

Steven Durlauf: Well, hello everyone and welcome to the inequality podcast. This is Steven Durlauf. It's really a delight to introduce Leslie McCall as today's guest. Leslie is a Presidential Professor of Political Science and Sociology at the Graduate Center, City University of New York, and the Associate Director of the Stone Center for Economic and Equality there. Leslie's work spans so many fundamental issues in thinking about inequality that it's going to be a lovely opportunity selfishly for me to have a chance to engage with some of her major research things. So Leslie, thank you so much for joining me.

Leslie McCall: Thank you so much for having me. I'm really looking forward to the conversation too.

Durlauf: So I wanted to start with a book which I'm not a sociologist, but I think it should be a modern classic. In fact, it should be a modern classic regardless of whether one's a sociologist and that is complex inequality. For the listeners, what I would say is it's really an extraordinary empirical endeavor in which it looked across something on the order of 500 local labor markets in the United States and tried to understand the sources of wage inequality, doing so from the vantage points first of different groups—gender, race, socioeconomic class—as well as thinking about mechanisms. In other words, this is a book that was published little after 2000 and nevertheless focuses very specifically on the role of technological change, globalization, and factors that we're still debating today. And so Leslie, I was hoping that you could start by, you know—in summarizing a deep and complicated book, what would be the main themes you'd want to communicate?

McCall: Well, I think first of all, you put your finger on it or at least one of the main objectives of the book, which was simply to expand the research that was already being done at that point, as you probably know, maybe your listeners know, the 1990s was really the first decade in which there was research, intensive research on the issue of rising economic inequality. And I would say that most of that research was being done in economics, but also in other fields like geography and urban planning. There were a number of people who were doing regional analyses of inequality at that time, but they were coming from an urban planning background.

All of that research tended to focus on economic inequality. So rising income inequality between the top and the bottom or between those with more education, those with less education. And I was in graduate school at that point in the late 80s, early 90s, and I was very interested in feminist theory, not a topic that you would think would lend itself to doing the type of book that this is. But my primary concern was just to understand how this research on rising inequality related to declining gender inequality, for example, and also different trends in racial inequality. And so the overall emphasis was to try to show that what we might take to be a conclusion about changes in inequality when we're measuring it

one way may not necessarily apply when we're measuring it with respect to other kinds of groups, such as gender inequality or racial inequality. So the trend, as we call it in sociology of rising class inequality may not be the same and may interact in different ways with the trend in gender inequality and racial inequality. So that was the main objective of the book. And then as you mentioned, my methodological approach was to understand how these different types of inequality interacted with one another in local labor market. So that's where I could get at the mechanisms. That's where I could get at the different kinds of dynamics that were occurring at that time when economic restructuring again was just starting to be examined in the 1980s, but especially in the 1990s.

So those were the two main objectives, I would say, then that a third objective was to take that information and apply it to discussions about public policy that would address economic inequality. So for example, bringing into play policies that would address gender inequality and racial inequality as well as conventional redistributive policies by the government that would address class inequality. So those were the issues that were really animating this work.

Durlauf: So might you say a bit about the policy implications and from the vantage point of 2025, what lasting lessons you think there are?

McCall: Well, it seems to me that we're still in an environment in which we have different mechanisms and potentially different explanations associated with these different types of inequality. And this goes for both looking at the differences among groups in an aggregate way, say between binary gender, men and women, but also looking at inequalities among women and among men. And that the policies that may address inequality among women may not be the same policies that would address inequality among men. Or they may be similar. And that's part of the question that I think is an ongoing one in my work.

So for example, when the study of gender inequality is so separate from the study of economic or class inequality, then the people who examine gender inequality will talk often about the gender wage gap and they'll often talk about affirmative action programs to close that gender wage gap. They'll also talk about policies like comparable worth to close that gap so that women in traditionally female type jobs that nevertheless require the same skills as similar male type jobs, but receive less pay thinking about jobs primarily in the caring industries and teaching and nursing and so on that are underpaid relative to jobs that are more male dominated, but yet require the same level of skills than the policy of comparable worth would be raised as a potential solution to gender inequality.

