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Working Paper

Running the U.S. Economy at Full Throttle Is a Stressful Variant of Capitalism

CESifo Working Paper, No. 9966

Provided in Cooperation with:

Ifo Institute – Leibniz Institute for Economic Research at the University of Munich

Suggested Citation: Komlos, John (2022) : Running the U.S. Economy at Full Throttle Is a Stressful Variant of Capitalism, CESifo Working Paper, No. 9966, Center for Economic Studies and Ifo Institute (CESifo), Munich

This Version is available at:

<https://hdl.handle.net/10419/266001>

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Impressum:

CESifo Working Papers

ISSN 2364-1428 (electronic version)

Publisher and distributor: Munich Society for the Promotion of Economic Research - CESifo GmbH

The international platform of Ludwigs-Maximilians University's Center for Economic Studies and the ifo Institute

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Editor: Clemens Fuest

<https://www.cesifo.org/en/wp>

An electronic version of the paper may be downloaded

- from the SSRN website: www.SSRN.com
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Abstract

Maximizing output without taking into consideration the negative externalities generated, including the harm to the mental and physical health of the population creates psychological stress. Focusing on the bellwether indicators of economic performance including working more, generating income, accepting more risks, while disregarding its effect on work-life balance, on income distribution, and the quality of life in general creates stressors that harm the human biological system. Stress is the biological reaction to external stimuli that threatens the self-preservation instinct of a human organism. The stress was generated by debilitating poverty, financial insecurity, by the highest level of inequality among rich countries that led to the hollowing out of the middle class, by the lack of social safety nets that might have mitigated the turbulence of adjusting to a knowledge economy, by the downward social mobility of millions disadvantaged by globalization, and by the inadequate retraining opportunities that prevented those displaced by the penetration of imports to find employment in the expanding IT sector. These stressors have been accumulating in the U.S. population for decades, as indicated by the deterioration of mental health, by the propensity to relieve the pain through the use of illicit drugs, by deaths of despair, by the incarceration rate, by mass murders, by the fall in life expectancy, by the attenuation in life satisfaction, and by the rise of populism, creating many mental, biological, social, economic, and political quandaries.

JEL-Codes: A140, D600, D910, E710, G410, P160.

Keywords: capitalism, psychological stress, globalization, financial crisis, inequality, populism.

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Running the U.S. Economy at Full Throttle Is a Stressful Variant of Capitalism

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Introduction

It is common knowledge that there are varieties of Capitalism: from the Nordic model to Socialism with Chinese characteristics, said to be a form of State Capitalism (Hall and Soskice 2001). No two countries are alike, since the attributes that characterize their institutions, culture, mentality, laws, politics, government policies, system of production, and innumerable other aspects that make up an economic system vary enormously and are in constant flux. This essay discusses one of these generally overlooked attributes: the psychological stress generated by the U.S. economy running at full throttle.

The metaphor suggests that the economy running at “full steam” is maximizing output without regard to the negative externalities being generated as a consequence, including the harm to the mental and physical health of the population. Mental stress is not discussed as much as other negative externalities such as pollution. It is under the radar of most, though not all, economists (Akerlof 2020; Graham 2017; Leibenstein 1976; Nelson 2002; Nooteboom 2019; Scitovsky 1976; Williams and Doessel 2001). Yet, there is overwhelming evidence focusing exclusively on economic efficiency, profits, or GDP—the bellwether indicators of economic success—creates stressors that harm the human biological system. These stressors have been accumulating for decades, creating many mental, biological, social, economic, and political problems around the globe. (Komlos 2017; Marchese 2022; Nelson 2018; Wilkinson and Pickett 2019). In the U.S. the incidence of stress is high throughout the population not only among the

¹ Comments and suggestions from Richard Easterlin, Jeffrey Fuhrer, and David Richardson are greatly appreciated without implicating them in the omissions or commissions of this essay.

underprivileged and preceded the Covid pandemic although the latter obviously exacerbated the situation substantially.

What is Psychological Stress?

Stress is the systemic biological reaction to external stimuli that seem to threaten the self-preservation instinct of a human organism (Wälde 2018). The pertinent literature is huge and complex.² Suffice it to say, that in humans perceived danger generate an involuntary physiological and emotional response that trigger the release of the stress hormones cortisol and adrenaline. These prepare the organism to face immediate physical hostility by increasing its blood pressure, increasing its heartbeat, thereby increasing blood flow to the muscles, increasing oxygen intake, and also increasing blood sugar levels in order to provide immediate energy. These automatic responses to threats were obviously adaptive since they enhanced the individual's chances of survival, thereby providing a selective advantage. Hence, the reflexive stress response to threats was crucial from an evolutionary perspective, as the hormones triggered the organism to summon all its available resources to fight for its very existence.

However, natural selection has not prepared humans for chronic stress at acute levels with regular release of stress hormones. Consequently, endemic stress is unhealthy: it impairs normal physiological functions and can damage the biological system through complex mechanisms in which the genes are also implicated. Prolonged stress has an adverse effect because the persistent release of stress hormones leads to inflammation of the coronary arteries, thereby increasing the susceptibility to hypertension, heart attack, and stroke. The pathological conditions also include but are not limited to metabolic syndrome (diabetes and obesity), depression, immune disorders, and even mental illness. Thus, endemic stress causes a wear-and-

² A search of the PubMed database of the National Library of Medicine for the word “stress” in the title obtained 268,823 results on June 13, 2022.

tear on the human body through many vital physiological functions that increase the incidence of morbidity and mortality (Cattaneo and Riva 2016; Cohen, Janicki-Deverts, Miller, 2007).

Children are particularly vulnerable. Extensive stress during childhood harms their mental development permanently. Stress may even critically affect children's genome expression. Consequently, persistent stress experienced in early childhood has a detrimental impact throughout life.

Evidence of Chronic Stress

Evidence of high level of stress in the U.S. economy is ubiquitous. This is confirmed, for instance, by pre-Covid Gallup polls: "Even as their economy roared, more Americans were stressed, angry and worried last year than they have been at most points during the past decade" (Ray 2019). Asked about their feelings the previous day, 55% revealed that they experienced stress during a lot of the day, an increase of 9 percentage points since 2008. This was the seventh highest rate among the 144 countries sampled. In other words, the U.S. is one of the most stressed countries in the world. Furthermore, 45% worried a lot and 22% felt anger a lot (Ray 2019).

