Emory Economics Review

Volume 5 | Issue 1
April 2023

Contents

iii .... About the EER

iv .... Executive Board

1 .... **Post-Pandemic Personal Finance Trends**
Eric Jones ‘25

3 ..... **Deconstructing Current Backlash Against ESG Investing**
Brian Chasanoff ‘23

5 .... **A Democratic Workplace: An Evaluation of Worker Cooperatives**
Elijah Reisman ‘24

8 ... **The Thread that Binds: The Story of South Asian Women, Eyebrow Threading, and Labor Rights**
Vidhi Mittal ‘25

12 ...... **The Racialized Feminization of Poverty: The Economic Burden of Being a Black Woman**
Charlize Samuels ‘24

15 .... **Kroger and Albertson Should Not Merge**
Ben Jacobson ‘23

18 .... **How Making Cities More Pedestrian-Friendly Can Revitalize Local Economies**
Suheyla Kipcalki ‘23

20 .... **Billionaire’s Economic Impact: Net Positive or Loss?**
Shruti Nemala ‘26

23 ...... **The Role of Cast-Based Networks in the Indian Economy**
Vidhi Mittal ‘25

25 .... **Inequalities Unveiled Behind Economic Restructuring: China’s State Sectior during the 1990s**
Charles Wang ‘26

Executive Board

President
Cailee Kim
Class of 2023

President
Jessica Min
Class of 2023

Editor in Chief
Lola Cleaveland
Class of 2023

Publication Director
Jace Bausher
Class of 2024

Writing Mentor
Yuritzy Ramos
Class of 2023

Writing Mentor
Ethan Rothstein
Class of 2023

Writing Mentor
LongEr Wang
Class of 2024

About the EER

The Emory Economics Review (EER) is a student organization of Emory University in Atlanta, GA, whose aim is to foster discussion around socio-economic issues present around the world. Among the very basic principles that guide our writers and editors are those expressed as respect for the integrity of knowledge, objectivity in analysis, and openness to new perspectives.

Through our professor and faculty partnerships, our socially and academically diverse collection of students, and physical and digital platforms, the EER is a purposefully constructed environment in which intellectual curiosity is promoted and thought-provoking questions are explored. Although economics is in our name, we accept individuals from all academic backgrounds whose goals are to produce work that makes a positive contribution to ongoing debates within our society.

On a semesterly basis, the EER recruits members that push boundaries by bringing unique perspectives to our content, with the end goal of producing work that is holistically representative of the Emory community. Our annual volumes of print issues reflects the best work of our writers and editors from throughout the academic year. Although we cannot feature all content in our print issues, every article is available on our website and feature on social media. If you are interested in learning more, please refer to the “Explore the EER” page at the end of this copy.

Post-Pandemic Personal Finance Trends

Written by Eric Jones '25
Edited by Jackson Pentz '23

Ever since March 2020, the world has changed in a multitude of ways. Economically speaking, there have been challenges such as significant supply chain disruptions as well as widespread unemployment and a decreased motivation of Americans to seek employment as a result. But what has not been talked about as much are the changes to personal finance trends as a result of the circumstances of the pandemic. Some of the most important changes to Americans' personal finance planning include increased awareness of budgeting, a reduced amount of spending, and an increase in financial liquidity.

The majority of Americans knew that because of the impacts that the pandemic had on the domestic economy considering topics such as lockdowns, restrictions, and unemployment, they would need to become more aware of personal financial planning for themselves and for their family. In fact, "84% of Americans surveyed in a 2020 Planning and Progress Study believed that the pandemic will impact their ability to achieve long-term financial security in some way, and nearly 60% believe the impact will be moderate or high".[1] As a result of the challenges that the pandemic posed financially, "many individuals were forced to go back to the drawing board and readjust their budget to fit within their means. A positive effect of this hardship, however, was an increase in financial discipline".[1] It is encouraging to consider the increased eagerness to become financially educated and stable for many Americans.

In considering the budget of Americans during the pandemic, many significantly reduced spending, increased liquidity, and gained motivation to pay off more debts than before the pandemic. The circumstances sparked a "flight to liquidity, as consumers moved funds to keep more cash on hand. Even economic stimulus—intended to spark spending—inspired many households to save and pay off debt".[2] It seems smart that Americans adapted to the uncertain circumstances to ensure more financial stability with increased cash on hand, a smart approach for many Americans considering the time. The increase in liquidity also increased the urge to have a more stable and larger emergency fund for Americans. "Prior to the pandemic, 71% said they had a sufficient emergency fund. Now, 42% say they need to replenish their emergency fund, with 44% saying they need to increase the size of it".[3]

Furthermore, "federal unemployment programs put an additional $583 billion in unemployed workers' pockets. While recipients spent the majority of their economic payments, data revealed that many households used their stimulus to alleviate economic hardship or reduce future risk".[2] This relates to increased personal savings as a result of the pandemic to prevent future hardship, shown by the

fact that "In March 2021, the personal savings rate—which reflects the ratio of total personal saving minus disposable income—surged to 26.6% […] Pre-pandemic levels that were below 10%".[3] Additionally, "Equifax and the Federal Reserve Bank of New York found that consumers paid down an unprecedented $118 billion in credit card debt in the first half of 2020".[2] This demonstrates that a greater awareness of budgeting by the increase in both savings and the financial motivation to consider the benefits of not waiting to pay off debt has collectively been beneficial for Americans.

Despite the challenges, Americans have a more optimistic outlook than one might expect for future financial trends as the United States slowly gets back to normal life, eliciting more swift economic recovery back to pre-pandemic levels. The same survey suggested that "76% believe they will achieve long-term financial security in less than 5 years and 79% are confident that the country will return to economic growth".[1]

Ultimately, the increased motivation of Americans to achieve financial stability during both uncertain and difficult life and economic circumstances during the pandemic is without a doubt encouraging. Something to consider is if the push to become financially educated and stable will continue to this degree once the United States economy gets fully back to pre-pandemic levels and the pandemic itself is essentially over. Predictions can be made, but only time will tell.

References

1 DeLucas, C. (2021, July 22). Post-Pandemic Personal Finance Trends. Yeske Buie. https://yebu.com/financial-planning/post-pandemic-personal-finance-trends

2 Wright, I. (2021, April 20). Pandemic Effects on U.S. Consumer Finances and Attitudes. Equifax. https://www.equifax.com/business/blog/-/insight/article/pandemic-effects-on-u-s-consumer-finances-and-attitudes//

3 Tymkiw, C. (2021, September 28). How COVID-19 Changed Our Saving and Spending Habits. Investopedia. https://www.investopedia.com/how-covid-19-changed-our-saving-and-spending-habits-5184327

Deconstructing Current Backlash Against ESG Investing

Written by Brian Chasanoff '23

Edited by Ravij Lade '25

The intersection of economics and environmental sustainability is expectedly contentious at the moment. For many years, businesses have functioned with the primary intent to generate profit. This ongoing quest to maximize shareholder value in a world on fire begs the question: at what cost? With record high greenhouse gas emissions, rising global temperatures and more extreme weather-related disasters, the need to address climate change is as prudent as ever. Corporate America is facing pressure to leverage its power to help facilitate the clean energy transition, but how? Enter ESG investing.