But if we're looking at issues related to rising inequality among women, then we may not be so interested in those types of policies. We might be interested in the policies that people

discuss as solutions to class inequality. So a perfect example here would be the minimum wage, which would disproportionately raise the wages of women and also marginalized racial groups. And so research has shown that in fact in the 1990s you already had research showing that those types of policies would be very effective in addressing racial inequality and gender inequality. So that was primarily what I was trying to get at on the policy side that we don't necessarily need to divide up our policies and think only about policies that would address gender inequality as the only policies that are of potential interest and impact for women, but that we would also need to look at policies that are more generally applicable to addressing the problem of class inequality and apply those to groups that are not seen as the typical workers, right? Because a lot of the work that people were doing at that time focused on especially less educated male workers and I think implicitly less educated white male workers. And of course we still have such a large emphasis right now on the decline of economic security among the white working class, especially the white male working class. So I think some of these debates still are still very, very relevant today.

Durlauf: So where about the rise of the gig economy fit in?

McCall: I think that's a good question. The book did look at particular measures of what I called at the time casualization and that was measured by looking at the share of unemployed workers, so the slack in the local labor market, the share of part time workers who tended to be—at the time part time workers were particularly associated with female employment. I think that's less the case now with the gig economy. I don't know the exact numbers, but I would imagine that you're looking at fairly equal shares of men and women in the gig economy. That's definitely not my area of expertise and research. And then we also looked at people who worked in temporary staffing agencies as also part of casualization. I think all of these things and those factors really mattered. They especially had an impact on increasing inequality among women. So those workers who were at the bottom of the labor market, again disproportionately marginalized racial groups and women, are the ones who were most impacted by precarious work. And I think that continues to be the case, although I think that the gender distribution across those jobs has probably become more even is my hunch.

Durlauf: That's my sense as well. I wanted to go back to you reason the idea of comparable worth because my impression is that concept is disappeared from policy discussions to be honest with you. And I was a graduate student in the 1980s and there was a very serious clerical strike at Yale and the issue was entirely comparable worth. So in my formative years, I would say that that was a fundamental question in thinking about fairness of wages. But I would really have to rack my head to think about the last time I've seen somebody raise it in the New York Times Op-ed piece for example, but more seriously in

discussion. So I was wondering if you could say a bit about how you would envision operationalizing it in contemporary markets.

McCall: Yes, I think I agree with you. I also do not see that policy discussed very often these days. And I certainly did not mean to diminish the importance, of course, of that or of affirmative action policies. Just to be clear, I think it is still extremely relevant because one of the ways in which those kinds of policies played out, I think is very relevant to today's discussions today about different dimensions of inequality. So think about it this way, affirmative action was meant to integrate occupations that were dominated by one social group. So dominated by men or dominated by whites. And that affirmative action was meant to integrate those jobs. And so what was being addressed then was also not just the inequality in pay, but what's called occupational sex segregation, occupational racial segregation, and then similarly within educational institutions. Something that I actually really very much agree with about comparable worth. Comparable worth said that, well, you know, occupational segregation would not be a problem if there were equivalent wages across the sectors for men and for women, for different racial and ethnic groups.

So the problem really isn't the segregation, the problem is, although of course it's a problem if people do not have the choices that they deserve to enter the kinds of occupations that they want to enter. But let's just say there is choice and there's choice for everyone. There's still going to be a disparity in earnings and wages across different sectors. And the real problem is that wage disparity rather than the occupational segregation per say. And I think this is especially relevant again for the caring occupations. I'm all for more men entering these occupations. But I would say that I would be even more excited about the pay of these occupations being increased or the recognition of the importance and the public goods that are being created and provided by those occupations that are primarily female dominated. And that those would be recognized with higher pay and benefits and other kinds of support through better working conditions. So that would be something that a comparable worth policy would address.

I think it's probably happening for example, in fact I know it's happening among unions that are focused on these particular sectors. So healthcare unions, teacher unions, they may not use the term comparable worth but I think that their focus is on raising the working conditions and quality of work and the dignity of work in those occupations and perhaps less so on the desegregation of them.

Durlauf: You brought up a number of dimensions that are a compliment to economics we could call them the frontier. Perhaps it's more accurate to be dimensions that are often not discussed. And so one of them is what you call the public good aspect. In other words, the idea that the social benefits of caregiving or teaching don't have marginal product

calculations of the forms that animate neoclassical efficiency calculations. And that strikes me as a compelling idea. Of course that combines with the question of who is being sorted into what professions. And so the question of self-selection of people are going to be unusually good teachers that's naturally interact with the compensation both at an absolute level and I think it is a relative level because you mentioned the idea of dignity of work which may be not an actual kind in my world, but is an actual kind in the world. And so I think those are very interesting issues to bring up.