The extent to which stress has penetrated deep into the social fabric is indicated by the fact that the relevant literature is far too extensive to cite: a search of the National Library of Medicine (PubMed) and of the IDEAS/REPEC websites found tens of thousands of articles in which stress and an economically relevant descriptor were both either in the title or in the abstract.³ Furthermore, such studies have increased exponentially. For example, while in the year 2000 there were 630 articles with both "work" and "stress" in the title or abstract on the PubMed website, in 2019 there were 4,986 such studies, or eight times as many. Obviously, stress

³ <https://pubmed.ncbi.nlm.nih.gov/>; <https://ideas.repec.org/>.

associated with the economy became a much more important factor in the minds of researchers (Friedline, Chen, and Morrow 2021).

The documented rise in mental illness provides indirect evidence of the increased stress in society, since prolonged stress causes mental illness. Mental illness is defined as an episode of behavioral or emotional distress, impairment in functioning, or behavioral or psychological dysfunction (SAMSHA, 2020, Appendix A). In 2019 fifty-one million U.S. adults were clinically diagnosed with an episode of depression, bipolar disorder, phobia, anxiety disorder, panic, obsessive-compulsive, posttraumatic stress, anorexia nervosa, hallucinations, delusions, or suicidal thoughts (Table 1).⁴ Hence, nearly one in five adults suffered from an episode of mental illness annually, of various lengths, indicating the fragile mental condition of the population. The problem was by no means confined to the underprivileged. Most affected were middle-aged white southern women living in large metropolitan areas with some college education (Table 1).

Table 1 about here

The number of people affected increased since 2008 by 11.7 million or by 29%. The increase was especially large among young adults, whose incidence of mental illness rose in the interim 11 years by 63%. Other groups that experienced an unusually large increase included all minorities with the exception of blacks and those living in the western states of the U.S. Moreover, the rate of increase accelerated in practically all categories after 2016, coinciding with the election of Donald Trump, possibly because his contemptuous treatment of minorities (Table 2).⁵ Especially large increases were experienced by those between the ages of 18 and 25, whose rate of change accelerated by 1.5 percentage points per annum.

⁴ A more extensive literature on mental illness can be found in (American Psychiatric Association, 2022).

⁵ See also Health and Human Services (2021).

Table 2 about here

Youth,⁶ not included in the above statistics, have also experienced mental distress and also at an increasing rate (Table 3). Their rate of increase accelerated during the Trump era by a factor of 3.7 to reach 7.9 million cases in 2019 (Table 4). The mental-health crisis among youth is reported often in the media (Mojtabai, Olfson, and Han 2016).

Tables 3 and 4 about here

Mental distress frequently induces “people turn to drugs or alcohol to seek refuge from pain, loneliness, and anxiety. Drugs and alcohol can induce a euphoria that, at least temporarily, may relieve physical and mental pain” (Case and Deaton 2020, 95). Consequently, the increased illicit drug use is another indication of the accumulation of stress. Marijuana is the mass drug of choice since it relaxes and induces a carefree mental state. Demand and acceptance have risen so much that it is being legalized extensively for recreational use. Thirty-one million people used marijuana during the month prior to the survey and 9.3 million people used other kinds of illicit drugs (Table 5).

Table 5 about here

The association with stress becomes clearer considering that in the wake of the financial crisis of 2008 the marijuana use (during the month before the survey) accelerated from an annual growth rate of 0.8% (2002-2008) to 7.1% (2008-2016) and then to 10.6% (2016-2019) (Table 6). The use of other drugs shows similar tendencies. Thus, the accelerating rate of drug use is associated with the additional anxiety induced by the Great Recession and then by the election of Donald Trump.

Table 6 about here

⁶ Those between the ages of 12 and 17.

Frequent mass shootings are also an expression of mental distress, indicative of “an aggressive animosity and an urge to destroy” (Brooks 2020). This is not an isolated phenomenon: there were 434 such shootings in the U.S. in 2019 and 614 in 2020.⁷ Since 2013 there were 4634 mass shootings in the U.S. as of 2022.⁸ Never before in human history have people murdered strangers without any obvious motive. One working hypothesis is that the perpetrators’ motivation is at the unconscious level, reflecting their alienation from the socio-economic system, whereby they transfer their anger onto a nearby subset of the society through random acts of violence. As a feedback-effect, the mass shootings generate further stress among the population.

Violence is not directed only at strangers; the 150,000 annual deaths of despair provide evidence for self-inflicted violence. As Durkheim noted, to understand suicides „we must look beyond the individual to society, particularly to breakdown and turmoil in a society that can no longer provide its members an environment in which they can live a meaningful life” (Case and Deaton 2020, 94). Opioid overdose deaths accelerated from 2.9 per 100,000 persons in 1999 to 6.4 by 2008, doubled again by 2016, and then reached 21.4 by 2020, an increase by a factor of seven in two decades (CDC 2022).⁹ Drug overdose deaths in the U.S. are much more than those in peer countries (Table 7). In general, one can “put much of the blame for deaths of despair on the long-term deterioration in opportunities for less educated Americans” (Case and Deaton 2020, 144).

Table 7 about here

⁷ Wikipedia, “List of mass shootings in the United States in 2020”.

⁸ Mass Shooting Tracker, <https://massshootingtracker.site/>

⁹ The initial increase in overdose deaths was due to prescription opioids, then in the middle years increasingly to the use of heroin and after 2016 to the use of fentanyl.

The homicide rate is also an indication of pent-up anger. In the U.S. it is 10 times as high as in Norway, where marginalization is reduced substantially by a state-provided safety net (United Nations 2022). There were 20,000 murders in the U.S. in 2020 and an additional 40,000 injuries due to gun violence (Gun Violence Archive 2021).

Illegal activity also generates stress. The incarceration rate is six times as high in the U.S. than in Canada (United Nations 2022). In 2018 there were 2.1 million people incarcerated, the highest rate in the developed world (Bureau of Justice Statistics 2022; Hartney 2006).¹⁰ This has feedback effects on stress because felons have difficulty finding employment and because criminality also increases the anxiety level in others, thereby further diminishing the quality of life.