ESG itself stands for environmental, social and governance, and constitutes a set of criteria for investors to consider when making investment decisions. Its overarching goal is to gauge not just how an investment opportunity might benefit its investors, but how that company adds value to society. The three factors can be used to assess business facets such as supply chain efficiency, worker health and safety, and environmental compliance. ESG investing represents a fast-growing sector of finance, with flows into ESG funds more than doubling between 2020 and 2021.[1] This growth is, of course, not solely driven by altruistic motivations. Several studies have empirically validated positive correlations between ESG performance and financial performance, and having an ESG strategy can send a positive signal to shareholders.[2] Studies have shown that younger shareholders in particular are more inclined to invest in companies that are socially responsible.[3]

Yet today, ESG investing is facing considerable pushback. Politicians who resent the encroachment of environmental and social factors on investment decisions, as well as Blackrock and other prominent financial firms entrusted to maximize profits, have expressed desires to reign in ESG investing. Some have derided it as "woke capitalism", while others feel it isn't creating the real-world impacts it promised it would.[4] To the former point, Florida Governor Ron DeSantis recently made headlines when he banned his state's $186 billion pension fund from being screened for ESG risks. Florida is not alone; according to JDSupra, 18 states in total have proposed anti-ESG legislation, ranging from restricting to outright prohibiting state funds from subjection to ESG screening.[5] Texas went so far as to ban government dealings with BlackRock, UBS and Credit Suisse for reportedly divesting from guns and fossil fuel companies in the pursuit of ESG.[6] Elon Musk even called ESG investing a "scam" after S&P Global, the manager of a popular ESG index, granted fossil fuel giant Exxon high marks while Tesla did not even make the list[5].

Concerns over the effectiveness of ESG criteria have also in-

creased. McKinsey published on its website a comprehensive article explaining and responding to ESG criticisms. Some believe that in light of the war in Ukraine and grave geopolitical and economic downfalls, the importance of ESG has peaked. Another critique is that the technical components under ESG are intrinsically too difficult to measure. The scores are sometimes issued by companies using different criteria, making for a lack of conformity in ratings. Additionally, some have argued that the positive correlations between ESG and financial performance are not causative. Blackrock, a leader in sustainable finance, even declared that some climate-related shareholder proposals are too "constraining on companies and may not promote long-term shareholder value".[7] McKinsey did seem to conclude with a positive outlook on the future of ESG, asserting that with growing environmental externalities and evidence showing financial success with ESG, establishing a social license will remain important in the coming years.

It will be interesting to monitor the ongoing pushback against ESG and overall integration of societal concerns into the corporate world. Whether or not ESG presents the optimal long-term approach to sustainable finance, what is clear is its subjectivity to political tides, world conflict, and people's collective priorities. In the coming years, we will see a struggle to reconcile ideological objections to ESG, culminating in its politicization, as well as concerns regarding its effectiveness. The initiative may now leave us with more questions than answers, but still prompts an interesting reflection on whether bettering society and restoring balance to nature have become integral parts of investment returns. Have we reached a point where maximizing profits will not win out over general societal improvement?

References

1 Anonymous. (2022, March 4). How ESG investment returns are growing as market evolves. Sustainability Magazine. Retrieved November 6, 2022, from https://sustainabilitymag.com/sustainability/esg-investment-assessing-past-current-future-projections-finance

2 Greggwirth. (2022, September 7). Financial materiality: Understanding the financial performance of ESG Strategies. Thomson Reuters Institute. Retrieved November 6, 2022, from https://www.thomsonreuters.com/en-us/posts/investigation-fraud-and-risk/financial materiality-esg/

3 Medland, D. (2015, October 19). Fact: The younger the investors, the more they care about values. Forbes. Retrieved November 6, 2022, from https://www.forbes.com/sites/dinamedland/2015/10/19/the-younger-the-investors-the-more they-care-about-values/?sh=1c4dae6d1fcd

4 Kishan, S. (2022, September 14). Analysis | everything you need to know about ESG investing and the backlash to it. The Washington Post. Retrieved November 6, 2022, from https://www.washingtonpost.com/business/energy/everything-you-need-to-know-about-esg-investing-and-the-backlash-to-it/2022/09/13/1e396846-33a0-11ed-a0d6 415299bfebd5_story.html

5 Sorkin, A. R., Giang, V., Gandel, S., Hirsch, L., Livni, E., Gross, J., Gallagher, D. F., & Schaverien, A. (2022, May 19). Elon Musk's next target. The New York Times. Retrieved November 6, 2022, from https://www.nytimes.com/2022/05/19/business/dealbook/elon-musk-tesla-esg.html

6 Freedman, A. (2022, August 25). The backlash against Blackrock, ESG investing intensifies. Axios. Retrieved November 13, 2022, from https://www.axios.com/2022/08/25/texas-bans-blackrock-ubs-esg-backlash

7 2022 climate-related shareholder proposals more ... - BlackRock. (n.d.). Retrieved November 7, 2022, from https://www.blackrock.com/corporate/literature/publication/commentary-bis-approach shareholder-proposals.pdf

A Democratic Workplace: An Evaluation of Worker Cooperatives

Written by Elijah Reisman '24
Edited by Joshua Jacobs '24

In the wake of the pandemic, workers found themselves acting on many workplace frustrations, and leaving their jobs in a phenomenon many call The Great Resignation. Reasons for leaving jobs included low pay, lack of advancement opportunities, feeling disrespected, childcare issues, lack of flexibility and more.[1] Workers don't have control over many of these issues in standard corporations; for example, managers or owners have power over wages and they choose who to promote. These pressures in a standard capitalistic corporation are exposed to many workers, but there is an uncommon workplace structure that may offer a solution: a worker cooperative.

A worker cooperative is an alternative style of workplace organization as compared to a standard capitalist firm. Worker cooperatives have three distinct features that make them unique: they are worker owned, worker controlled, and worker benefitting[2]. Worker ownership means that the worker cooperative is not owned by investors like a standard firm, rather each worker has some shared stock ownership of the firm. Worker controlled means that all workers in a worker cooperative have equal voting rights and they vote on a board of directors for the cooperative[2]. Worker benefiting means the surplus of the cooperative is not given to investors, instead it is distributed to members according to work hours.[2]

One common question surrounding worker cooperatives is their comparative efficiency to a standard capitalist corporation. This is an important question, and it would intuitively be a compelling argument against worker cooperatives since the worker cooperative's parallel is democracy, which is less efficient at governing than authoritarian regimes since authoritarians don't rely on consensus for decision making. Many researchers have a similar line of question about worker cooperatives and have done work on measuring cooperatives' efficency with regression analysis. Arando et al. in 2015 focuses on the Eroski group, a chain of supermarkets and hypermarkets originating in Spain, to analyze the efficency of worker cooperatives and their alternatives. The Eroski group is a uniquely promising case to analyze the efficency of worker cooperatives, because within its chain there are worker cooperatives, standard firms, and GESPA workplace structures which are cooperatives with limited employee ownership and voice.[3] This in-chain variation allows researchers to hold other parts of businesses constant while analyzing variation in workplace structure. Using sales growth as a metric for efficiency there is a small but statistically significant increase in sales growth for hypermarkets, an insignificant change in sales growth for supermarkets, and a small statistically

significant increase in sales growth for city supermarkets for cooperatives over conventional stores.[3] These results indicate that there is almost no difference between the efficiencies of standard corperations and worker cooperatives and even that worker cooperatives are slightly more efficient than standard corperations.

The efficency of a firm is important, as well as the survivability of a firm. If a firm is likely to fail that produces bad outcomes for the firm's owners, and the workers, because they would become unemployed, as well as the ownership of the firm. Burdìn in 2014 looks at a panel of firms in Uruguay and finds that worker cooperatives have a 12.6% lower failure rate than standard firms. The better survivability of worker cooperatives does not fit well into the categories of issues most important to workers, but it does reflect that worker cooperatives may be a superior alternative to standard firms when it comes to viability of the firm.

Efficency and wages are not the only area of importance for the running of a business, worker satisfaction is an important metric to measure worker cooperatives by, especially since the goals of worker cooperatives typically include benefiting the workers. Arando et al. tackles the question of worker cooperatives and finds that there is a statistically signifigant decrease in worker satisfaction in cooperatives for various specific workplace issues. Their current theory for the lower job satisfaction in worker cooperatives is that employees take on more decision making and have more stake in the firm leading to a more stressful environment for workers.[3]

Worker cooperatives efficency benefits and job satisfaction are an important part of the equation, but as stated previously one of the most critical factors for why workers have left their jobs in such large quantities is low wages. This issue for workers does get addressed in a cooperative system. One foundational aspect of worker cooperatives is that they are worker benefiting and thus should pay more on average than a standard organization of a firm. This benefit is borne out in the data, in the Eroski cooperative, workers receive about a 20% premium in wages for non-managerial workers and a more compressed difference in wages between the top and bottom of the pay range as compared to standard firms.[3] Arando et al. is not conclusive; there is evidence of slight but statistically significant lower wages for firms in Uruguay when compared to conventional firms.[4] Even with the uncertainty of a cooperative's effect on wages it is important to note that in a cooperative structure workers had more input on what their wages are, as opposed to standard firms, since cooperatives include workers in the decision-making process.

