

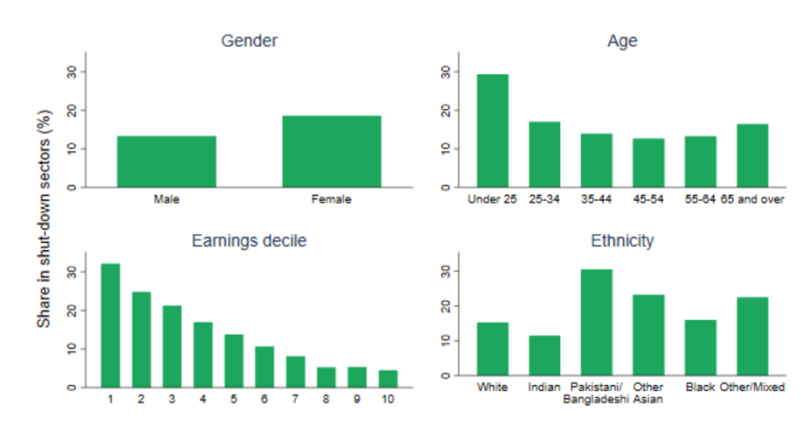
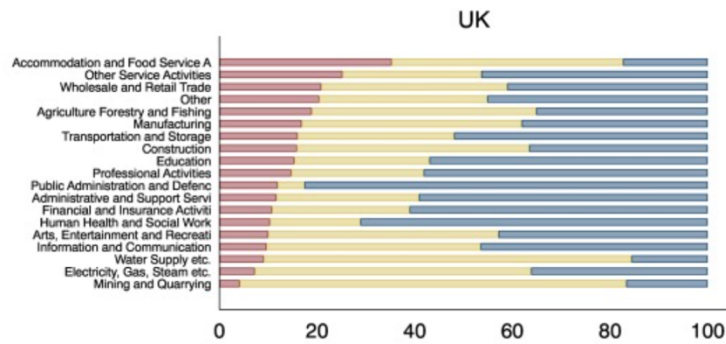
How has the COVID-19 pandemic impacted inequalities?

The COVID-19 pandemic has had many significant and enduring impacts on our society, one of which is exacerbating existing inequalities: the economic shock that followed both lockdowns and infection did not affect everyone to same extent. This essay will examine the pandemic's impact on income, health, and educational inequality between individuals of different genders, ethnicities, ages, and locations. The evidence overall suggests that such inequalities have been widened in almost every case; specifically, those who already had been socio-economically or medically vulnerable before the pandemic were hit the hardest.

The most obvious and significant economic impact from the pandemic has been sector shutdown. The sectors of employment that were most severely affected were travel, leisure, hospitality, and retail. The hospitality sector, for instance, 'recorded almost no output in April and May [of 2020]' (Office for National Statistics, 2020) while around 20% of employees in the wholesale and retail sector in the UK lost their jobs (see figure 1) (Adams-Prassl, et al., 2020). Workers in these sectors were disproportionately female, young, and low-paid. As figure 2 shows, around 19% of women worked in these sectors whereas only around 12% of men did (Blundell, et al., 2020). Additionally, workers under 25 were twice as likely to work

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in shut-down sectors than those who were over 25, with millennials being hit particularly hard: a 2020 poll of 4,400 Americans discovered that nearly 1 in 5 millennials lost their jobs due to the pandemic (Bracken, 2020). Moreover, those in the bottom 10% of the weekly earnings distribution were seven times more likely than those in the top 10% to have worked in a shut-down sector (Blundell, et al., 2020). This meant that these groups of workers were disproportionately more likely to have lost their jobs because of the pandemic; for instance, women were 6.5% and 4.8% more likely than men to lose their jobs across all sectors in the US and UK respectively (Adams-Prassl, et al., 2020). Moreover, those who had only received lower levels of education were especially likely to have become unemployed during the pandemic according to a study of 17,400 people (Crossley, et al., 2020). This illustrates that the COVID-19 pandemic has exacerbated existing inequalities in employment. Further worsening these inequalities is the fact that individuals who found themselves unemployed due to the pandemic 'will end up with lower salaries for the rest of their careers' as it will be more difficult for them to negotiate higher wages in the future (Liu, 2020).



It could be argued that the furlough scheme has mitigated the impact of pandemic-related unemployment and hence, by extension, inequality. However, furloughed individuals were still 30% more likely to be late in paying for housing and 9% for bills compared to a non-furloughed individual (Görtz, et al., 2021).

Additionally, while high-income households were able to reduce expenditure since they previously spent a significant portion of their incomes on hospitality and leisure, low-income households could not, since over half of their

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household expenditure was on necessities including groceries and utilities (Blundell, et al., 2020). This led to significantly faster erosion of savings for low-income households, magnifying the pre-existing wealth inequality. The substantial decrease in consumption, particularly by high income households, then led to an overall decrease in aggregate demand.