Stress makes people unhappy. Or put another way, happy people are usually not chronically stressed. Hence, the fact that the share of “very happy” people in the U.S. population declined by 5.8% and the share of those “not too happy” increased by (6.6%) between 1988 and 2018 is further evidence of the accumulation of stressors (Smith, Son, and Schapiro 2015).¹¹ A reason for this pattern is that the income of much of the population relative to the top 1% declined and this decline generated status anxiety as people felt left behind (Komlos 2019a).¹² This downward social mobility is referred to as the hollowing out of the middle class (Pew Research Center 2016; Warren 2007).

Moreover, the ratio of female to male life satisfaction has declined in the U.S. since the 1970s, despite the women’s liberation movement and rise in women’s income (Stevenson and Wolfers 2009). In the 1970s 4.3% more women than men were “very happy” but by the 21st

¹⁰ And another 4.4 million people were on probation.

¹¹ GDP data from St. Louis Fed, series A939RX0Q048SBEA; happiness data for 2016 and 2018 extracted from [Get GSS Data | NORC](#).

¹² There is a global increase in unhappiness (Clifton 2022).

century that advantage shrank to 1.2% (Smith, Son, and Shapiro 2015, Table 2015, Table 6). Alcoholic liver disease is also rising faster among women than among men (Yoon et al. 2020). If absolute income were decisive, why would women be so stressed (Rosenbloom 2010)?

Additionally, Americans are less happy than their European counterparts (Banks et al. 2006). The U.S. has slipped into 18th place on the world's happiness ranking, having fallen further behind developed countries (Helliwell et al. 2020, 25). Actually, there is no quality-of-life indicator for which the U.S. is ranked favorably in international comparison (Deaton and Schreyer 2020). This is the case with health, including mental health, life expectancy, life satisfaction, educational attainment, incarceration rate, crime rate, schooling performance, and children's welfare. Note that all countries higher than the U.S. on the happiness scale have universal medical care and higher tax rates. Obviously, the security of government-sponsored safety net programs reducing insecurity is very important to people.

Sources of Stress

Persistent stress is generated in the economic system through a multitude of anxiety-producing pathways, including any development that poses an existential threat inducing fear in an individual like being fired from a job, decline in income, long stretches of unemployment, being evicted, indebtedness, unable to afford medical expenses, poverty, bankruptcy, or loss of pension.

Money, or rather the lack of it, is the leading stressor (Brzozowski and Visano 2020). A study concluded that “stress about money and finances is prevalent nationwide...” and added that:

“Stress about money and finances appears to have a significant impact on Americans' lives. Nearly threequarters (72 percent) of adults report feeling

stressed about money at least some of the time and nearly one quarter say that they experience extreme stress about money... during the past month... In some cases, people are even putting their health care needs on hold because of financial concerns (American Psychological Association 2015, 2).

Case and Deaton assert similarly that “Financial worry can suck the joy out of life and bring on stress, often a trigger for pain and ill health” (2020, 133).

Inequality is the second major culprit inasmuch as the rich define the social norms and the rest of the society experiences stress as it falls behind in relative terms. The U.S. is the most unequal society among rich countries and its income distribution is therefore a major source of stress (Boushey 2019). Attempting to maintain the social norm induces many to work excessively: 25% of the U.S. labor force worked more than 40 hours a week and 16.7% worked more than 49 hours (BLS 2022, Table 19).

The absolute level of income obviously matters most to meeting basic needs, but relative income matters in meeting social needs. All of America’s social problems have their root in the extreme level of inequality. The post-tax (disposable) income of all those in the bottom 60% of the income distribution made up only 20% of total income, the same amount as those in the richest 1% (IRS 2018). So, the top 1.5 million taxpayers earned as much money as the bottom 90 million.

Wealth is far more unevenly distributed than income because the poor cannot save while the rich accumulate savings over time (Wolff 2017). The 10th percentile household in the wealth distribution has no wealth at all, only debt, while the mean wealth of the bottom half of the population was \$29,000 in 2019 (Batty et al. 2019; Eggleston et al. 2020). That means that they have some furniture, a cellphone a computer, some household items, and paid off the debt on

their automobiles. In contrast, those in the top 1% saw their wealth grow at an astounding annual rate of 3.2% since 1990 to reach \$26.1 million per household by 2019 (Board of Governors 2022). Thus, the top 1% (or 1.3 million) of households own more wealth than the combined wealth of 90% (115.2 million) of U.S. households. That creates a lot of envy, frustration, and the feeling of being left behind.

Endemic poverty generates stress through its unforgiving insecurity (Semega et al., 2020). In 2019 39.5 million Americans were considered officially “poor” but including those who were slightly above the poverty line, those barely keeping head above water increases to 52 million (Benson 2020). That the poverty rate among children—at 18%—is six times as high as in Denmark, for instance, is indicative of the extent to which U.S. poverty is an outlier among peer nations with obvious impact on children experiencing those stressors (OECD 2022).

Because stress in childhood impacts the brain’s development permanently, growing up in poverty means that poor children are at a substantial disadvantage from the very beginning of their lives: “Children from impoverished families are more prone to mental illness... Poverty brings with it a number of different stressors, such as poor nutrition, increased prevalence of smoking and the general struggle of trying to get by. All of these can affect a child’s development, particularly in the brain, where the structure of areas involved in response to stress and decision-making have been linked to low socioeconomic status” (Reardon 2016; Swartz, Hariri, and Williamson 2017). That is why poverty is linked directly to poor school performance, the impact of which is felt as stress throughout the life course.

Moreover, many poor children live in slums—concentrated areas of poverty—ethnically segregated, with limited tax base, inferior housing, substandard infrastructure, high crime rate, mediocre schools, endemic un- and underemployment. These neighborhoods are reservoirs of

stress that are generally detrimental for children’s healthy development and deprives them of an adequate start in life, particularly in education and socialization that would be so important for mobility out of the ghetto (Chetty, Hendren, and Katz 2016). Even the kindergarten they attend impacts children’s life chances (Chetty et al., 2011). Trapped in dysfunctional neighborhoods with endemic scarcity and in the concomitant culture of poverty that such environments foster, the future potential of those children is hindered and becomes an immense source of stress in adulthood (ACLU 2022; Mullainathan and Shafir 2013). Every major American city has such neighborhoods (McArdle, Osypuk and Acevedo-Garcia 2007; Wallace 2019). The median household income in the 16 poorest zip code areas is \$14,750 with an average minority share of 76% (Table 8).

