

Economic Inequality, the Working Poor, and Belief in the American Dream

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Abstract Does exposure to economic inequality undermine belief in the American dream? Scholarship has long argued that the availability of meritocratic ideologies like the American dream inoculates people against exposure to inequality by leading them to rationalize unequal outcomes by viewing wealth as due to hard work and poverty as due to indolence. The existence of inequality where the “have-nots” are working poor, however, could serve to undermine such a process because their employment status casts them as “deserving poor” and limits the applicability of agency-based explanations for poverty. Across two experiments embedded in national surveys, exposure to inequality alone did not cause significant reductions in belief in the American dream; however, exposure to inequality where the have-nots were working poor significantly reduced belief in the American dream. Moderation and mediation analyses indicate these effects were most pronounced among lower-income Americans and indirectly heightened support for government reduction of inequality.

The United States is going on roughly 40 years of growth in economic inequality (Stone et al. 2020). Scholarship has offered several explanations for this trend, with one longstanding culprit being widespread public belief in the meritocratic idea that anyone in America who works hard can achieve upward mobility (Alesina, Glaeser, and Sacerdote 2001; Fong 2001). This belief, which serves as a key tenet of the “American dream” (Hochschild 1995), is argued to engender tolerance of inequality by facilitating the application of agency-based explanations for economic outcomes (Kluegel and Smith 1986; Jost et al. 2003): wealth is presumed to be the product of hard work, whereas poverty is the result of laziness. While meritocratic belief

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systems exist outside the United States, Americans are notable for their pronounced belief in agency-based explanations for wealth and poverty (Kreidl 2000; Van Oorschot and Halman 2000).

In contrast to the notion that belief in the American dream is unwavering and inoculates Americans against rising inequality, recent scholarship finds that macro-level belief in the American dream fluctuates in response to changes in inequality (Wolak and Peterson 2020). Complementing this is experimental research demonstrating that exposure to information about inequality reduces belief in the achievability of upward mobility (Davidai 2018), the deservingness of the rich (Kuziemko et al. 2015), the importance of hard work for getting ahead (McCall et al. 2017), and the overall fairness of the social system (Trump and White 2018). This growing vein of research yields the expectation that continued inequality growth may eventually lead to mass disillusionment with the American dream as more and more citizens are exposed to economic inequality. Skepticism for this expectation, however, is born from countervailing research demonstrating that providing Americans with information about inequality may lead to greater tolerance of income differences (Trump 2018), that day-to-day exposure to high levels of inequality in Americans' local context is associated with increased belief in the American dream (Solt et al. 2016), that growing national-level inequality during one's adulthood is associated with greater belief in meritocratic ideology (Mijs 2019), and that the prevailing level of faith in the American dream remains high among the American public (Horowitz, Igielnik, and Kochar 2020).

This research note contributes to this scholarly exchange by incorporating a crucial economic fact in America that has coincided with rising economic inequality: the persistence of a large population of working poor (WP). The official definition of the WP is persons who spend 27 or more weeks a year in the labor force but whose incomes fall below the poverty line (Bureau of Labor Statistics 2020). In 2015–2019, the US Census Bureau estimated there were roughly 9.6 million WP Americans. The WP exist in all 50 of the American states, comprising as much as 5.4 percent of the total population in New Mexico and as little as 2.2 percent in New Hampshire. While one might suspect that the WP primarily reside in urban areas, this is not the case, as the correlation between population density and percent of the population that are WP across America's over 33,000 postal codes is only $r=0.04$. Moreover, across these postal codes, the correlation between the Gini coefficient and the percent WP is $r=0.21$, indicating a tendency for income inequality to be accompanied by the WP. While scholarly attention is being directed toward understanding Americans' reactions to living in a society of "haves" and "have-nots," this work has yet to consider how key characteristics of the have-nots may influence such reactions.

A corpus of literature documents the importance of race and perceived deservingness in shaping welfare politics in the United States (Peffley et al. 1997; Gilens 1999). Newman et al. (2022) connect this literature to research on economic inequality by demonstrating that the race of the have-nots conditions the effect of residential exposure to income inequality on Americans' economic policy preferences, presumably by proxying for traits linked to the perceived deservingness of the poor, such as their work ethic. Several studies directly manipulate the perceived work ethic of imagined welfare recipients (Peffley et al. 1997; Aarøe and Petersen 2014); however, the topic of these studies is not economic inequality, they do not focus on how such manipulations condition the effect of exposure to inequality, and they concentrate on Americans' support for welfare spending as compared to belief in the American dream. Given this, an important addition to the literature would be a study that exposes Americans to economic inequality, cues the deservingness of the have-nots by manipulating their perceived work ethic, and focuses on meritocratic ideology as the outcome of interest.