I guess the other issue is how we think about discrimination in the 21st century. And what I mean by that is that again the neoclassical arguments that I observed in M and F may have equal educational levels and there's been self-selection into jobs that have different wages. That's some statement about marginal products or compensating differentials and all like. But occupational segregation itself is the mechanism through which types of discrimination can manifest themselves. And so once one introduces noise, shall we say or imperfection, the ability to measure marginal products in the usual way or the nature of work as a source of means which creates enormous stickiness that those types of power differentials I think comparable worth speaks to. I think there's a very important point there. And set of issues that you raise which really make one think differently about the way in which we regulate labor markets to achieve social goods. Some of which are efficiency-based criteria and the other are deontological in the sense we want equal treatment of people. So that's, uh, I appreciate the things you said there.

So one of the ideas in the book is intersectionality and it's something you've of course written about. Again it's not an actual kind I think in economics. It is another social sciences. So I was hoping that you'd say bit about how to think about what the implications are for doing social science.

McCall: Maybe I could just back up a little bit and say that I had never intended to write this book but that I had started to work on this project and realized this grew out of my dissertation and I thought I could look at all dimensions of inequality and it wouldn't really hinder me at all that I was taking on such a complex task, at the time I didn't think so. That's what happens when you're a graduate student and you don't know what you're getting yourself into.

I try to fit these kinds of analyses where I was looking at gender and class and race simultaneously and I'll get to your point about intersectionality in just a moment. I was trying to fit this into articles and it just wasn't working. So then that forced me to break the problems down and let's look at smaller intersections—intersections of two dimensions rather than intersections of four or five dimensions. And as I've mentioned before, one of the intersections that I was most intrigued by was the rise in economic inequality among

women. So that would be class inequality among women and how that might differ from the types of processes that were implicated in greater gender inequality between men and women. And so this is just a simple crossing of class and gender and you can do it in a couple different ways but it became very relevant to the discussion at the time and I think it still is on economic inequality because if you cross those two dimensions, most of the research was really focused on one category of kind of losers in the development of globalization and technological change as you mentioned earlier and that would be lesser educated or white men with lower levels of education. And to a certain extent there was also interest in men of color who also had lower levels of education.

So the intersectional part of it brought in women and then brought in the class dimension and therefore expanded from really a focus on one group in those four cells to a focus on—well two other cells because implicitly the focus on working class white men was in relation to men who had college degrees. So you are implicitly also bringing in that other group. But when you bring in women you are starting to talk about the fact that there is also inequality among women which was not emphasized because people assumed that women because they made less than men that they were segregated into jobs that were different than the jobs that men held and as a result that there was very little inequality. So they were crowded into a smaller number of jobs and as a result there was less inequality among women than there was among men which then of course leads to political and policy discussions that focus on inequality among men rather than class inequality among women.

So I see that as an intersectional problem. We are making assumptions about the levels of inequality of one group because that is not the dominant group that is analyzed within economic and other kinds of social analysis. And then you just expand that beyond looking at just the intersection of gender and class and you find that there are different mechanisms as you mentioned but different contextual effects a lot is changing in the economy. There is globalization, there is the change in immigration, there is technological change and there is of course a lively debate about which of those factors are most important in explaining the rise in say the college wage differential and again focusing on men. But we also want to know whether those factors are also important in the rise in economic inequality among women, which by the way, with various estimates was either higher than say the college wage gap was either higher among women than among men or was not that much lower than the wage gap among men. So we are not talking about a compressed wage structure which I think was the assumption when women were studied as part of the gender wage gap and men were studied as part of the research on say the rising skills gap. So I think that at least I hope answers the question, at least starts to answer the question about intersectionality.

And then what I ended up doing at that point was just bringing in additional dimensions to try to look at well okay what are the differences that are occurring among racial and ethnic groups again among women and among men. How can we isolate for example the impact of high shares of immigrants in a local economy. There was also a discussion at that point and I think it's faded quite a bit now about the impact of immigration on the jobs of Native born Americans. But yet the emphasis there was not too much on the individual racial and ethnic groups that comprised most immigrants but looking at immigrants as a whole and looking at the impact of high immigration on Native born workers. And so what I did was I tried to look at okay let's look at the differences among racial and ethnic groups and let's see whether immigration actually affects the racial and ethnic groups that are mostly immigrants themselves. They may be later generation immigrants right but they are recent in the sense that they had immigrated within the past couple generations let's say. And I found that in fact at least in the analysis that I conducted which used data from 1990 that the impact of high levels of immigration in local area was actually greater for Latino Americans and for Asian Americans. So their wage gaps were relative to whites were greater in labor markets with higher levels of immigration. And I think at the time I think that ended up being corroborated later in later research. But it wasn't something I was looking for. I think that's another point that I would make about intersectionality is that when you—the basic premise is that we don't necessarily think that the explanations for one form of inequality are going to be the same for every form of inequality or even that the trends or the levels are going to be the same.