There are benefits and drawbacks for a worker cooperative as compared to the standard organization of a firm which are potentially higher wages for non-managerial workers, more efficency and survivability for the firm in worker cooperatives, and the primary drawback being the decline in worker satisfaction in cooperatives. It is also important to note that due to the small amount of worker cooperatives existing today, research is limited by sample size on these questions, which is demonstrated by the mixed evidence of cooperatives' effect on wages, and

there must be more research to uncover the topic's nuances in the future.

References

1 Parker, Kim, and Juliana Menasce Horowitz. "Majority of Workers Who Quit a Job in 2021 Cite Low Pay, No Opportunities for Advancement, Feeling Disrespected." Pew Research Center, Pew Research Center, 10 Mar. 2022, https://www.pewresearch.org/fact-tank/2022/03/09/majority-of-workers-who-quit-a-job-in-2021-cite-low-pay-no-opportunities-for-advancement-feeling-disrespected/.

2 Audebrand, Luck. "Expanding the scope of paradox scholarship on social enterprise: the case for (re)introducing worker cooperatives" , M@n@gement, vol. 20, no. 4, 2017, pp. 368-393, https://doi.org/10.3917/mana.204.0368.

3 Arando, Saioa, et al. "Efficiency in Employee-Owned Enterprises: An Econometric Case Study of Mondragon." ILR Review: The Journal of Work and Policy, vol. 68, no. 2, March 2015, p. 398-425. HeinOnline, https://heinonline.org/HOL/P?h=hein.journals/ialrr68&i=395.

4 Burdin, Gabriel. "Are Worker-Managed Firms More Likely to Fail than Conventional Enterprises - Evidence from Uruguay." ILR Review: The Journal of Work and Policy, vol. 67, no. 1, January 2014, pp. 202-238. HeinOnline, https://heinonline.org/HOL/P?h=hein.journals/ialrr67&i=202.

The Thread that Binds: The Story of South Asian Women, Eyebrow Threading, and Labor Rights

Written by Vidhi Mittal '25

Edited by Stephen Adams '23

As you step inside the salon, you're greeted with the cheerful rhythm of Bollywood music mingling with the hum of lively conversation as the parlor aunties in their brightly-colored kurtis move gracefully between the chairs, their nimble fingers expertly working the thread. As the women shape their clients' brows, they provide an informal therapy session, listening with rapt attention and offering sage advice. Their service is affordable and accessible, making the salon a valuable resource for those seeking a break from costly beauty treatments. This is the world of eyebrow threading, an age-old South Asian beauty practice that has gained widespread popularity in the United States.[1]

The History:

Scholars suggest that the 1965 Immigration and Naturalization Act was a crucial turning point for South Asian immigration to the United States.[2] The Act increased the quotas for migration from non-European countries, but it also had some limitations; the Act was primarily focused on allowing individuals with professional degrees to migrate to the US. During the first wave of South Asian immigration from 1965 to the late 1970s, there was a natural triple selection process based on upper caste, upper class, and skill level. The second wave of immigration began after the passage of the Immigration Reform and Control Act of 1986, which made it easier for blue-collar workers to immigrate to the US. The second wave brought in a newer class of South Asian immigrants on more precarious terms. This opened the US borders, which were later restricted by immigration policies in 1996.

Certain categories of work, mainly those involving niche services, are closely linked to the historical, ongoing, and changing aspects of migration policies. The second wave of immigrants arrived in response to the emergence of niche job opportunities connected to corporate firms and leisure-related industries in small businesses such as restaurants and motels, as well as in personal service sectors like domestic work.

During the late 1980s, major American cities, including Los Angeles, New York, and Chicago, witnessed the emergence of expanding South Asian communities. South Asian immigrant women started offering threading services out of their living rooms, the back rooms of sari shops, and modest salons in strip malls. They relied on word-of-mouth advertising to promote traditional beauty services such as threading and mehendi application. As these communities grew in size, so did the popularity of threading, and the customer base expanded to become more diverse, attracting

individuals from various social, racial, and economic backgrounds.

South Asian women who had restricted job opportunities due to their limited language proficiency and precarious legal status found a means to improve their economic situation by working as threaders. This allowed South Asian women to achieve financial stability and support their families while fostering community building and empowerment. The prosperity of threading salons is a testament to the entrepreneurial drive of South Asian women, who have transformed a specialized service into a flourishing industry that has gained recognition and popularity across the United States and beyond.

More Than Just a Beauty Service:

Threading salons have emerged as a part of the aforementioned immigrant service sector, yet the threading industry stands out from the rest as a racialized practice, process, and product.

The practice of threading is deeply ingrained in South Asian culture and aesthetics. The South Asian women who operate these salons possess distinctive threading abilities that have been handed down over generations. By offering customers an intimate and tailored experience, threading salons have evolved into a sanctuary for underrepresented communities to find solace in the welcoming atmosphere, familiarity, and cultural connections these salons offer.

The work of an employee at a threading salon encompasses more than just grooming expertise; it involves the management of emotions for customers in the salon, a phenomenon known as affective labor. This dimension of labor is embedded within co-ethnic worker-owner hierarchies and a tip-dependent industry. Threaders, in particular, connect with a diverse clientele through their customer service practices, as well as manage relationships with co-workers and salon owners. They cater to their customers' emotional needs and desires while prioritizing their job satisfaction and dealing with workplace instability. By fostering long-term customer relationships, they navigate the intricate dynamics among workers, owners, and customers faced by immigrant and refugee women of color in low-wage service occupations, operating within the framework of global capitalism. This underscores the multifaceted nature of service work and workers' emotional labor, in addition to their technical expertise.

The Problem:

Immigrant and refugee women of color, including South Asian women, working in low-wage service jobs face many struggles, such as poor working conditions and lack of labor protections. According to a report by the National Women's Law Center, in every state, at least six in ten low-wage workers are women, even though women make up half or less of the overall workforce in every state. This report also provides a profile of the women who work in low-wage jobs. Nearly half are women of color. Half work full time—and almost one in five is poor. Roughly one-

third are mothers—and 40 percent of mothers in the low-wage workforce have family incomes below $25,000.[3]

Workers often face exploitation from salon owners who may force them to work long hours without breaks or adequate pay. In addition, workers in the threading industry are usually not provided with training or safety equipment, putting them at risk of injury or infection.[4]

There are added gender and racial dimensions to this labor exploitation in the threading industry, as most of these workers are South Asian women. In particular, workers who do not speak English may have difficulty communicating with customers and enforcing their labor rights. Women of color are often subject to harassment and discrimination on the job.

As mentioned in the previous section of this article, the emotional and affective labor of these South Asian threaders is crucial for building relationships and sustaining businesses, is often undervalued and goes unrecognized, and can take a toll on the mental health of these workers.

The Solution:

These South Asian eyebrow threaders have been largely invisible in academic and policy discussions. There needs to be a more intersectional approach to labor organizing, one that takes into account the unique challenges faced by South Asian women in the threading industry. This includes recognizing how their gender, race, and immigration status intersect to shape the experiences of these workers and working to address the multiple forms of oppression they face. Acknowledging the emotional and affective aspects of service work is crucial to empowering workers and improving their working conditions.[5]

There is a need for worker-led initiatives that prioritize the well-being of workers rather than profit margins. Worker centers, labor unions, and other organizations can play a crucial role in advocating for workers' rights and improving working conditions in the industry by providing a platform for workers to voice their grievances and negotiate better wages and benefits.