This is where America's WP should be relevant, as one potentially pivotal characteristic of the have-nots that may influence reactions to inequality is their employment status. Previous research indicates that Americans believe that poverty is largely rooted in the failure to work (Kluegel and Smith 1986; Kreidl 2000). The existence of millions of impoverished yet employed Americans, however, points toward structural explanations for poverty, such as low wages and unfair pay practices. Given that blaming the poor for failing to work serves as a learned means for Americans to rationalize inequality (Jost et al. 2003), it stands to reason that its applicability may be diminished in response to inequality where the have-nots are WP. Indeed, Americans are more supportive of welfare when claimants are depicted as working (Aarøe and Petersen 2014) and poverty is viewed as due to structural forces such as low wages (Kluegel and Smith 1986; Fong 2001). In fact, employment is such a powerful source of the perceived deservingness of the poor that merely looking for work is sufficient to elevate Americans' support for welfare provision (Iyengar 1990).

This leads to the following hypotheses. First, learning about inequality in conjunction with information about the prevalence of the WP will erode belief in the American dream (*H1*). This expectation is based on the logic that the portrayal of the have-nots as WP hinders the applicability of negative stereotypes about the poor that may weaken the effect of information about economic inequality. Second, learning about economic inequality in the absence of cues about the deservingness of the have-nots will have a relatively weaker effect on belief in the American dream (*H2*). This expectation is based on prior research documenting positive *and* negative effects of inequality and relies on the logic that the absence of deservingness cues makes

information about inequality susceptible to the use of negative stereotypes about the poor that promote tolerance of inequality and weaken its effect.

Past research suggests that a person's economic position shapes their reaction to inequality, with lower-income individuals more likely to be aware of the amount of inequality in their residential context (Newman, Shah, and Lauterbach 2018) and to support "Robin Hood" tax-and-spend policies (Franko, Tolbert, and Witko 2013; Newman and Teten 2021). Following exposure to inequality, lower-income individuals are more likely to support redistributive policies (Sands and de Kadt 2020), presumably due to this experience involving reminders of wealth alongside their own lower status. This work provides a foundation for the expectation that learning about inequality may have a larger impact on belief in the American dream among those with lower incomes (H3). Finally, while past scholarship views beliefs about the causes of wealth and poverty as inherently important outcomes (Kluegel and Smith 1986; Hochschild 1995), the broader importance of these beliefs comes from their consequences on economic policy preferences: skepticism about the American dream is associated with heightened support for redistributive policies (Kluegel and Smith 1986; Fong 2001; McCall et al. 2017). This implies that, by dampening belief in the American dream, exposure to inequality where the have-nots are WP may ultimately promote greater support for government efforts to reduce America's income gap (H4).

Data and Methods

These expectations are tested with two experiments conducted on national samples of Americans. These experiments randomly assigned participants to either a control condition, a treatment condition providing factual information about income inequality in America (*Inequality* treatment), or a treatment condition providing the same information about inequality but adding the fact that many of the have-nots in America are WP (*InequalityWP* treatment). Participants then completed a post-treatment questionnaire with an item soliciting their views about the amount of opportunity in America to get ahead by working hard. The post-treatment questionnaire is concluded with an item soliciting views about whether the government should work to reduce economic inequality in America. Both experiments were embedded in representative online samples of adult Americans, with Experiment 1 embedded within an N=1,000 person pre-election module of the 2016 Cooperative Congressional Election Study (CCES), and Experiment 2 embedded within the N=1,050 person Omnibus Survey conducted by Qualtrics in June 2017 (see [Supplementary Material sections I, II, and III](#) for more methodological information). The CCES module is a randomly drawn subset of respondents from the overall 2016 CCES sample. Key demographic characteristics of the sample in each experiment closely match those

of the American population provided by the 2015 American Community Survey (ACS) and prominent online samples used for social science research (see [Supplementary Material table S1](#)).

