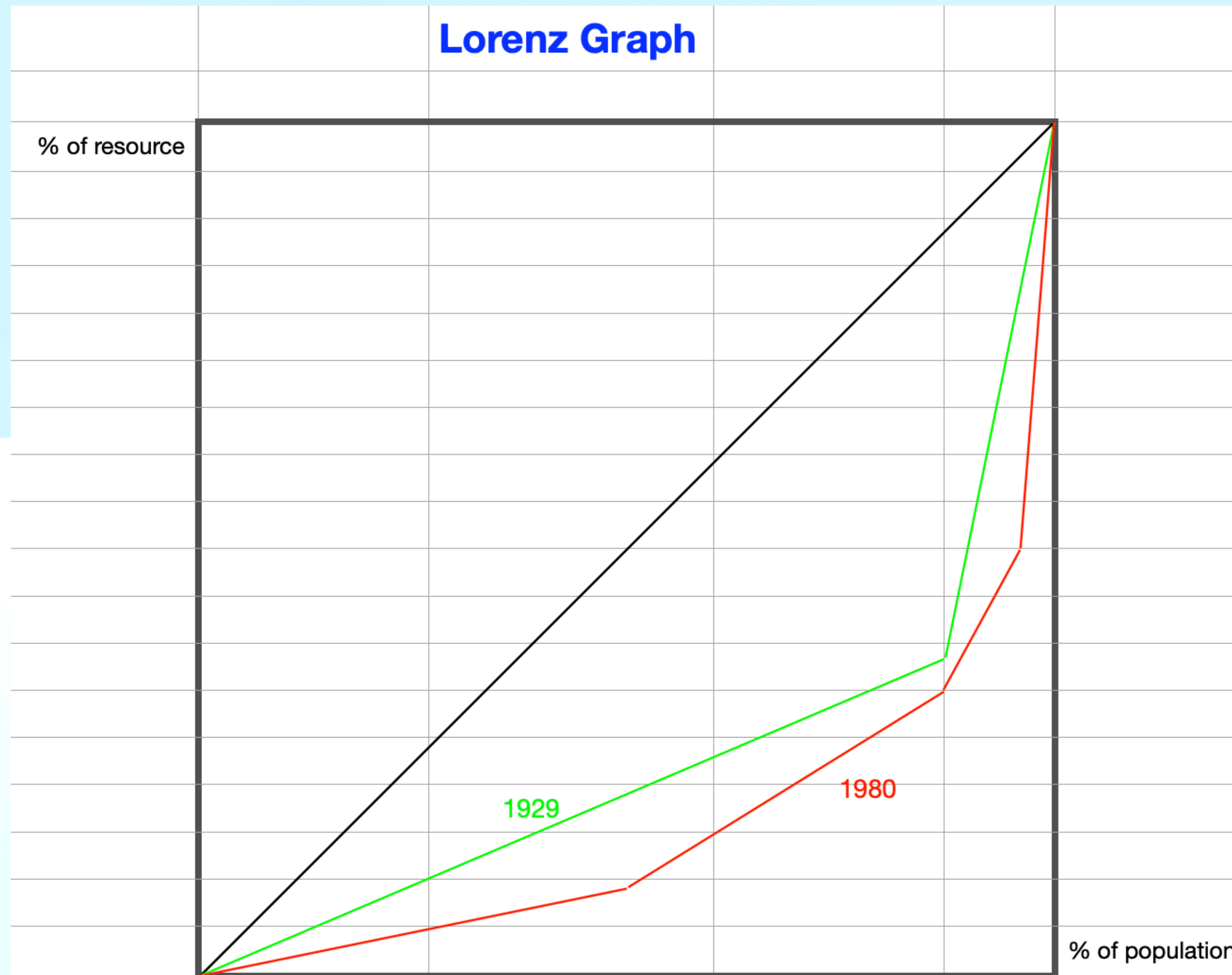
Where do we see the most inequality

The level of income inequality in the US has a direct impact on the distribution of social benefits, fx

- **access to quality healthcare** is often tied to income and employment status.
- there are significant disparities in the quality of K-12 **education** based on the wealth of the school district - also, access to higher education is often dependent on income
- as the amount of **social security benefits** received is based on an individual's lifetime earnings, those with lower incomes during their working years will receive lower benefits in retirement.

Lorenz graph

Distribution of wealth



10. Main driver

Which are (presumably) the most important drivers

- 1
- 2
- 3