There is impressive advocacy, and worker's rights work being done by organizations such as the California Healthy Nail Salon Collaborative, the Pilipino Workers Center, and the Koreatown Immigrant Workers Alliance. These organizations are fighting to improve working conditions for low-wage service workers and increase their access to resources, including health care and legal support. Organizations such as these are critical for supporting and amplifying the voices of low-wage service workers, particularly immigrants, refugees, or people of color. For example, the KIWA has supported low-wage workers in the Koreatown neighborhood in Los Angeles, including workers in nail salons, restaurants, and garment factories. KIWA has helped workers organize, negotiate better wages, and file legal complaints against employers who violate labor laws and have successfully recovered over $1 million in wages for workers in the area.[6]

Another approach to improving working conditions in threading salons is through licensing and regulatory reform. The licensing require-

ments for threading salons can be burdensome and exclusionary, particularly for immigrant workers who may need access to the same resources and networks as more established business owners. By working with policymakers and regulatory agencies, advocacy groups can help streamline the licensing process and reduce barriers to entry for immigrant workers.

Consumers can also play a role in supporting better working conditions in threading salons. Patronizing salons that prioritize fair labor practices and advocating for regulatory reform helps create a market demand for ethical and sustainable service industry practices. By supporting workers' rights and advocating for reform, we can help create a more just and equitable industry that benefits everyone involved.

The experiences of South Asian women in threading salons highlight the broader issues of labor exploitation and gendered, racialized economic inequality in contemporary global capitalism. There needs to be a wider recognition of the complex dynamics of labor, race, gender, and immigration in the contemporary United States and more efforts to promote economic justice and equality.

References

1 Toppa, S. (2021, September 8). The evolution of eyebrow threading salons. The Juggernaut. Retrieved February 19, 2023, from https://www.thejuggernaut.com/south-asian-eyebrow-threading-salons

2 Bhandari, S. (2022). The History of South Asians in the United States. Retrieved February 20, 2023, from https://naswpress.org/FileCache/2023/01_January/South%20Asians%20in%20the%20United%20States-Sample%20Chapter.pdf

3 National Women's Law Center. (2014). Underpaid and Overloaded: Women in Low-Wage Jobs. National Women's Law Center. Retrieved February 19, 2023, from https://nwlc.org/wp-content/uploads/2015/08/final_nwlc_lowwagereport2014.pdf

4 Watanabe, T. (2008, June 23). Beauty Salon chain is Sued in Labor Dispute. Los Angeles Times. Retrieved February 19, 2023, from https://www.latimes.com/archives/la-xpm-2008-jun-23-me-beauty23-story.html

5 Sharma, P. (2019). The thread between them: Affective and intimate labor in Los Angeles threading salons (dissertation). University of California, Los Angeles, Los Angeles, California.

6 Kwom, J. B. (2017). The Koreatown Immigrant Workers Alliance: Spatializing Justice in an ethnic "enclave." Working for Justice, 23–48. https://doi.org/10.7591/9780801459054-004

The Racialized Feminization of Poverty: The Economic Burden of Being a Black Woman

Written by Charlize Samuels '24

Edited by Lola Cleaveland '23

In the discussion of wealth gaps and income inequities, it is no secret that many of these economic disparities are driven by social marginalization. The role of discrimination in America's income gaps is so pervasive that there are terms used to refer to it, such as the "feminization of poverty." The idea of the feminization of poverty refers to the disproportionate financial plight of women due to the income gap between men and women. While this is a valid observation about the current socioeconomic inequities, there is an extra dimension to this idea that deserves greater investigation: the racialized feminization of poverty. That is, the disproportionate financial plight faced by Black women compared to that of women of other racial categorizations.

What are the sociological origins of this economic phenomenon?

Understanding the idea of the racialized feminization of poverty comes with understanding the sociological structures that allow for this type of economic stratification to take place; social placements are inextricably tied to economic placements. The basis of this sociological analysis rests within a single, but very important, concept: intersectionality.

Intersectionality is a term coined by critical race scholar Kimberly Crenshaw, and it refers to how the various identities of a single person interact to create unique and overlapping experiences of oppression. For Black women, intersectionality refers to how race and gender work together to fuel their dual oppression in both social groups. Ultimately, this term is used to explain how Black women in particular are oppressed by racial stratification and patriarchy; these women experience oppression in both aspects of their dual identity. Race and gender both work to offer a distinctive level of oppression to Black women, forcing them to be bound by both entities. In the Black community, patriarchy is the primary oppressive force. In the feminist/women community, the race of Black women is the primary oppressive force. Being subjugated in both their gender and race is conveyed through the concept of being doubly bound. This term is important because it allows us to see how Black women face multiple sources of oppression and how the future advancement of Black women is tied to curing the disease of discrimination in both aspects of their dual identity.

Ultimately, Black women are situated within a unique place in society that subjects them to a racialized wealth gap and a gendered one. Enduring both types of economic burdens not only makes it difficult for Black

women to maintain a certain level of financial viability but also decreases their likelihood of sustaining enough prosperity for intergenerational wealth.

This reveals a disheartening truth: Black women can work harder than anyone else and still occupy some of the lowest socioeconomic positions. The idea of free socioeconomic mobility as a result of hard work is not as applicable to this population of women.

Do we have proof?

This argument rests on the idea that the feminization of poverty is indeed racialized. Is there a racial dimension that creates differences in the financial struggle between women of different races? Yes, there certainly is. The data below helps to forward this idea:

- In 2016, the Bureau of Justice Statistics reported that 47 percent of state prisoners and 58 percent of federal prisoners have at least one minor child.[1] Considering that it is widely understood that Black men occupy 45-50 percent of prison populations at any given time, many of these individuals in the 2016 statistic are Black fathers. Additionally, 1 in 9 Black children have a parent in prison, which tends to be their fathers.[2] This is particularly glaring since Black men only represent around 6 percent of the U.S population. As a result, fatherly absence that continues to plight Black families is derived from their disproportionate incarceration. This creates a racialized feminization of poverty as Black women must become the sole breadwinners of their families.
- 1 in 5 renters on the verge of eviction are Black women despite Black women only occupying less than 10 percent of the renter population in the U.S.[3]
- According to the Pew Research Center's 2014 research on the demographic makeup of stay-at-home mothers, they found that "about seven-in-ten (69%) are white, and only 19% are Asian. Only 7% are Hispanic, and 3% are black".[4] This shows the growing inability of Black women to be stay-at-home mothers because of the social flaws that push them into total financial responsibility.
- According to research from the Institute for Women's Policy Research, Black women earn 21% less than White women.[5] Keeping gender fixed and showing intra-gender wage differences between women of different races demonstrates how the feminized wage gap is also racialized.
- Even when we control for educational differences, Black women are still earning less. Based on the data from the U.S Department of Labor, Black women who have an undergraduate degree still earn 65.4 cents for every dollar that is paid to non-Hispanic, White men with the same education level.[5] Controlling for differences in education shows that lurking variables such as education are not what is truly driving these gendered and racialized wage differences.

Broader implications: What is the solution?

Race does indeed offer an important dimension to the feminized wage gap. Black women's intersectional identity often presents added social neglect and invisibility. Because of this, analyzing socioeconomic issues exclusive to Black women gets lost in the discourse. This argument presents great social significance as it is inherent to solving larger social issues. We cannot begin to close the gender-based income disparities without first addressing the racialized aspect of them. We then cannot begin to address racialized disparities without addressing the underlying systemic and institutionalized racism that drives them. Ultimately, contemporary economic inequities are the consequence of seemingly unrelated social issues, which prove to be disproportionately racial issues. Until we can uplift Black Americans, socioeconomic disparities that ravish our populations can and will persist.

References

1 U.S. Census Bureau (2021, July) Week 33 Household Pulse Survey June 23 – July 5 Public Use File. Retrieved from https://www.census.gov/programs-surveys/household-pulse-survey/datasets.html

2 Chang, C. (2016, March 8). Incarcerated fathers and the children left behind. The Century Foundation. Retrieved November 28, 2021, from https://tcf.org/content/commentary/incarcerated-fathers-and-the-children-left-behind/?agreed=1.