The treatments in the experiments presented participants with factual information about income inequality in America taken from the ACS (treatment scripts are available in the SI). The control condition presented participants with basic population estimates (total population and racial demographics) for towns and cities throughout the United States. The *Inequality* treatment contained the same information presented in the control condition but added information about the prevalence of income inequality in many towns and cities throughout the country, noting the presence of visible “haves” and “have-nots.” The *InequalityWP* treatment contained the same information presented in the *Inequality* condition but added the information that many of the have-nots are “working poor” in that they work full-time jobs but earn incomes at or below the poverty line. This design utilizes the approach employed in leading research where there is a control condition, a baseline treatment condition, and treatment conditions containing additive language that is in reference to the baseline treatment (e.g., [Gerber et al. 2008](#)). Such is the case with the *InequalityWP* treatment, where the added WP information is in reference to the *Inequality* treatment and not an orthogonal piece of information. In the context of this experiment, being “working poor” is an added attribute of the “have-nots” described in the *Inequality* treatment. As such, the *InequalityWP* condition estimates the effect of added information about the WP to the baseline *Inequality* treatment.

The post-treatment questionnaire in each experiment measured belief in the American dream by asking: “Some people say that there’s not much opportunity in America today—that the average person doesn’t have much chance to really get ahead. Others say there’s plenty of opportunity and anyone who works hard can get ahead. How do you feel about the amount of opportunity in America today?” The response options ranged from (1)-“Little to no opportunity” to (5)-“Plenty of opportunity.” For ease of interpretation, this item was recoded to range from 0 to 1. This question is taken from polls conducted by Gallup. The questionnaire concluded by measuring support for government redistribution with an item asking participants: “Some people think that the government ought to work to reduce the income differences between the rich and the poor in America. Others think the government should not concern itself with reducing this income difference between the rich and the poor. Which position comes closest to the way you feel?” The response options were: (0)-“Government should not reduce income differences” and (1)-“Government should reduce income differences.” This item is nearly identical to that used in leading research analyzing the policy implications of exposure to inequality ([McCall et al. 2017](#)). Average treatment effects (ATEs) were estimated by creating dichotomous treatment

indicators for each condition and using ordinary least squares (OLS) to regress belief in the American dream on indicators of assignment to the *Inequality* and *InequalityWP* treatments, leaving those in the control condition as the comparison group.

Results

Figure 1 presents the ATE of each inequality treatment in each experiment and in both experiments combined. Compared to participants in the control conditions, those receiving the *Inequality* treatment reported lower levels of belief in the American dream. These effects, however, fall short of statistical significance in both experiments, and the ATE in Experiment 2 is substantively negligible. Turning to the effect of receiving the *InequalityWP* treatment, we observe statistically significant reductions in belief in the American dream (relative to the control group) in Experiment 1 ($\beta = -0.047$, $p = 0.084$), Experiment 2 ($\beta = -0.036$, $p = 0.079$), and the two experiments combined ($\beta = -0.040$, $p = 0.015$). The effects of the *InequalityWP* treatment appear modest in size given the 0 to 1 scale of the dependent variable. To put them in context, they can be compared to the effect of participants' partisanship (i.e., moving from Democrats to Republicans), which is associated with 0.127 ($p < 0.000$, Experiment 1) and 0.135 ($p < 0.000$, Experiment 2) increases in belief in the American dream. Thus, the estimated effect of the *InequalityWP* treatment is roughly one-third (Experiment 1) to one-quarter (Experiment 2) the size of the effect of partisanship. When analyzing the combined samples, belief in the American dream was significantly lower among those in the *InequalityWP* condition than in the *Inequality* condition ($\beta = -0.028$, $p = 0.086$). Together, these results are consistent with *H1* and *H2*.

For ease of interpretation, the results presented in figure 1 are based on OLS regression; however, the results hold when using ordinal models (Supplementary Material table S3). One concern is that the *InequalityWP* treatment shifted perceptions of the race of the have-nots, increasing their likelihood of being visualized as White (versus non-White). If the effect of this treatment is due to this alternative process, it should be driven in part by respondents high in prejudice toward racial minorities, as they should be most likely to undergo a shift from viewing the have-nots as undeserving minorities to deserving Whites following receipt of the *InequalityWP* treatment. Critically, the effect of the *InequalityWP* treatment is not moderated by participants' level of racial prejudice (Supplementary Material table S4). Moreover, the effect of the *InequalityWP* treatment holds for White and non-White participants (Supplementary Material table S6). These findings help alleviate the concern that race and prejudice undergird the effect of the *InequalityWP* treatment.