Insert Table 8 about here

No other rich country neglects its children comparably. According to UNICEF, the welfare of U.S. children slipped from 26th place in the world in 2013 to 36th place in 2020, behind middle-income countries like Hungary (UNICEF 2013, 2020).¹³ As another indication of stress, six million children are reported for maltreatment to U.S. agencies annually, and 1,840 children died from maltreatment in 2019 (Childhelp 2022; Children’s Bureau 2021, xii).

No wonder U.S. children are lagging well behind their counterparts around the globe in educational attainment: 15-year-olds placed 14th in reading, 19th in science, and 38th in mathematics in 2018.¹⁴ This embarrassing performance does not bode well for their ability to compete in the labor market in the information age and will become a source of frustration in adulthood since they will lack the necessary skills to prosper in a high-tech economy.

¹³ The U.S. ranked 43rd on another index (Save the Children 2020).

¹⁴ Wikipedia, “Programme for International Student Assessment.”

The overall mediocre quality of the U.S. educational system reflects the public's anti-government attitude and its reluctance to provide adequate funding for it through taxes (Johnston 2003). Consequently, public goods like quality schools have been scarce. Generations ago John Kenneth Galbraith's contrast of "private affluence" with "public squalor" is much more apparent today (Galbraith 1958). Individuals are expected to secure their schooling, but children have no agency and therefore are at the mercy of their parents' ability to provide for them. Mediocre schools generate much stress once the children enter the job market in adulthood and realize that their skills are insufficient to realize their aspirations.

Homelessness, especially among children, is yet another source of stress. In January 2020 580,000 people were homeless of which 226,000 were unsheltered (HUD 2021). Moreover, 1.4 million people experienced homelessness at some time during 2018 including 500,000 families with children (HUD 2020).

An additional source of stress is that the winners in a Darwinian economy, based on an extreme form of competition, foster the ideology of meritocracy that emphasizes the culture of individualism. The winners believe that they deserve their position in the society (Frank 2016). However, they overlook that their alleged merit is generally based on the happenstance of having been born into the right family with the right talents (Rawls 1971). They were lucky either because they were born smarter than average or because their parents were wealthy enough to afford to live in a district with good schools (Gladwell 2008). In contrast, the poor more often than not were born to poor parents, so they were at a disadvantage from the get-go. Consequently, "[t]his emphasis [on merit] has a corrosive effect on the way we interpret our success or the lack of it. The notion that the system rewards talent and hard work encourages the

winners to consider their success their own doing, a measure of their virtue and to look down upon those less fortunate than themselves” (Sandel 2018a).

There were many other developments in the U.S. economy that generated a hostile environment that challenged individual’s well-being (homeostasis). Wage repression and the decline in the share of labor in GDP became an source of anxiety (Taylor 2020). In markets dominated by oligopolies, firms exploit their monopsony power, implying that employees are not receiving payment for what they are theoretically entitled to, the value of their marginal product. Moderate competition enables employers to depress wages below competitive levels (Azar, Marinescu, and Steinbaum 2022). Consequently, in U.S. manufacturing workers are receiving just 2/3rds of what they should be earning, and in computer and electronics only 39% (Yeh, Macaluso, and Hershbein 2022, 2112). Wage repression and “exploitation” became so prevalent in the U.S. because labor lost power and business interests gained the upper hand (Stiglitz 2019, 23, 26, 49, 113). Government failed to provide support for unions (right-to-work laws), failed actively to enforce anti-trust laws, and allowed mergers and acquisitions to lead to agglomeration of monopsony power in the labor market putting downward pressure on wages and living standards. The erosion of the real value of the federal minimum wage, since it is not indexed to inflation, reinforced this effect.

With the dominance of market-fundamentalist ideology, the market power of oligopolists and monopolists increased substantially since 1980, leading not only to monopsony but also to exorbitant health-care costs that weigh heavily also on the mental health of the population (Villarosa 2022). Higher product prices than would be warranted in a perfectly competitive market, extract rents from consumers. Product prices increased from 21% of marginal cost between 1955 and 1980 to 61% in 2020 (De Loecker, Eeckhout, and Unger 2020). This trend

meant rising profits and depressed consumer well-being, at a time when consumer protection was associated with the nanny state, not the fundamentals of a content population able to live dignified lives.

Consequently, men frustrated with the economy dropped out of the labor force *en mass*. The labor-force participation of men between the ages of 25 and 54 declined by 3.5% from 92.2% (February 1999) to 88.7% (May 2022) which meant that 2.3 million prime-aged men did not even look for work (St. Louis Fed, series LRAC25MAUSM156S).

Another substantial source of stress is the absence of adequate government safety-net programs, the consequence of which is precarious lives. The U.S. ranks 32nd in the world in providing social support to its citizens in need (Helliwell et al. 2020, 42). Insecurity induces worrying: financial insecurity, insecurity on the job, gig work,¹⁵ inadequate insurance, paying for college, unable to pay bills, lack of savings, being a single parent, and unable to afford childcare. Worry has a negative impact on the quality of life (Davis 2017). In contrast, Scandinavian Capitalism is exemplary at providing for a thriving democratic society that distributes risk equitably thereby supporting those in need (Andersen et al. 2007).

Insecurity became more challenging over time until 74% of households were living paycheck-to-paycheck unprepared for any economic adversity (Board of Governors 2019). Life in an instant-gratification culture is more stressful because of the volatility caused by the lack of a cushion that savings would provide. Ninety-four million people would not be able to pay for an unanticipated \$400 expense (Table 9). Insecurity was not confined exclusively to the poverty-

¹⁵ Gig work is “contingent work which has increased markedly in recent times, and is characterized by uncertainty, unpredictability, and instability of both schedules and income earned” (Hafeez, Gupta, and Sprajcer, 2022).

stricken. There is “widespread fragility across the entire population – more than one-third of Americans are financially fragile.... Financial fragility is not only pervasive, but many middle-income households also suffer from the inability to deal with shocks” (Gupta et al. 2017, 2). Persons not in control of their passions lose control of their destiny and become frustrated.