3 U.S. Census Bureau (2021, July) Week 33 Household Pulse Survey June 23 – July 5 Public Use File. Retrieved from https://www.census.gov/programs-surveys/household-pulse-survey/datasets.html

4 Cohn, D. V., Livingston, G., & Wang, W. (2020, May 30). Stay-at-home mothers on the rise. Pew Research Center's Social & Demographic Trends Project. Retrieved November 28, 2021, from https://www.pewresearch.org/social-trends/2014/04/08/after-decades-of-decline-a-rise-in-stay-at-home-mothers/.

5 Lost jobs, stalled progress: The impact of the "she-cession" on Equal pay. Institute for Women's Public Policy Research. (2021, September). Retrieved April 8, 2022, from https://iwpr.org/wp-content/uploads/2021/09/Gender-Wage-Gap-in-2020-Fact-Sheet_FINAL.pdf

Kroger and Albertson Should Not Merge

Written by Ben Jacobson '23
Edited by Lola Cleaveland '23

A tale for the average citizen: food deserts, high prices, and no options for those with dietary restrictions

At first glance, the Kroger/ Albertson's Companies Inc. merger looks harmless, but frankly, a lot could go wrong. Why might these two major grocers be joining forces in the hope of bettering their businesses be more harmful than positive for society? To find out, a deep dive must be taken.

Upon further examination, this merger will negatively impact Americans through the limits placed on grocery stores per capita. The Kroger/Albertsons Companies Inc. merger should not go ahead. By limiting the number of grocery stores in a given area via closures, this merger will disproportionately hurt those in food deserts and those with specific diets. The consequences of this merger will negatively impact the average American consumer and harm the vulnerable and food insecure.

On October 14, 2022, Kroger announced their merger with Albertsons.[1] For context, in the United States, Kroger is the largest supermarket chain by revenue, and Albertsons is the third largest supermarket chain by revenue.[2,3] In their official announcement, Kroger proclaimed several reasons why this merger is optimal. One of Kroger's first points is that together, these grocery store chains will be able to expand their network. While this is true because they will physically have more stores across the country as they expand, it does not address that the merger will lead to a decrease in stores per capita. They will be closing some of their current stores, as will be further explained.

In a Wall Street Journal article published on October 21st, the Kroger/Albertson anti-trust review is brought up.[4] It says that the move to decrease stores per capita to lower store overlap and competition is likely to be the main issue discussed. Benjamin Dryden, a partner at Foley & Lardner LLP, clarified store overlap. According to Mr. Dryden, store overlap is when there is a radius of two to 10 miles from one grocery market to another, excluding discount stores. Furthermore, in an initial assessment, Kroger and Albertson agreed to close up to 650 of its stores, further perpetuating the existence of food deserts.

This is a cause for concern, as many customers have mentioned in the comment section of an article from October.[5] One example of how this decision will disproportionately affect customers comes from Jay Siegal. Mr. Siegal, hailing from Houston, Texas, is an orthodox Jew who keeps strictly kosher. In his depiction of the events that will transcribe if the merger goes through, he speaks regarding the local Kroger and Randall's (owned by Albertsons), which are only a mile apart in his community. He said there is a 50/50 chance that Randall's, the only store with Kosher options in the area, would close. If the merger leads to the closure of Randall's,

then both Mr. Siegal and his Jewish community will be left with fewer options. One can also conclude that Mr. Siegal is not alone in his concern. There is a wide variety of people with food restrictions that store closures will affect. Muslims, Hindus, vegans, vegetarians, etc., will also have difficulties with their dietary restrictions.

Having fewer stores is only part of the problem. The merger may also exacerbate the critical issue of food deserts. Food deserts typically have low-income residences, little access to transportation, and only a few options for food retailers at affordable prices.[6] It further mentions how Kroger and Albertsons will likely choose "lower-performing stores to divest" in, which are more likely in food deserts. As the Institute for Local Self-Resilience co-founder, Stacey Mitchell, says, "It increases the risk that communities will become food deserts," and "this is a bad deal, and it should be blocked by the FTC."

Although this deal is potentially problematic for many, it could benefit some. Kroger did pledge to reduce food costs after the merger was completed.[7] Although Kroger touts to reinvest 500 million dollars to lower prices for customers, many are skeptical for four main statistical reasons[8]; grocery prices are up 13% compared to a year ago, dairy products rose by 15.9%, cereal, and baking products by 16.2%, and eggs are up 30%. These price increases continue to harm the average American consumer. Wages are rising slower than grocery prices, with wages unable to keep up with inflation for the last 17 months.[9] This will harm communities already more susceptible to food deserts due to their low income. At the same time, while the merger would lead to a decrease in price competition between local grocery stores, this leads to higher prices born of a strengthened grocery store monopoly.

In addition, politicians on both sides of the aisle stand united in their regard for this deal. In a tweet by Senator Bernie Sanders last week, he voiced that the agreement should not go through due to the recent increase in the prices of food that will likely happen, even though Kroger pledged the opposite would happen.[10] Senator Mike Lee, the senior Republican member of the Senate Anti-trust committee, also raised concerns regarding the agreement, saying, "I will do everything in my power to ensure our antitrust laws are robustly enforced to protect consumers from anticompetitive mergers that could further exacerbate the financial strain we already feel in the grocery store checkout aisle".[11] The shared concern of what this merger could lead to on both sides of the political aisle is a sign that Americans should be wary of the plan, regardless of Kroger's promises to lower food prices.

This merger should not go into effect. Although large profits would be made for the Kroger and Albertsons corporations, it would be at the expense of the public, harming some of the most vulnerable communities already experiencing food scarcity. Food and drink prices will continue to rise with wages not following suit, those with dietary restrictions will face hardship due to store closings, and many food deserts will be created and expanded. This deal does not consider the problems that most Americans have, such as low income

and poverty.[12] Also, six in ten Americans have at least one food restriction. This deal will cause trouble for many, and although it may be unalarming or profitable for a slice of America, many American citizens will be negatively affected.[13]

References

1 Kroger Contributor. (2022, October 14). Kroger and Albertsons Companies Announce Definitive Merger Agreement. Retrieved from ir.kroger.com website: https://ir.kroger.com/CorporateProfile/press-releases/press-release/2022/Kroger-and-Albertsons-Companies-Announce-Definitive-Merger-Agreement/default.aspx

2 SNS. (2021, July 6). Top 25 supermarket operators by sales. Retrieved December 13, 2022, from Supermarket News website: https://www.supermarketnews.com/retail-financial/top-25-supermarket-operators-sales

3 Farfan, B. (2019, August 5). The World's Largest Grocery Store Chains. Retrieved December 13, 2022, from LiveAbout website: https://www.liveabout.com/largest-retail-grocery-stores-3862931

4 Kang, J. (2022, October 21). Kroger-Albertsons Antitrust Review Likely to Focus on Local Store Overlap. Retrieved from WSJ website: https://www.wsj.com/articles/kroger-albertsons-antitrust-review-likely-to-focus-on-local-store-overlap-11666344601

5 Sigel, J. (2022, October 21). Kroger-Albertsons Antitrust Review Likely to Focus on Local Store Overlap. Retrieved from WSJ website: https://www.wsj.com/articles/kroger-albertsons-antitrust-review-likely-to-focus-on-local-store-overlap-11666344601

6 Dutko, P., Ploeg, M., & Farrigan, T. (2012). Characteristics and Influential Factors of Food Deserts. Retrieved from https://www.ers.usda.gov/webdocs/publications/45014/30940_err140.pdf

7 Bomey, N. (2022, October 14). Kroger is promising to lower prices after its proposed acquisition of Albertsons. Retrieved December 13, 2022, from Axios website: https://www.axios.com/2022/10/14/kroger-albertsons-deal-merger-prices

8 Allyn, R. (2022, October 14). Could grocery store mega-merger create lower prices for shoppers? Retrieved December 13, 2022, from cbs8.com website: https://www.cbs8.com/article/news/local/could-grocery-store-mega-merger-mean-lower-prices/509-d99f4f4c-6140-4827-91e7-d90271093f5b