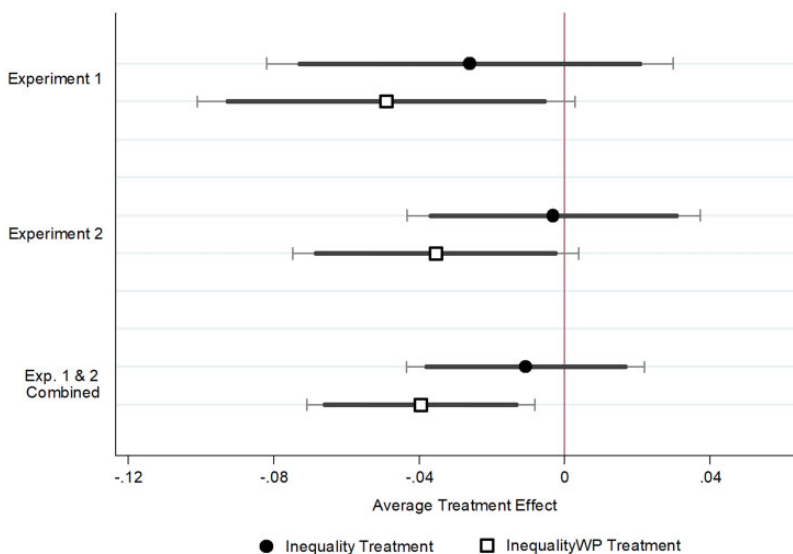


Figure 1. Average treatment effects of inequality treatments on belief in the American dream. Thick bars represent 90 percent confidence intervals, thin bars with caps represent 95 percent confidence intervals. Full results are available in [Supplementary Material table S2](#).

Turning to *H3*, participants’ annual income in the CCES survey was collected pretreatment using a sixteen-category ordinal item ranging from (1)-“Less than 10,000” to (16)-“50,000 or more.” Income in the Qualtrics survey was collected pretreatment using a five-category ordinal item ranging from (1)-“Less than 25,000” to (5)-“100,000 or more.” Generating quintiles of the income variable in the CCES rendered income categories that roughly correspond with the five categories used by Qualtrics, with the Qualtrics categories designed to correspond to income quintiles based on ACS data. [Figure 2](#) presents the conditional effect of each treatment in the combined data across quintiles of self-reported income. There is little evidence that the *Inequality* treatment is moderated by income; however, income moderates the effect of the *InequalityWP* treatment, with lower-income participants experiencing a -0.079 reduction ($p = 0.004$) in belief in the American dream. The conditional effect of the *InequalityWP* treatment among lower-income participants is roughly double the size of its average effect. This negative effect gradually decreases in size and significance among lower-middle and middle-income participants and registers an insignificant and negligible effect among those with the highest income ($\beta = 0.006$, $p = 0.823$). The estimated effects of the *InequalityWP* treatment among lower- and upper-income participants are

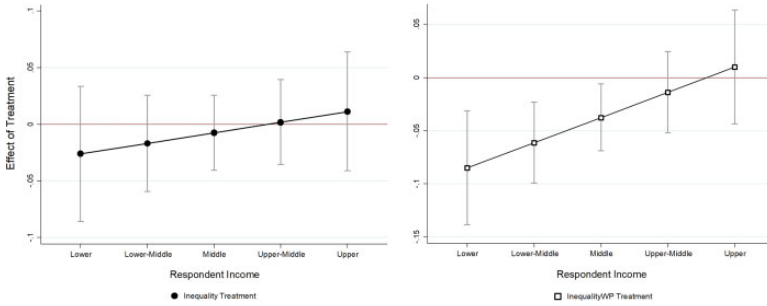


Figure 2. Estimated effects of inequality treatments by respondent income quintile on belief in the American dream. Thick bars represent 90 percent confidence intervals, thin bars with caps represent 95 percent confidence intervals. Full results are available in [Supplementary Material table S2](#).

significantly different from one another ($\beta = 0.021$, $p = 0.056$), and the negative effect of the *Inequality* treatment is significantly larger ($\beta = -0.096$, $p = 0.015$) than that for the *InequalityWP* treatment among those with the lowest income ([Supplementary Material table S8](#)). Importantly, the effect of the *InequalityWP* treatment did not significantly vary by partisanship ([Supplementary Material table S9](#)) and holds when including covariates ([Supplementary Material table S10](#)). Finally, being employed (versus not employed) did not moderate the effect of the *InequalityWP* treatment among low-income participants ([Supplementary Material table S11](#)). This null result suggests that the effect of this treatment among this group is not due to priming their own status as WP, but rather may be due to lower economic status in general resulting in greater receptivity to the treatment.