As a result, many workers in sectors that were not directly impacted by lockdowns still experienced wage cuts. Specifically, around a third of all full-time employees experienced wage cuts in 2020 in the US and, once more, inequality was also present (Liu, 2020). Although wage cuts between men and women had been roughly similar, 52% of men reported that their pay has been restored whereas the figure for women was only 44%. There was also a disparity in wage cuts due to age: 30% of millennials surveyed reported having experienced wage reductions compared to only 23% of Gen X (Bracken, 2020). Again we find that individuals who are typically more socially vulnerable were hit the hardest.

In addition to unemployment and wage reduction, an often-overlooked aspect of recessions is a reduction in hours worked, causing underemployment instead of outright unemployment. Workers still employed by April 2020 experienced an average of seven fewer hours worked per week, with the industries that required in-person contact being hit particularly hard (Adams-Prassl, et al.,

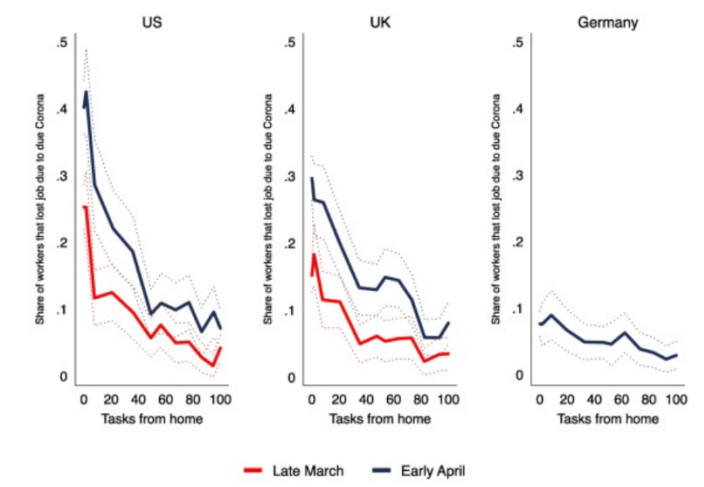
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2020). This reinforces that those who could not work from home not only experienced increased unemployment but were also disproportionately affected in terms of wages earned. We will now explore who could not work at home and hence the impact on inequality.

The ability to work at home dramatically decreased the likelihood of unemployment. Specifically, individuals who could perform 100% of tasks at home were three times less likely to have lost their job than individuals who could perform no tasks at home (see figure 3) (Adams-Prassl, et al., 2020). Again, those with higher levels of education were less severely impacted: over 60% of those who had a degree were able to work from whereas fewer than 40% of those with only GCSEs or lower levels of education could do so (Blundell, et al., 2020). This reflected the fact that higher earners were typically more likely to be able to work from home. A study conducted by two economists at the University of Chicago discovered that around 37% of all jobs in the US could be performed at home, but these jobs accounted for 46% of all wages (Dingel & Neiman, 2020). Furthermore, the study only considered factors that would render working at home completely impossible and not factors that could have merely made jobs more difficult to perform at home, thus the 37% figure is a high-end estimate. Exacerbating this inequality was the fact that access to the internet also limited the ability to work at home. Unsurprisingly, those with higher wages were more likely to have access to

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the internet, with only 51% of those earning £6,000 to £10,000 having internet access compared to 99% for those earning over £40,001 (Office for National Statistics, 2019).



The issue of lack of internet access also severely impacted education. With schooling at all ages having shifted online at some stage during the pandemic, children received varying levels of education depending on internet availability and therefore wealth. According to five primary school headteachers in Manchester, ‘The majority of children in school aren’t accessing any of the online learning that we’ve set them’ because ‘Sometimes people simply can’t afford to pay for wi-fi.’ (Holmes & Burgess, n.d.) In fact, only 41% of the poorest state schools provided online lessons at all (Blundell, et al., 2020), demonstrating the unequal impact on the pandemic on education. However, it was perhaps somewhat unexpected that comprehensive schools doubled the number of A/A* grades received from A-levels