9 Forbes Contributor. (2022, October 1). U.S. Wage Growth Fails To Keep Up With Rising Prices For 17 Consecutive Months. Retrieved December 13, 2022, from Forbes website: https://www.forbes.com/sites/qai/2022/10/01/us-wage-growth-fails-to-keep-up-with-rising-prices-for-17-consecutive-months/?sh=24a59d01b007

10 Sanders, B. (2022, October 13). @SenSanders. Retrieved from Twitter website: https://twitter.com/SenSanders/status/1580722266370822144?ref_src=twsrc%5Etfw%7Ctwcamp%5Etweetembed%7Ctwterm%5E1580722266370822144%7Ctwgr%5E264a00f74d84bfbab8f24ab759276c9a00de2e0c%7Ctwcon%5Es1_&ref_url=https%3A%2F%2Fwww.deseret.com%2Futah%2F2022%2F10%2F17%2F23409177%2Fkroger-albertsons-merger-will-consumers-pay-morefines-the-purpose-of-a-corporation-to-promote-an-economy-that-serves-all-americans#:~:text=%E2%80%9CCEOs%20work%20to%20generate%20profits,and%20CEO%20of%20Progressive%20Corporation

11 Lee, M. (2022, October 14). Sen. Lee Plans Oversight of Grocery Mega-Merger. Retrieved from Mike Lee US Senator for Utah website: https://www.lee.senate.gov/2022/10/sen-lee-plans-oversight-of-grocery-mega-merger

12 Shrider, E. A., Kollar, M., Chen, F., & Semega, J. (2021, September 14). Income and Poverty in the United States: 2020. Retrieved from The United States Census Bureau website: https://www.census.gov/library/publications/2021/demo/p60-273.html

13 PR Newswire Contributor. (2014, June 10). Majority of US Households Have Someone With Diet Restrictions. Retrieved from Manufacturing.net website: https://www.manufacturing.net/operations/news/13176655/majority-of-us-households-have-someone-with-diet-restrictions

How Making Cities More Pedestrian-Friendly Can Revitalize Local Economies

Written by Suheyla Kipcakli '23

Edited by Jessie Zhu '25

In the United States, we're really only familiar with one kind of infrastructure investment: adding more lanes to highways. For years, American cities have been widening their streets, adding parking lanes, and disinvesting in public transportation.[1] It is no coincidence that the downtowns of most American cities are in decline.[2] Gray, car-centric cities are uninviting and discourage people from getting out of their cars and spending time (and money) in shops and potential public spaces. Meanwhile, people that live in walkable cities report a higher quality of life[3] and emit less carbon. With the realization that green, walkable, pedestrian-friendly cities attract residents and investment, some cities in America and across the globe are attempting to revitalize their urban economies by reversing the American approach and making their cities less friendly to cars.

One example is Lancaster, CA, a city near Los Angeles that invested 11.2 million dollars in redevel-

Figure 1 Lancaster, CA, before redevelopment

Figure 2 Lancaster, CA c. 2011, after redevelopment

oping its downtown area from 2008-2011. As you can see in the before (Figure 1) and after (Figure 2) pictures above, the number of street lanes has been reduced, the sidewalks have been widened, and there are more street trees, shade, and lighting. Along with simply transforming the area into a more inviting space, this redevelopment project conferred major public safety benefits, cutting car crashes in half, with injury-causing crashes dropping by 85% and pedestrian crashes dropping by 75%. Pedestrian activity has doubled, and subsequently, revenue from the downtown area has also more than doubled. The redesign attracted 57 new businesses, 800 new housing markets, and 2000 new jobs, and property values in the area have increased by 9.53%. Ultimately, a public investment of 11.2 million dollars resulted in an estimated 100 million dollars in private investment, with a total estimated economic impact of about 280 million dollars.[4]

Madrid, Spain, has gone even further and banned cars from its city center entirely, reaping similar benefits. When the car ban was first experimented with in 2018, it led to an estimated 9.5% increase in retail activity on Madrid's main shopping street and a 3.3% increase in spending across the city.[5] Furthermore, carbon dioxide emissions in the city center dropped by 14.2% within the first month of implementation.[5] This policy is also incredibly popular among the public. When Madrid's 2019 administration threatened to repeal the ban, they faced immense public backlash, with ten (according to the city) to sixty (according to organizers) thousand people taking to the streets in protest.[6]

Thus, not only does limiting city access to cars reduce emissions and car crashes, but it also boosts quality of life and economic activity in the area, as studies show that excessive automobile dependency stanches economic development.[7] By simply making their cities friendly to people instead of cars, both Madrid and Lancaster have reaped a variety of economic, environmental, and safety benefits, and other cities can follow suit.

References

1 Abbey-Lambertz, K. (2015, October 16). How The Decline Of Cars Is Changing Cities For The Better. HuffPost. https://www.huffpost.com/entry/car-decline-cities_n_561f34dae4b0c5a1ce620dd9

2 Thompson, D. (2022, April 25). Why Americans Are Leaving Downtowns in Droves. The Atlantic. https://www.theatlantic.com/newsletters/archive/2022/04/metro-areas-shrinking-population-loss/629665/

3 NAR 2020 Community and Transportation Preference Survey. (2020). National Association of Realtors. https://www.nar.realtor/reports/nar-community-and-transportation-preference-surveys

4 Lancaster Boulevard Transformation | Moule & Polyzoides. (n.d.). Retrieved November 25, 2022, from https://www.mparchitects.com/site/projects/lancaster-boulevard-transformation

5 Reid, C. (2019, March 8). Closing Central Madrid To Cars Resulted In 9.5% Boost To Retail Spending, Finds Bank Analysis. Forbes. https://www.forbes.com/sites/carltonreid/2019/03/08/closing-central-madrid-to-cars-resulted-in-9-5-boost-to-retail-spending-finds-bank-analysis/

6 O'Sullivan, F. (2019, July 24). In Madrid, a Car Ban Proves Stronger Than Partisan Politics. Bloomberg.Com. https://www.bloomberg.com/news/articles/2019-07-24/madrid-will-keep-its-car-ban-after-all

7 Litman, T. A., & Laube, F. (2002). Automobile Dependency and Economic Development. 20.

Billionaires' Economics Impact: Net Positive or Loss?

Written by Shruti Nemala '26
Edited by Lola Cleavland '23

Due to COVID-19's immense impact on the world economy, ordinary citizens and economists alike are looking for definitive signs that the world has gone back to normal. Catering to this hope, numerous news headlines describing how the "US GDP has returned to pre-COVID levels" have been lauded as proof of the US' strong economic recovery.[1] However, statistics from Oxfam International show the reality behind the US' GDP growth: a new billionaire was created almost every 30 hours during the pandemic.[2] The fact that regular Americans were not the ones driving this economic growth raises an important question: do billionaires positively or negatively affect the rest of society?

A simple answer would be that as long as it isn't directly hurting other citizens, a billionaire's wealth isn't harmful. Even this basic idea is heavily debated – many say the mere fact that billionaires are able to garner such wealth is disadvantaging middle and lower-class citizens. Others, however, argue that billionaires "don't steal the wealth of the public" because our economy isn't a zero-sum game where a few individuals gain wealth while others directly lose it.[3] Instead, when billionaires are either personally innovating or pouring capital into smaller start-ups, they are helping to enrich the lives of their employees while accumulating wealth for themselves. This argument states the inequality between billionaires and the working class doesn't have to be exploitative as the invention of more affordable and efficient commodities improves society as a whole, helping everyone to prosper.

Following this line of reasoning, billionaires are positively impacting the communities around them by creating jobs and wages that otherwise wouldn't have existed. Because of the opportunities that billionaires are able to provide to regular Americans, their wealth shouldn't be seen as exorbitant or negative but rather as a benefit for having improved others' quality of life and an incentive for other individuals to innovate as well.