The broader implications of this research are depicted in [figure 3](#), which presents the results from a mediation analysis estimating the average causal mediation effect (ACME) of the *InequalityWP* treatment on support for government efforts to reduce inequality. First, consistent with prior findings, Americans who express stronger belief in the American dream are significantly less supportive of government working to reduce inequality ($\beta = -0.491$, $p = 0.000$). Second, consistent with *H4*, exposure to information about inequality where the have-nots are WP indirectly heightens support for government reduction of inequality through its impact on belief in the American dream (ACME = 0.019, 95 percent CI: [0.004, 0.037]). Third, the *InequalityWP* treatment exerted little direct effect on support for government efforts to redress inequality ($\beta = -0.001$, $p = 0.960$), indicating that the main pathway of impact of the treatment on this outcome is through its impact on belief in the American dream.

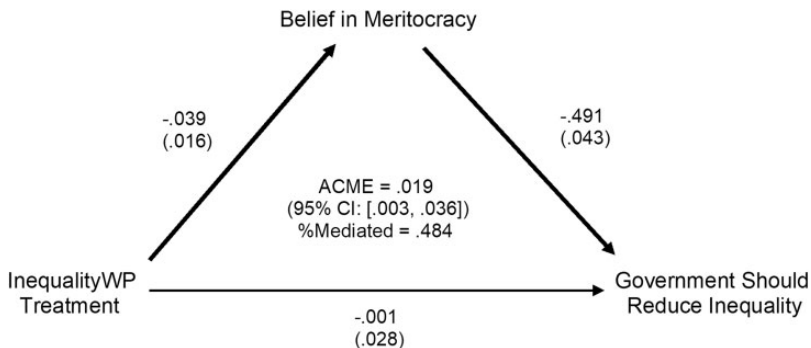


Figure 3. Mediated effect of *InequalityWP* treatment on support for government redistribution. Coefficient and standard errors (in parentheses) are listed along arrowed paths, with the average causal mediation effect (ACME) and percent of the total effect mediated (%Mediated) presented in the center of the path diagram. Full results are available in [Supplementary Material table S12](#).

Conclusion

While several studies suggest that exposure to inequality reduces belief in the American dream, other published work suggests the opposite. This note contributes to this literature by demonstrating that providing information about inequality may not be sufficient to reliably alter mass belief in the American dream unless the have-nots possess traits rendering them deserving in the public eye—such as engaging in work. Indeed, pairing information about inequality with the WP yields a strong treatment with respect to (dis-)belief in the American dream, potentially due to it reducing the applicability of “blaming the poor” as a means of rationalizing inequality.

The findings in this note have important implications for the politics of inequality. The 2020 Presidential hopefuls Bernie Sanders and Elizabeth Warren made addressing inequality focal features of their campaigns. Moreover, many states over the past decade have passed, or attempted to pass, legislation imposing heavier taxes on the wealthy (Newman and Teten 2021), with proponents typically appealing to public concern over rampant inequality. The findings in this note suggest that such appeals may be maximally effective if they incorporate America’s WP, as it may inoculate them from counter-appeals evoking imagery of the indolent poor. Aside from strategic communication in campaigns, a broader implication of the findings is that the lack of concerted societal effort to address the growth of inequality in America may be partly due to the low visibility of the WP as a political group. As such, increased focus on the WP—especially in discourse addressing inequality—could be effective in mobilizing

public support for redistributive policies and candidates whose platforms emphasize redistribution.

Supplementary Material

Supplementary Material may be found in the online version of this article: <https://doi.org/10.1093/poq/nfac043>.

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Data Availability

Replication data and documentation are available at: <https://dataverse.harvard.edu/dataset.xhtml?persistentId=doi:10.7910/DVN/BVSLCA>.

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