

## **Economic Inequality and Social Stability**

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## Introduction

Economic inequality is an issue that affects people's life from multiple perspectives. For example, it may affect your mental status (Buttrick & Oishi, 2017), behavior patterns (Shah, Mullainathan, & Shafir, 2012), environment (Buttrick & Oishi, 2017), etc. As mentioned in Hout's paper, inequality and intergenerational mobility should be distinguished although they are usually used as interchangeable concepts, here we would focus on economic inequality instead of intergenerational mobility (Hout, 2004).

Generally, economic inequality is considered as a sociological issue and a political issue, however, psychological studies have revealed that it also involves psychological issues. Recent reviews and studies suggest that a higher level of economic inequality is related to a lower level of happiness, and this finding fit in both affluent and less affluent countries (Buttrick & Oishi, 2017; Sánchez-Rodríguez, Jetten, Willis, & Rodríguez-Bailón, 2019). Also, it could cause a less cooperative society (Camera, Deck, & Porter, 2018).

In recent years, we've seen many social movements in different countries, some of them involve violence. Many people suggest that economic inequality is an important factor of these social movements or unrests. For example, Occupy Wall Street is related to an updating of people's perception of social inequality, the Black Lives Matter movement is directly related to the racial inequality in the United State, and the Yellow Vests movements in France and other countries were triggered by the policies designed by people from higher classes that increase the costs of the people from middle or lower classes. These movements and unrest brought uncertainty to societies and global politics and it is a consensus that, for most of these social movements, social inequality motivated the participants to participate in the movements. Thus, for the stability and well-being of human society, investigating the affection and solving the

unequal distribution of wealth is an urgent task we should focus on. We propose that in the future, psychological studies should shed light on few topics, including the relationship between social inequality and social movements, the paths of policies, and applications of policies.

### Review

To solve the economic inequality, it is necessary to provide an accessible channel for the poor to upgrade their social class. Many studies have investigated barriers that may disable the channel. While scholars in other fields are focusing on different kinds of barriers, psychological barriers probably play a significant role.

First, people may be stuck in their social class due to cognitive ability and behaviors that reinforce their poverty. Mani and colleagues' studies have shown that subjects who were designed to perceive poverty perform poorer on solving complicated problems compare to those who were designed to perceive richness (Mani et al., 2013). Their study also observed that the Indian sugarcane farmers exhibit better cognitive ability after harvest than before, which is the period of perceived poverty. Moreover, there's evidence suggesting that childhood poverty may affect brain development (Evans & Schamberg, 2009). Shah and colleagues have shown that the perception of poverty may change people's mindset and cause them to shift attention to the problems where scarcity is most salient and neglect others. For example, poor people may more likely to borrow due to the perception of poverty, and such behavior would increase their debt and reinforce their poverty (Shah, Mullainathan, & Shafir, 2012). More than cognitive affection, the perception of richness and poverty could influence people's ethical behaviors. In Piff et al's studies, subjects who were designed to perceive poverty have shown more pro-social behaviors and the richer people would have a higher possibility to perform unethical behaviors and

decision-making that related to greed (Piff et al, 2010; Piff et al, 2012). Such a difference would make the unfair game between rich and poor even more unfair.

Second, people may less likely to take political action to promote redistribution of wealth. Although economic inequality is severe in many countries, it's rare to see that majority of people support the policies of redistribution of wealth. In Jackson & Payne's study, they proposed and evaluated two main reasons for such phenomenon. People may be insensitive to large numbers and thus can't perceive the inequality thoroughly. Also, people may perceive less inequality than the reality when they are living in a clustered neighborhood since they have fewer opportunities to compare with those who have a great difference of income from them. (Jackson & Payne, 2020). On another hand, a recent study has shown that the perception of social inequality might increase people's attitude toward redistribution through inequality intolerance. (García-Castro, Rodríguez-Bailón, & Willis, 2020).

More than studying the formation of social inequality, it is also important to see how can social inequality affects social movements or unrests. The increased violence and the perception of "us" versus "them" that is associated with social inequality may contribute to the social movements a lot.

First, many of the widespread social movements and unrests in recent years happens along with robberies and violent events. In a meta-analysis of violent crime and income inequality, Ching-Chi Hsieh and colleagues found a significant association between inequality and violent crime (Hsieh & Pugh, 1993). A similar finding was concluded in a recent review paper, which found a significant positive correlation between inequality and crime (Rufancos et al., 2013). Richard Wilkinson suggests that the high rate of violence might be due to the hierarchical social structure of social inequality. By connecting with studies of non-human

primates, he states that the competitive social strategies, which can lead to more violent behavior, are associated with hierarchical social structure while more affiliative social strategies are associated with more egalitarian social structures (WILKINSON, 2006).

Secondly, in a case study of the French Yellow Vests movement, the researchers suggest that social inequality affected the relationship between the people from higher classes and the people from middle or lower classes. With the social identity approach, the study proposed that the inequality triggered the distinction between groups of people and strengthen the perception of “them”, which is the elite, versus “us”, which is the people from lower or middle classes (Jetten, Mols, & Selvanathan, 2020).

There are more ongoing studies related to social inequality and social movement, we will discuss the research questions in the next section.

#### Discussion of research questions

Current psychology studies of social inequality mainly focus on three directions, the psychological barriers of reducing economic inequality, the possible solutions of these barriers, and the potential influence of social inequality on social movements. By having a better understanding of the barriers, we can therefore develop more solutions, for example, changing the environment and information input of the people. Also, with a deeper understanding of how social environment and perception of inequality affect people’s behavior, it would be helpful for the governor to design policies that help maintain social stability and the well-being of individuals in the society.