Other economists, however, disagree and contend that the extraordinary wealth of billionaires is stolen from their workers as they would have never become so rich without the time and effort of their employees. An advocate for this idea, Economics Professor Richard D. Wolff at the University of Massachusetts Amherst claims that workers are paid a wage that is less in value than the worth that they are directly bringing in for their company.[4] Billionaires, he says, pocket the difference between what a worker should be earning for the profit they are generating and their actual salary, allowing them to become exponentially wealthier while their employees don't see actual increases in their incomes after adjusting for inflation.[5]

A prime example of this theory is Amazon and its founder, Jeff Bezos. While Jeff Bezos makes around 6 billion dollars a month, thousands of Amazon workers are forced to rely

on food stamps and other forms of government assistance in order to survive.[6] Amazon's warehouse workers contribute so much to the company that it wouldn't be able to function without their work; however, the profit from their work goes to Bezos rather than the workers generating it. While it's reasonable to assume that billionaires like Bezos should be rewarded for creating such a popular product and company that is driving the economy, should it really be funded on the backs of hardworking Americans that are hardly paid a livable wage?

Amazon, in particular, receives numerous, large subsidies from the US government in order to help its warehouses and, in turn, its workers.[7] However, since that money isn't put toward Amazon's employees, they are forced to turn to the government to survive. While it is true that workers having jobs is better than being unemployed, American taxpayers are now paying for the welfare of Amazon workers when that burden should be placed on the company itself.

By the end of 2020, Amazon's profits and stock price had increased by around 56% and 70%, respectively. A report by the Brookings Institute found that Amazon, having gained massively through the pandemic, could have multiplied its workers' compensation four-fold and still have made a larger profit than it did in 2019.[8] However, their workers' wages had only increased by about 7% over the year, even when taking into account December bonuses. Paying their employees a living wage wouldn't be so devastating for Amazon that it would put them out of business: they would just earn a smaller profit than they could when exploiting their workers. This scenario is being replicated many times over by companies like Walmart and McDonald's who exploit their employees by denying them fair compensation for the value their labor generates, driving them to rely on government assistance.

Another way billionaires are able to stay afloat and accumulate wealth is by using government funds and resources (e.g. Elon Musk Tesla receiving carbon credits). Since billionaires utilize government services - similar to how regular American citizens pay taxes to use government-funded roads and schools - they should be responsible for giving back a fraction of their yearly earnings via taxes. Billionaires and other members of the top 1%, however, are paying around 30 percent less tax than they should be.[9] This lost revenue for the government could be spent on improving schools, hospitals, and Americans' quality of life; however, it has just been used to help the uber-rich hoard wealth. While it may be true that, in theory, billionaires can positively impact society this doesn't seem to be the case in practice.

It is difficult to definitely declare that billionaires are "stealing wealth", though, as different economic perspectives and analyses will lead to different conclusions. However, it is true that many billionaires' wealth is earned at the expense of others in society. This in no way implies that billionaires shouldn't exist as they have definitely improved the standard of living for many. But as billionaires have experienced meteoric growth throughout the pandemic, a million people could fall into extreme poverty in 2022.[2]

It is imperative that the US government reform its tax code to close down both legal and illegal loopholes that allow billionaires and their corporations to elude paying taxes in proportion to their immense

wealth. This revenue should be put toward improving social goods so that average citizens- not just the uber-wealthy- can benefit from the extreme influence and power given to billionaires. However, many conservative economists oppose this idea, saying that the market will fairly distribute the impact of billionaires. Additionally, they claim that government intervention would squander the incentives billionaires have to do goodwill.

There is no easy answer to this issue, but it is evident that under the current organization of our economy, billionaires are benefiting exponentially more than middle and lower-class Americans. The specifics of the debate on the social impact of billionaires, however, will continue.

References

1 Chart book: Tracking the recovery from the pandemic recession. Center on Budget and Policy Priorities. (n.d.). Retrieved December 28, 2022, from https://www.cbpp.org/research/economy/tracking-the-recovery-from-the-pandemic-recession

2 Pandemic creates new billionaire every 30 hours - now a million people could fall into extreme poverty at same rate in 2022. Oxfam International. (2022, May 23). Retrieved December 28, 2022, from https://www.oxfam.org/en/press-releases/pandemic-creates-new-billionaire-every-30-hours-now-million-people-could-fall

3 Costa, N. (2021, April 14). The economics of billionaires. Michigan Journal of Economics. Retrieved December 28, 2022, from https://sites.lsa.umich.edu/mje/2020/11/17/the-economics-of-billionaires/

4 Dilawar, A. (2019, February 7). Amazon is the best argument against capitalism. Pacific Standard. Retrieved December 28, 2022, from https://psmag.com/ideas/amazon-is-the-best-argument-against-capitalism

5 DeSilver, D. (2020, May 30). For most U.S. workers, real wages have barely budged in decades. Pew Research Center. Retrieved December 28, 2022, from https://www.pewresearch.org/fact-tank/2018/08/07/for-most-us-workers-real-wages-have-barely-budged-for-decades/

6 O'Connell, O. (2021, October 13). How much does Jeff Bezos make per minute? The Independent. Retrieved December 28, 2022, from https://www.independent.co.uk/news/world/americas/jeff-bezos-make-per-minute-net-worth-b1887310.html

7 Thomas, K. P., Tarczynska, K., Martinez, A., Wen, C., & LeRoy, G. L. R. (n.d.). Amazon.com's hidden worldwide subsidies - good jobs first. Retrieved December 29, 2022, from https://goodjobsfirst.org/wp-content/uploads/2022/07/Amazon.coms-Hidden-Worldwide-Subsidies.pdf

8 Kinder, M., Stateler, L., & Du, J. (2021, November 2). Windfall profits and deadly risks. Brookings. Retrieved December 28, 2022, from https://www.brookings.edu/essay/windfall-profits-and-deadly-risks/

9 Alstadsæter, A., Johannesen , N., & Zucman , G. (2018, October 23). Tax evasion and inequality. Retrieved December 29, 2022, from https://www.elboletin.com/wp-content/uploads/2017/10/gabriel-zucman.eu_files_AJZ2017.pdf

The Role of Caste-Based Networks in the Indian Economy

Written by Vidhi Mittal '25
Edited by Stephen Adams '23

The Indian economy is one of the fastest-expanding major economies in the world right now.[1] However, even as the nation makes headlines for rapid growth, the grim reality is that the unemployment rates continue to climb — increasing from 5% tp 7% over the last 5 years.[2] The country is growing, but not creating jobs for its 1.4 billion people (World Bank, 2023), and is thus stuck in a phase of jobless growth. The influence of caste in various spheres of the Indian economy might be one of the reasons behind this.

The caste system in India goes as far back as 1500-500 BCE.[3] This social hierarchy, based on birth and occupation, comprised four broad classes or varnas—Brahmins (priests and scholars), Kshatriyas (warriors and rulers), Vaishyas (merchants and traders), and Shudras (farmers and laborers). Some population groups, known as Dalits, were excluded from this system and deemed as "untouchables". Within these varnas exist thousands of castes or jatis. These communities tend to be close-knit. A recent 2021 study showed that seven-in-ten Indians said that all or most of their close friends belonged to the same caste.[4]

Historically, the upper castes held a disproportionate amount of wealth and power, while the lower castes were relegated to manual labor and poverty, leading to a significant wealth gap between upper and lower castes.

The emergence and role of caste-based networks:

Suppose Rohan and Tia are two risk-averse individuals who earn either 2000 or 4000 per period. Their incomes fluctuate and cannot be predictably stable over time. Assuming that Rohan and Tia are risk-averse, they will benefit from a consumption-smoothing mutual insurance agreement.[3] If Rohan earns more than expected in a certain period, he helps out the unfortunate Tia, who does the same for him when she earns more. Rohan and Tia are both better off. The same could work for a group of people by pooling in everybody's income, and then distributing it on the basis of some prior agreement.

This is essentially the idea behind mutual insurance in caste-based networks in rural India. As private credit and government safety nets are absent in the economies in which they operate, communities are able to smooth their income risk very effectively.[5] In fact, based on a survey conducted in South India after a major drought, it was discovered that 54% of consumption loans taken by village members during the drought were taken from other members in the same caste-based network.[6] As a solution to the inadequacy of market credit and government safety nets, these caste-based networks prove to

be an irreplaceable service. Marriage within the caste is often a prerequisite for membership of these caste-based networks, which further explains the relevance of jati in India's economy and society today. Intimate social connections and close relations within the caste comprising several households scattered around the village support efficient insurance systems.