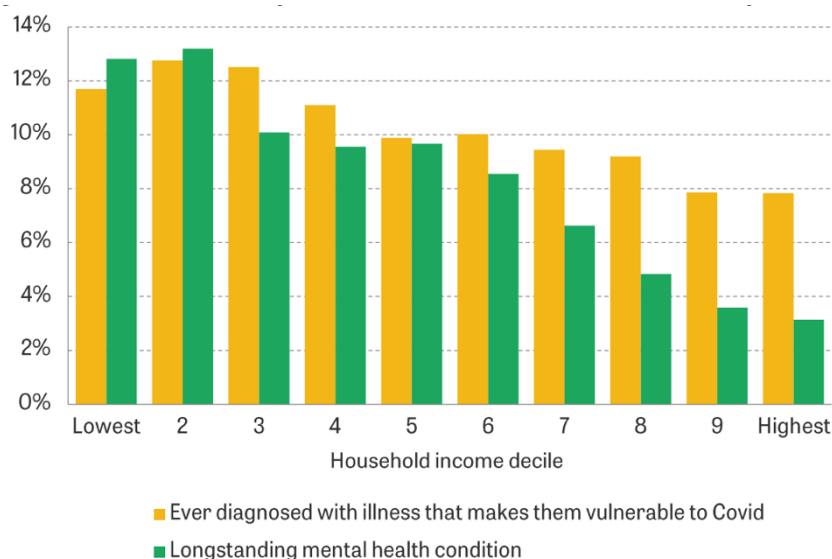
in 2020 compared with 2019. This increase was far more proportionally significant than that of private and grammar schools (Adams, 2020). Therefore, the overall impact of the pandemic on educational inequality has so far been limited and the concern of COVID-19 reinforcing the vicious cycle of poor education, employment, and households is dismissible, as schools are unlikely to be closed for long.

In terms of disparity in health risks, key workers were significantly more vulnerable to catching COVID-19, thus they were relatively more exposed to health risks. Contrary to being encouraged to work at home or stop work entirely, workers in sectors including healthcare, security, and some retail were encouraged to continue working. The health risks are highlighted by the fact that death rates from COVID-19 for men were between 2 to 3.7 times higher in key worker sectors (Office for National Statistics, 2020). Those who were more highly educated were more likely to be key workers; this is perhaps explained by the prevalence of highly educated doctors (see figure 4). The gender difference was enormous here, as around 40% of women were key workers, as opposed to only 20% of men. Interestingly, income did not considerably affect the likelihood of being of key worker, except for the top two deciles along the income distribution where the likelihood was much lower (Blundell, et al., 2020). In terms of racial inequality, black

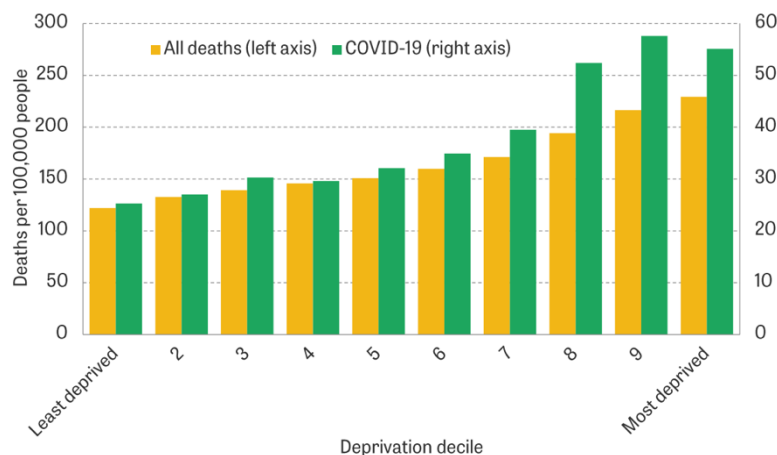


people were the most likely to have worked in a key worker sector, but the disparity between other ethnicities was less notable. Therefore, inequality of health risks from employment in key worker sectors was different to income and education inequality in that it was not the typically socially vulnerable who were necessarily most severely afflicted.

However, where the socially vulnerable were disproportionately affected in terms of health was overall deaths from COVID-19. In addition to the elderly being more medically vulnerable to the virus, lower-income individuals were also more vulnerable, because they were more likely to have had an underlying health condition that drastically increased their probability of death (Centers for Disease Control and Prevention, 2021). Specifically, the likelihood for having such a condition was the highest among individuals towards the bottom of the earnings distribution (see figure 5). In fact, COVID-19 deaths for those living in the most deprived areas were around double the number for those in the least deprived



areas (see figure 6) (Blundell, et al., 2020). Therefore, the health impacts from the pandemic were disproportionately felt by poorer individuals, exacerbating the pre-existing health disparity.



In light of the evaluated evidence, the COVID-19 pandemic has clearly widened inequalities in terms of wealth, education, and health because individuals who were younger, poorer, female, or less well educated experienced negative effects of the pandemic most severely. In addition, new inequalities have been created, including the ability to work from home, which, unfortunately, also disproportionately affected poorer households more significantly. Although some impacts, like the sudden fall in stock and house prices, did impact the richer more heavily, the effects that were more severe on the more socially vulnerable groups, including unemployment, education, and health are unlikely to be undone within a short period of time.

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