Table 9 about here

Injustice can also trigger anger and stress like being underpaid, not paid for overtime work, being exploited by opportunists, deceived, predatory loans; unable to afford medicine, unexpected medical expenses, reduction in salary, or payday loans (Sweet, Kuzawa, and McDade 2018; Sen 2010).¹⁶ Pollution, like in Flint, Michigan, also belongs in this category. The extent of inequality is also seen as unjust: “The fundamental problem is unfairness, that the great wealth at the top is seen as ill-gotten in a system that gives no chance to many” (Case and Deaton 2020, 262).

There are scores of other sources of stress that are associated with the major socio-economic transformation from an economy producing goods and services to a post-industrial knowledge economy that is considerably more complex, requiring more intricate planning and more investment in human capital than the have-nots can realize. Such major transformations reshuffle the political, social, and economic hierarchy, which is invariably accompanied by anxiety and conflict. The emergence of the IT revolution also devalued skills putting those without a college degree in an uncertain and precarious position.

At the microeconomic level, stress arises from a myriad of sources such as the mushrooming student debt (Kerr and Wood 2021). Myopic decisions about one’s work-life balance can also impinge on health as can underestimating the psychological long-term wear and

¹⁶ “[F]ringe loan use was associated with 38 percent higher prevalence of poor or fair health” (Eisenberg-Guyot et al., 2018).

tear of commuting (Stutzer and Frey 2008). Weak self-control has similar effects (O'Donoghue and Rabin 1999). Those stressed about paying bills, are more likely to forego doctor's visits. Lack of consumer protection enables payday lenders to take advantage of the less educated (Baradaran 2015). In short, the architecture of an economy running at full throttle is a stressful version of capitalism well beyond that experienced in other rich countries.

Running the Economy at Full Throttle

The emphasis in a high-pressure economy is on working harder, generating income, accepting more risks, while disregarding its effect on the quality of life. Yet, full-throttle Capitalism fosters the accumulation of stress, although the economy is producing an incredible amount of goods and services. Such a system was brought about by a passionate belief in market fundamentalism—the conviction that free-market capitalism can solve most, if not all, economic and social problems.

The idea of focusing exclusively on monetary aggregates was propagated by economists and public intellectuals like Milton Friedman and Friedrich Hayek in the 1960s and 1970s and put into practice by Ronald Reagan in the 1980s (Friedman and Friedman 1979; Hayek 1944). They were whole-hearted supporters of policies that were theoretically fostering economic efficiency and promoting growth while being completely indifferent to the effect those policies would have on flesh-and-blood human beings, thereby increasing immensely the insecurity of the population (DeMartino 2022; Kwak 2017; Madrick 2014). They, and thousands of their followers, advocated creating an economy that was as efficient as possible even if that meant less security and greater income inequality, regardless of the stress it would generate.

The dogmatic application of the neoliberal agenda resulted in severely flawed policies that culminated in the deterioration of the mental stability of the population and ultimately

resulted in a polarized society, political dysfunction, and even an insurrection by a ferocious angry mob intent on destruction (Appelbaum 2019; Formisano 2015).

Friedman's radical doctrine that corporations had but one legitimate purpose, namely, to increase profits and maximize shareholder value ignored completely the social implications of that ideology (Friedman 2002, 133). He even ridiculed corporate "social conscience... [like] providing employment, eliminating discrimination,..." as "preaching pure and unadulterated socialism" (Friedman 1970). His impact on corporate culture provided an opening for CEOs to disregard the common good and uninhibitedly use their financial resources to gain still more political power and to repress wages until it became an important source of stressors in the economy.

Compulsively anti-government, Friedman complained incessantly about taxes and even suggested that "[t]he corporate tax should be abolished" (2002, 132), always invoking the inefficiency of taxes and ignoring their central role in providing public goods, security, social peace, and basic research. His philosophy provided succor to pundits and politicians to carry out his ideas. Supported by conservative activist think tanks with wealthy backers, laissez-faire became the dominant ideology of the land, and the anti-tax movement became an overwhelming force in popular political culture (Hoare and Smith 1987; Laffer 1981). These ideas were also supported by textbooks that misled millions of students into believing that "because taxes distort incentives, they cause markets to allocate resources inefficiently" (Mankiw 2018, 157). The public purpose of taxes was never mentioned.

The neoconservatives were unanimously in agreement with lower taxes and attack on the welfare state. Marty Feldstein, the doyen of tax policy analysis supported lower taxes for forty years, even the Trump tax cuts (1993, 2017). In a slew of publications including in the media, far

too numerous to mention, he hammered incessantly at the idea that “higher taxes hurt the economy by distorting behavior—reducing work effort, saving, and risk-taking...” and that the deadweight loss of taxes are inefficient, period (Feldstein 2008).¹⁷ However, there was never a mention of the positive effects of taxes, namely, the efficiency gains due to a better educated labor force, the humongous waste of human resources by mediocre public schools, the dead weight losses caused by a mental health crisis, the tremendous gains from public funding of basic research that induced the IT revolution and also transformed medicine, or the productivity gains to be had from public funding of healthcare since a healthier workforce produces more efficiently. None of that ever came up for discussion among the cadre of neoliberals.

Maximizing output in their agenda meant small government and taxes set at the bare minimum. By lowering taxes, Reagan gave an immense windfall of \$400,000 (2020 prices) to the top 1% that was supposed to trickle down to the masses but failed to do so and instead created an immense inequality with all the stressors that it beget (Komlos 2019b). The lower taxes also meant less money for social safety programs which led to increased insecurity and raising stress levels. Furthermore, lowering taxes for the superrich increased inequality thereby generating more stress as the middle class could not keep up with the Joneses. Hence, rampant social, political, and economic challenges accumulated because of the inequitable distribution of everything needed for a good life including, schooling, work, income, and wealth.

Globalization fit well into the full-throttle agenda since it was supposed to be beneficial for Americans and conducive for economic growth. So, most economists supported globalization wholeheartedly since no concept is as firmly engrained in mainstream economic thinking as the theory of comparative advantage. For Samuelson and Nordhaus it is “...one of the deepest truths

¹⁷ In this article he mentioned “dead weight loss” 34 times.

in all of economics” (2009, 349). Both countries supposedly benefit from trade if they each specialize in the production of goods which they can produce more efficiently, and therefore cheaper (Mankiw 2018, 8). Mankiw took the ideology a notch higher by even supporting offshoring (Mankiw and Swagel 2006).