To take advantage of arbitrage opportunities, rural workers often move to urban cities for higher wages, leaving their communal obligations behind. Thus, rural households face the risk of losing access to caste-based networks as migrants cannot be trusted by the community to honor their obligations and their exact income cannot be known for sure by the community members. Often, the trade-off the aspirational migrant must make to experience an income gain by moving to the city is more costly than beneficial because of the resulting loss of network insurance. The stronger the network is, the more discouraged rural households are to send migrants to the city. This is one of the reasons behind low labor mobility in India despite a high rural-urban wage gap. Statistically, the Human Development Survey conducted in 2005 shows a male rural-urban migration rate of 6.8%; while in the male subsample of the Indian Demographic and Health Survey (DHS), the migration rate is 5.3%.

Once a migrant does manage to move to the city, he prefers to bring in more people from his own caste, leading to a misallocation of labor inputs by excluding competent outsiders. Additionally, caste-based networks that encouraged their members to migrate to cities discouraged occupational mobility among the next generations.[7]

Caste-based networks and market inefficiency are thus stuck in a seemingly endless cycle, both contributing to each other. The caste-based economic networks should disappear in the long run once the markets function efficiently if government programs are re-evaluated and made more efficient.

References

1 India: Asia's Star of the next decade. Morgan Stanley. (2022). Retrieved January 15, 2023, from https://www.morganstanley.com/ideas/investment-opportunities-in-india#:~:text=India%20is%20already%20the%20fastest,more%20than%201%20billion%20people.

2 Unemployment Rate in India. Centre for Monitoring Indian Economy. (n.d.). Retrieved January 15, 2023, from https://unemploymentinindia.cmie.com/

3 Munshi, K. (2019). Caste and the Indian economy. Journal of Economic Literature, 57(4), 781–834. https://doi.org/10.1257/jel.20171307

4 Sahgal, N., Evans, J., Salazar, A. M., Starr, K. J., & Corichi, M. (2021, June 29). Attitudes about Caste. Pew Research Center's Religion & Public Life Project. Retrieved January 19, 2023, from https://www.pewresearch.org/religion/2021/06/29/attitudes-about-caste/

5 Grimard, F. (1997). Household consumption smoothing through ethnic ties: Evidence from Cote d'ivoire. Journal of Development Economics, 53(2), 391–422. https://doi.org/10.1016/s0304-3878(97)00016-3

6 Caldwell, J. C., Reddy, P. H., & Caldwell, P. (1986). Periodic high risk as a cause of fertility decline in a changing rural environment: Survival strategies in the 1980-1983 South Indian drought. Economic Development and Cultural Change, 34(4), 677–701. https://doi.org/10.1086/451554

7 Munshi, K. D., & Rosenzweig, M. R. (2003). Traditional institutions meet the modern world: Caste, gender and schooling choice in a globalizing economy. SSRN Electronic Journal. https://doi.org/10.2139/ssrn.424620

Inequalities Unveiled behind Economic Restructuring: China's State Sector during the 1990s

Written by Charles Wang '26

Edited by Joshua Jacobs '24

During contemporary economic recessions, whether public policymakers should take an active role in response to massive restructuring and shifts in the labor market has always been a heated discussion. A historical example of struggling economic restructuring in China in the 1990s may shed light on how administrative institutions could approach economic recessions and the accompanied crisis in the labor market.

Unlike most of the world's other largest economies, China's state sector has been a crucial driving force of continuous economic growth, now contributing over 40% of the national output. Although always backed by a dominant government influence, the state sector would not have achieved such strength and vitality if the state had failed to initiate critical reforms in the 1990s. However, such substantial improvements did not come without a cost: the widening income and social inequality became a primary concern of its citizens and policymakers.

The reform of state-sector enterprises, abbreviated as the "SOEs," has been among the priorities of the economic reform agenda since 1984. Prior to 1984, 59% of the working-age population was employed in SOEs, a proportion higher than most international counterparts.[1] Most SOEs featured long-running unprofitability due to the superfluity of workers and the bureaucratic central planning. As a direct result of the ground-breaking reform such as removing government bureaucrats from enterprise executive boards, accelerating partial privatization of state-sector firms, and embracing international competition by cutting tariffs, the gross industrial output increased by nearly 1.5 times. The state sector's total profits significantly increased by nearly 5 times from 1997 to 2005.[2] Hence, the reform gave rise to significant improvements in the productivity and efficiency of SOEs.

The employment restructuring of the state sector in China is often compared to the transformation of other post-socialist societies in Eastern Europe, which abruptly resorted to a neo-liberal strategy involving massive economic liberalization and total privatization. Such a strategy termed "shock therapy" resulted in declined productivity and surging unemployment.[3] China adopted a pathway different from its failed counterparts in East Europe by strengthening state supervision of the process without totally rejecting private shareholding. However, such large-scale layoffs still required substantial efforts from the government to ensure a steady economic transition.

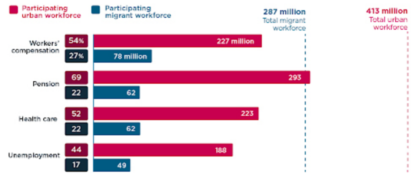
Despite the apparent success in resolving inefficiency, radical reforms also came with heavy costs. The SOE reform remained an unfinished endeavor without a feasible solution to another severe problem: the massive layoff of workers. Throughout the reform, the

number of workers in the state sector decreased by almost 30 million, mostly comprised of retrenched workers.[4]

The structural change in the labor market was one of the roots of the soaring inequality. Manifested by a significant increase in workers with a short-term contract or without a contract, the substantial change in the composition of the working class propelled the process of labor commodification, a phenomenon characterized by expropriating state-sector workers into wage laborers. Such a drastic change exposed state-sector workers to a higher possibility of deprivation and employment insecurity. Another consequence of labor commodification was that it deprived the workers of entitlements to essential social care, a status quo that lasted for decades to the present day. The partial withdrawal from social welfare for the working class aggravated the inequality, particularly among migrant workers. In fact, the social insurance coverage of migrant workers was consistently lower compared to urban nonmigrant workers. In 2017, only 27% of the migrant labor force received additional employment compensation, and 22% received health insurance and pensions. The percentages for urban nonmigrant workers are 54% and 69% respectively.[5]

Although the sacrifice of equality was unavoidable to improve efficiency, the government could have overseen the change in labor relations and mitigated the growth of inequality more effectively through a sound social welfare system that covers the majority of the working class.

Figure 1



References

1 Lee, Hong Yung. 2000. "Xiagang, the Chinese Style of Laying Off Workers." Asian Survey 40 (6): 914–37. doi:10.2307/3021195.

2 Hu, Yifan, Sonja Opper, and Sonia M.L. Wong. 2006. "Political Economy of Labor Retrenchment: Evidence Based on China's State-Owned Enterprises." China Economic Review 17 (3): 281– 99. doi:10.1016/j.chieco.2006.04.004.

3 Adam, Jan. 1999. Social Costs of Transformation to a Market Economy in Post-Socialist Countries: the Cases of Poland, the Czech Republic and Hungary. New York City, New York: Macmillan.

4 Ministry of Labor and Social Security. 2002. China Labor Statistical Yearbook, China Labor and Social Security Publishing House, Beijing.

5 Huang, Tailei. 2020. "Many Migrant Workers Are Excluded from China's Social Programs." Peterson Institute for International Economics. https://www.piie.com/research/piie-charts/many-migrant-workers-are-excluded-chinas-social-programs.

Explore the EER

If you have any questions, concerns, or feedback about the content you just read or our organization in general, you may find us here:

Website: www.emoryeconomicsreview.org
Instagram: @emoryeconomicsreview
E-mail: emoryeconomicsreview@gmail.com