First, one deeply studied research question is how can the perception of inequality generate cognitive and behavioral barriers. Pieces of evidence have shown that the perception of poverty would decrease cognitive ability (Mani et al, 2013). It worth noticing that poverty was

designed to be absolute poverty and therefore the poor performance of poor subjects is mainly affected by scarcity and distraction due to financial demands. More studies about the perception of relative poverty, which appear from social comparison, should be conducted. Similar suggestions fit for the studies of behavioral barriers (Shah, Mullainathan, & Shafir, 2012). With comparison studies of absolute and relative poverty, we will be able to determine which one is the more urgent issue to be resolved, the absolute poverty or the relative poverty, in another word, social inequality. Another research question under this direction is about the perceptual barrier, in another word, how the perception of inequality influences our attitude toward inequality. Pieces of evidence suggest that most people have no clear understanding of the income gap between different classes or racial groups (Jackson & Payne, 2020; Kraus et al., 2019) and thus may be less likely to perform actions to support policies that reduce inequality. Misperception of social inequality is considered as one of the main hindrances to achieving social inequality and more potential solutions to social inequality raise the question of how to reduce the misperception.

Secondly, there're relatively few studies about potential solutions to social inequality since the formation of social inequality is still under investigation. The main potential solutions that are being studied by psychologists are the solutions to psychological barriers. Therefore, the research questions under this direction involve how can we decrease the misperception of inequality, how to promote people to perform more activities that support redistribution of wealth, and how to eliminate the effect of perception of inequality (ex. Cognitive and behavioral effects). Some studies have shown that with more perception, people would be less tolerant to inequality and their attitude toward redistribution become more positive (García-Castro, Rodríguez-Bailón, & Willis, 2020; Jackson & Payne, 2020). However, one question would raise

at this moment, whether the increased perception of social inequality will cause more social movements or unrest and reduce the stability of the society.

Lastly, the potential influence of social inequality on social movements is mainly studied by social psychologists. The important research questions under this direction include how income inequality is related to group identity and how social inequality is related to radicalization. In Jetten and colleagues' paper, the authors suggest that higher inequality may categorize people into different groups via wealth and cause a stronger perception of "us" versus "them" (Jetten et al, 2017). Researchers should investigate whether the group identities caused by social inequality would rive the society into pieces and raise intergroup hatred and conflicts. Also, Beck states that under capitalism without class, conflicts without classes would emerge among the individualized class. He describes the conflicts as "a process in which the loss of significance of classes coincides with the categorical transformation and radicalization of social inequalities" (Beck, 2007). It is possible, that such loss of significance can contribute to certain radicalization within the society. Many social unrests involve radicalized behaviors and groups, and it is important to study how these groups are formed and whether social inequality contributes to their behaviors.

#### Potential future research questions

To maintain the well-being of individuals and societies, we provide some potential future research questions under three directions: social stability, policy focus, and application of solutions.

First, the main challenges of social stability related to inequality are crimes, social movements, and radicalization. Due to the rich studies about crime, we would focus on the last two. Social movements are always performed by a group of people with similar goals or loss of

significance, it worth studying the goals and significance loss shared by participants of the movements, which might provide some hint of new policies. What's more dangerous is the radicalized members and groups in the movements. In many movements, radicalized members appear with other participants and perform violent behaviors, which may threaten the economy and safety of others. This leads to the research question of what are the specific pathways of radicalization in different social movements and how can these pathways be blocked? If as suggested by Beck, where social inequality contributes to radicalization (Beck, 2007), the government should start paying more attention to solving economic inequality immediately.

Second, there are many policies focused on different topics, but we would like to discuss two potential paths of policy that confronting the issues related to social inequality. One path is solving real economic inequality (ex. increasing people's positive attitude toward redistribution by reducing the number of clustered neighborhoods, which increase people's perception of inequality) and another one is reducing the perception of social inequality (ex. Increasing the number of clustered neighborhoods, which may increase people's happiness). The first path sounds correct but may face many risks if they are applied simultaneously and may cause a strong social reaction. The second path would be much milder but can cause inequality to become more and more serious. There would be a tradeoff between the long-term good and the short-term stability. One possible solution is to apply policies of both paths together. Therefore, one future research question under this direction would be what's the optimal level of perception of inequality such that people would take certain action but would not be easily radicalized. Other than that, the methodologies of manipulating the perception of inequality should be considered. For example, would TV shows or social networks increase the perception of

inequality? Would viewing more entertainment shows related to middle or lower classes reduce the perception of inequality?

Third, the results generated from labs may change when the environment moved to the field. Therefore, even policies are designed based on empirical studies, they should still be carefully applied. We suggest that any new policy should be applied and observed in multiple locations before applied to the entire nation. It would be hard to state research questions with details, but with different potential policies, we can focus on some general research questions to evaluate their applicability. These questions include: how does the policy affect people's perception of social inequality? How does the policy affect people's real inequality? Does the policy cause any loss of significance or new demands within the location?

More than the topics mentioned above, we may start to consider the affection of the inequality across countries on individuals, which might have some similarity with the domesticated inequality.

### Conclusion

In this paper, we reviewed some studies related to psychological barriers of social equality and the relationships between social movements and inequality. Also, we discussed research questions that were studied and should be studied in the future. In the end, we provided three directions that psychologists can focus on to help the governments to promote social stability and well-being in the future. Additionally, we need to be aware that social inequality is a phenomenon that involves multiple factors, thus solving the real inequality, more interdisciplinary researches should be conducted.

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