However, economists ignored the well-known fact that competition with low-cost Asian labor will depress the wages of unskilled labor in the U.S. (Stolper and Samuelson 1941; Samuelson 1948). Since the country imports products it previously produced, jobs are also exported, and U.S. workers become unemployable, retire on social security disability benefits, work in the gig economy or in the drug trade, go to jail, or accept lower wages, but many also turn to opioids or commit suicide (Autor et al 2019; Blanchflower 2019; Dorgan 2006).

Moreover, economists willfully overlooked the political and social implications of the income redistribution in wake of globalization (Pierce and Schott 2016). In signing NAFTA Clinton predicted pompously that it will “promote more growth, more equality... and create 200,000 jobs in this country by 1995 alone” (1993).¹⁸ He neglected to mention how many low-wage jobs would be destroyed by imports—one estimate put it at 880,000 by 2002. This was a dangerous error because the jobs created in a dual economy were not open to the displaced workers.

Consequently, hyperglobalization piled on stress for millions of low-skilled and mid-skilled workers whose lives were shattered as they slipped out of the middle class since there was no way they could compete with their Chinese counterparts (Stiglitz 2017). Thus, the deep penetration of the U.S. heartland by cheap imported goods caused havoc not only in families but destroyed neighborhoods and whole regions as well.

¹⁸ He put the same unrealistic spin on the trade with China: “We’ll be able to export products without exporting jobs” (Clinton 2000).

So, the trade deficits accumulated after 1980 and added up to an astronomical total of \$33 trillion by 2021, not the sign of a healthy sustainable economy (St. Louis Fed NETFI).¹⁹ However, deficits are not the only variable of consequence in a dual economy. The amount of imports are also significant as an independent destabilizing force, because low-skilled workers displaced in the import-competing sectors were unemployable in the expanding IT and finance sectors. So, the 15.6% of GDP imported annually in the 2010s dealt a major blow to domestic low-skilled workers (St. Louis Fed IMPGS, GDP). Enough of them remained trapped, unemployable, and became discontented with the indifference of the political elite to change the political landscape indefinitely.

Globalization was said to be good for America, but nobody *ever* said that it would be good for *everyone* in America, and it wasn't. The destructive forces of globalization without meaningful government safety-net programs created an immense amount of stress among those workers who were unable to find ready alternative employment. None of the economists advocated Pareto-optimal policies as a precondition of hyperglobalization.

None reprimanded their colleagues for their obvious blunders as openly as Dani Rodrik, of Harvard's Kennedy School (2018). He answered his rhetorical question, "Are economists partly responsible for Donald Trump's shocking victory in the US Presidential election?" in the affirmative and continued:

It has long been an unspoken rule of public engagement for economists that they should champion trade and not dwell too much on the fine print.... The standard models of trade... typically yield sharp distributional effects: income losses by certain groups are the flip side of the gains from trade... And economists

¹⁹ Measured in 2021 prices.

have long known that...poorly functioning labor markets, credit market imperfections, – can interfere with reaping those gains.... Nonetheless, economists can be counted on to parrot the wonders of comparative advantage and free trade whenever trade agreements come up. They have consistently minimized distributional concerns, even though it is now clear that the distributional impact of NAFTA or China's entry into the World Trade Organization were significant for the most directly affected communities in the United States.... They have overstated the magnitude of gains from trade deals, though such gains have been relatively small since at least the 1990s (2016).

That is a strong indictment of the mainstream canon but there is more because it is clear that Trumpism benefited greatly from Bill Clinton's mistakes:

Michigan, Wisconsin, Pennsylvania, and North Carolina would have elected the Democrat instead of the Republican candidate if, *ceteris paribus*, the growth in Chinese import penetration had been 50 percent lower than the actual growth during the period of analysis. The Democrat candidate would also have obtained a majority in the electoral college in this counterfactual scenario (Autor et al. 2020).

In addition to tax policy and hyperglobalization, another major source of stress was neoliberals' excessive faith in efficient markets which implied that markets could regulate themselves, so government provided guardrails of stability were superfluous (Gerstle 2022). Hence, they advocated deregulation which meant that firms acquired more flexibility that shifted the balance of power toward corporations. Friedman went as far as to contend that "detailed regulation of banking" "cannot... be justified" (2002, 35).

Following this philosophy, Reagan allowed private banks to securitize mortgages and grant variable rate mortgages. He also deregulated savings banks and allowed them to expand into commercial banking. A spate of financial innovations followed, including credit default swaps, a kind of derivative that spread systemic risk throughout the financial system. By the 1990s the free-market ideology became so dominant that Democrat Bill Clinton followed the market-friendly agenda. In 1994 he lifted the ban on interstate banking that led to the too-big-to-fail banks. He declared how happy he was to discard “antiquated laws” with the repeal of Glass-Steagall. He also prohibited the regulation of derivatives. Deregulation, lax enforcement of regulation, and financial innovation ultimately destabilized the financial sector and led to a financial crisis of historic proportions.

The Meltdown and the Great Recession that followed in its wake caused hardship and frustration to accumulate across the board in all income classes with its evictions, bankruptcies, foreclosures, pension losses, and unemployment (Deaton 2011; Foroohar 2016; Wilkinson 2016). The U-6 unemployment rate, far closer to the real pain in the economy than the official unemployment rate, reached 16% (St. Louis Fed U6Rate). Eight million families were evicted, and the lopsided bailouts left Everyman on Mainstreet to fend for themselves, fueling the Tea-Party movement and much resentment in its wake (Foote et al., 2009; Stiglitz 2011). It is hard to avoid connecting these dots to the rise of white nationalism.

Conclusion

Neoliberal economists blundered in promoting an economy that runs at full throttle, i.e., as efficiently and as close to the theoretical optimum as possible (Sandel 2018b). The orthodox canon fostered a culture and ideology that focused on producing as much as possible, paying scant attention to the trade-offs such an economy would generate in terms of negative externalities. They mistakenly equated consumption with well-being and in the high-pressure

turbo capitalism that resulted competition, output, free markets, and small governments became indicators of success instead of security, safety, leisure, a healthy work-life balance, and peace of mind. They neglected that an equitable distribution of income is a prerequisite of social and political stability. This left a gaping vacuum in the policy makers' ability to understand the impact of economic policies on the welfare of the population, social peace, and political stability (Editors 2021; Graeber 2019; Stiglitz, Sen, and Fitoussi 2010; Fleurbaey and Blanchet, 2013; Lawson 2015; Sen and Nussbaum 1993).

Consequently, the U.S. elites created a version of Capitalism that became the most stressful among its peer nations. The stress could be measured in terms of the deterioration of mental health of the population, by the propensity to relieve the pain through opioids, by the deaths of despair, by the incarceration rate, by mass murders, by the fall in life expectancy, and by the deficiency of life satisfaction (Gallup 2019). Half the population was thriving but that did not suffice for stability and social peace.

The stress was generated by debilitating poverty, by the highest level of inequality among rich countries that made it impossible for the middle class to keep up with the social norms set by the upper-echelons of society, by the lack of social safety nets that might have mitigated the turbulence of adjusting to a knowledge economy, by the downward social mobility of millions disadvantaged by globalization, and by the inadequate training opportunities that prevented those displaced by the penetration of imports to find employment in the expanding IT sector.

The outcome was an economy that produced efficiently but ultimately failed to satisfy because it also produced a lot of psychological stress. The nerves were frayed, anxiety was high, and the society was living on the edge with mental health challenges. Emotional prosperity

continued to elude the U.S. population because “the American economy has become more ruthless” (Stansbury and Summers 2020, 63).

Thus, the doubling of GDP per capita failed to enhance human flourishing (Easterlin 2004, 2015; Frey and Stutzer 2002). "Flourishing can be understood as a state of living in which all aspects of a person's life are good, including,... happiness and life satisfaction, physical and mental health, meaning and purpose, character and virtue, and close social relationships" (VanderWeele 2017).

The United States has achieved striking economic and technological progress over the past half century without gains in the self-reported happiness of the citizenry. Instead, uncertainties and anxieties are high, social and economic inequalities have widened considerably, social trust evaporated, and failure to redress genuine grievances has led to the frustration with the political system. Perhaps for these reasons, life satisfaction has remained nearly constant during decades of rising Gross National Product (GDP) per capita (Helliwell, Layard, and Sachs 2012, 3).

The neoliberal policies failed especially those without a college degree and produced a polarized society with endemic instability. The entrenched elites had rigged the economic system in such a way that it choked off opportunity, especially for low-skilled men (Stiglitz 2016). These modern-day proletarians lived 2.6 years less than the college educated in 1992 but by 2019 that gap more than doubled to 6.3 years (Case and Deaton 2021). No other statistic captures as succinctly the injustices endured by the have-nots in the intervening decades. No wonder they felt powerless, alienated, insecure, angry, and estranged from the system tilted against them (Inglehart and Norris 2017). Their anxiety had political consequences because facing an

existential threat, the prefrontal cortex loses control.²⁰ It is circumvented by the primordial survival instinct that makes it easier for demagogues to manipulate emotions to such an extent that people no longer recognize their self-interest, let alone their enlightened self-interest (Frank 2004; Hochschild 2016; Stanley 2015) and become “emotionally sick” (Brooks 2018).

Status anxiety generated enough resentment toward the political establishment to morph into a desire to exact vengeance (Edsall 2020; May 2017). This was an additional motivator for the downtrodden to support anyone, even Donald Trump, who would cause trepidation in Washington (Graetz and Ian Shapiro 2020; Krugman 2018). Their exasperation led to the insurrection that was based on “more than just economic insecurity but [also on] a deep-seated feeling of precarity about their personal situation.... And that precarity — combined with a sense of betrayal or anger... — mobilized a lot of people that day” (Frankel 2021). Being snubbed by the political establishment felt oppressive: the political elite allowed their skills to be devalued and made it impossible for them to compete in a global economy (Rodrik 2018; Schlozman, Verba, and Brady 2012). They were the losers in the new economy, but they felt that it was not their fault: the rules of the game were unfairly changed in the middle of the game, or more accurately in the middle of their life (Paul 2019). So, they became susceptible to manipulation and in due course brought about massive social and political realignments

Capitalism can be organized in a super-individualistic manner, as in the U.S., or it can integrate collectivist elements, as in the Western European welfare states—where basic needs, and people’s existence are not threatened by globalization, technological change, or the business cycle (Reich 2018; Tirole 2017). The dogmatic reliance on free-market principles places the onus of responsibility squarely on the individual and creates a highly competitive and precarious

²⁰ The journal *Social Neuroscience* has some pertinent articles on radicalization as does https://cpost.uchicago.edu/publications/a_multilevel_social_neuroscience_perspective_on_radicalization_and_terroris/.

existence, with much anxiety, stress, and frustration, whereas the emphasis on safety produces a low-pressure economic system, as in Scandinavia that has the happiest people in the world,²¹ and in which the common good is given much greater consideration in the spirit of enlightened self-interest, and incorporates institutions that lead to a more relaxed lifestyle (Andersen et al. 2007; Svendsen and Svendsen 2016). Running the economy at full throttle is a fundamental problem of the U.S. version of Capitalism.

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²¹ The others are Switzerland the Netherlands, Austria, and New Zealand (Helliwell et al. 2020, 25).

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Tables

Table 1. Number of People who Experienced a Mental Illness Episode during Past Year (Thousands)					
			Percent	Change 2008-2019	
	2008	2019	in 2019	Thousands	Percent
All	39,826	51,495		11,669	29
Age 18-25	6,099	9,930	19	3,831	63
Age 26 -49	20,697	25,279	49	4,582	22
Age 50 and older	13,030	16,286	32	3,256	25
Male	14,778	19,758	38	4,980	34
Female	25,048	31,737	62	6,689	27
White	28,286	34,967	68	6,681	24
Black	4,314	5,174	10	860	20
AIAN	163	260	1	97	60
Asian	1,300	2,100	4	800	62
2 or More Races	666	1,390	3	724	109
Hispanic	4,855	7,440	14	2,585	53
Section of the USA					
Northeast	7,865	8,608	17	743	9
Midwest	9,075	11,497	22	2,422	27
South	13,905	18,212	35	4,307	31
West	8,980	13,178	26	4,198	47
County Type					
Large Metro	21,077	28,346	55	7,269	34
Small Metro	12,622	15,837	31	3,215	25
Nonmetro	6,127	7,312	14	1,185	19
Income					
Poor	6,402	8,646	17	2,244	35
>1 Poverty Income <2	8,925	11,258	22	2,333	26
>2 Poverty Income	24,313	31,255	61	6,942	29
Education	2015	2,019			
<High School	5,822	5,505	11	-317	-5
High School Graduate	10,621	11,705	23	1,084	10
Some College	15,450	18,250	35	2,800	18
College Graduate	11,528	16,034	31	4,506	39
Note: Age 18 and above; AIAN refers to American Indians and Alaskan Natives. Substance use disorders are not included in these data.					
Source: SAMSHA, 2020, Tables 10.1A, Table 10.2A, and Appendix.					

Table 2 Annual Rate of Change in the Percent of Adults Affected by Mental Illness

	Percent per Annum		
	2008-2015	2016-2019	Change
All Adults	0.0	0.7	0.6
Age 18-25	0.5	1.9	1.5
Age 26 -49	0.0	1.0	1.0
Age 50 and older	0.0	0.0	0.0
Men	0.1	0.5	0.4
Women	0.0	0.8	0.9
White	0.1	0.7	0.6
Black	-0.2	0.5	0.7
AIAN	0.6	-0.6	-1.2
Asian	-0.2	0.6	0.8
Hispanic	-0.2	0.9	1.1
Section of the USA			
Northeast	-0.2	0.9	1.1
Midwest	-0.1	1.1	1.2
South	0.1	0.3	0.2
West	0.1	1.0	0.9
County Type			
Large Metro	0.0	0.7	0.7
Small Metro	0.0	0.6	0.6
Nonmetro	0.0	0.7	0.7
Income			
Poor	-0.1	0.6	0.7
>1 Poverty Income <2	-0.3	1.0	1.3
>2 Poverty Income	0.0	0.7	0.7
Education			
<High School	n.a.	0.4	
High School Graduate	n.a.	0.5	
Some College	n.a.	0.7	
College Graduate	n.a.	0.9	

Note: Data refer to the average percentage change per annum during the interval indicated

Source: SAMSHA Tables 10.1B and 10.2B

Table 3. Mental Health Episodes, Persons Aged 12-17, 2019 (Thousands)	
Outpatient	3,747
in Hospital	618
Other Inpatient	293
Schools	3,727
Family Doctor	902
Prison	49
Foster Care	97
Total(A)	9,433
Total(B)	7,878
Note: Other Inpatient includes residential treatment Centers	
Prison includes Juvenile detention centers	
Total(A) is the number of facilities involved.	
Total(B) is the number of people involved.	
Source: SAMSHA 2020, Table 9A.	

Table 4. Rate of Increase in Persons Requiring Mental Health Services, Persons Aged 12-17 (Percent Per Annum)			
	2002-2008	2008-2015	2015-2019
in Hospitals	1.3	0.6	6.4
Others	n.a.	1.3	4.6
Note: Others second column is from 2009			
Source: SAMSHA 2020, Table 11.1A			

Table 5. Illicit Drug Use in USA, 2019		
Ages 12 or Older, (Thousands)		
	Past Year	Past Month
Marijuana	48242	31,606
Cocaine	5,468	1,998
Heroin	745	431
Hallucinogens	6,010	1,915
Opioids	10,065	3,101
Inhalants	2,142	807
Methamphetamine	1,999	1,173
Psychotherapeutics	16,304	5,337
All w/o Marijuana	23,588	9,333
All	57,203	35803
Note: All refers to persons other data refer to incidents.		
Source: SAMSHA 2020, Table 1.1A		

Table 6 Rate of Increase in Drug Use during Past Month, Persons aged 12 or Older, (Thousands)					
	2002	2008	2016	2019	
Marijuana	14,584	15,269	23,981	31,606	
Heroin	166	213	329	431	
LSD	122	157	374	580	
Cocaine	2,020	1,865	1,874	1,998	
Change per annum					
Marijuana		114	1,089	2,542	
Heroin		8	15	34	
LSD		6	27	69	
Cocaine		-26	1	41	
Percent Change per annum					
Marijuana		0.8	7.1	10.6	
Heroin		4.7	6.8	10.3	
LSD		4.8	17.3	18.4	
Cocaine		-1.3	0.1	2.2	
Source: SAMSHA 2020, Table 7.3A					

Table 7. The U.S. Drug Overdose Deaths as a Multiple of the Rates in Selected Countries, 2018				
Switzerland	14		Denmark	5
Germany	13		Ireland	5
Netherlands	11		U.K.	4
Austria	8		Norway	4
Spain	8		Sweden	3
Finland	6			

Source: United Nations, "Mortality," <https://dataunodc.un.org/data/drugs/Mortality>

Table 8. The Poorest Neighborhoods in U.S., 2021				
		Percent Minority		Median
	Zip Code	in Zip Code	in Schools	Income
Cleveland, OH	44115	70	85	\$ 10,200
El Paso, TX	79901	99	98	\$ 11,700
Sacaton, AZ	85147	97	100	\$ 11,800
Memphis, TN	38126	96	100	\$ 12,200
Erie, PA	16501	37	n.a.	\$ 12,600
Waterbury, CT	06702	74	56	\$ 13,100
Stockton, CA	95202	81	93	\$ 13,200
Chattanooga, TN	37402	64	66	\$ 13,700
Toledo, OH	43604	70	83	\$ 15,800
Los Angeles, CA	90021	82	86	\$ 15,900
Toledo, OH	45225	84	97	\$ 16,300
Cincinnati, OH	45225	84	95	\$ 16,400
Cincinnati, OH	45203	85	99	\$ 16,600
Johnstown, PA	15901	30	n.a.	\$ 17,500
Cleveland, OH	44104	98	99	\$ 17,900
Livingston, AL	35470	69	97	\$ 18,900
Average		76	90	\$ 14,613
Median		82	96	\$ 14,750
Note: n.a. means unavailable.				
Source: ZipData Maps, https://www.zipdatamaps.com/44115 .				

Table 9. Financial Insecurity in the U.S., 2019		
Unable to pay for	Percent	Millions
Unexpected expense of \$400	37%	94
Current month's bills	16%	41
Medical care, doctor or dentist during year	25%	64
Medical debt in household	18%	46
Other indicators		
Living Paycheck-to-Paycheck	74%	189
No retirement savings (non-retirees)	25%	50
Do not have 3-month savings cushion	47%	120
Note: Percent refers to the share of the adult population of 255 million except for non-retirees whose number is 200 million		

Source: Board of Governors. 2020.