Durlauf: Well that to me I think is an essential message for empirical practice and something I do with students quite routinely is when we talk about the issues of measuring group disparities is to argue that the standard procedure of putting in an indicator variable whether somebody's male or female or black or white in a wage regression, that's not satisfactory. That you really want to ask about how the entire wage determination process is indexed by a category et cetera and certainly that is demonstrated perfectly by the findings in your book. But I think there's really a message there about the process of doing the quantitative analysis. We think in terms of one model and add things to respect heterogeneity or do we have the first question is how do we sort the data into categories where we think a common model is appropriate and so I really take the conceptual work that's done in intersectionality is having very strong implications for statistical practice.

So I was hoping we could talk about AI and robotics. These were not salient in public policy or in economic or sociologic conversations when you first wrote the book. But from the vantage point of the book how do you think about the implications of those technologies for inequality dynamics. They actually recognize highly speculative, almost science fiction and some dimensions as I think important.

McCall: Yes, certainly going to be speculative on my part. I'm definitely not an expert on the labor market impacts of AI and I know there's a lot of economics research being done on this right now. So just take all of this with a grain of salt. I come down on this in a way that is not so different from the way I thought about it when I was working on the book *Complex Inequality and Related Research*. I think what differs is that the scale of the displacement does seem to be greater now with or potentially greater with AI. So I think that some of the issues that were really animating research in the 1990s and therefore animating my own research which is that's when I was in graduate school and that's when the issue of rising economic inequality became such a focus of scholarly research. I think the same sort of issues are arising now. One of them was if you recall in the early 1990s recession was the first jobless recession and also the first so-called middle class recession or white collar recession. So if you think about the recession in the 1980s that was a typical deindustrialization blue collar recession. The first white collar recession that hit white collar occupations was in the early 1990s and that drove a lot of the discussion of the things that we were talking about earlier such as casualization and contingent work, part-time work and so on. And I think you're seeing the same sort of process now happening in the sense that AI is going to hit people across the income spectrum and across the job and occupational spectrum. Of course there are going to be occupations, manual occupations, there are going to be occupations that require creativity, although I even hesitate to say that with the generative AI models doing creative work. But there are going to be exceptions but it seems to me that those exceptions are going to be at the top and the bottom of the labor market. So people who need to do manual carrying labor and then people who are doing higher level activities that cannot be easily automated or cannot be easily addressed by a language model. That seems to me to be leading towards a greater level of economic inequality or continuing the trend towards polarization in the labor market. But that's just my hunch and I think that the groups are going to align the way that they have in the past. So you would have highly educated, those who are highly educated, those who are white, those who are male are probably going to be able to take the best advantage of AI and those who are in the more manual jobs are going to be hit the hardest and those tend to be women and marginalized racial groups, those with less education.

And I actually had, I was thinking about this question, if I have some time, it actually links to another question you asked. And it reminded me of the paper that we recently published with a great team of computational social scientists and it was on coding and using language models, large language models. In this case, to do qualitative coding. And the purpose of the article, and it followed up from a previous article that we had done looking at machine learning tools to code data. And by the way, this data was based on the research that I did in the book called *The Undeserving Rich*, in which we hand coded

random sample of news articles over the period from 1980 to 2012, I believe, and then we updated it to 2020 to examine how inequality was being discussed in the media, how it was being covered by the media, which was then going to inform the work that I was doing on public views about inequality. But what ended up happening was that I had a sample of 1200 articles that were laboriously coded by undergraduates and graduate students. And so we could use this data set to test some of the newer computational methods for doing content coding, especially with complex topics. And inequality was extremely difficult to identify in media. If you're not just looking for the term inequality, right, that's easy. You just do a dictionary method. You search for the term and that's it. But if you're actually trying to find discussions that bring up the image of inequality and might convey the image of inequality, then that is a pretty challenging task even for human coders. So that was what we were trying to do. So in our follow up article, we did that first one on machine learning tools, kind of prior to the deep learning, the introduction of deep learning methods that are used in the language models. When we started to update that analysis using the large language models, we thought this is fantastic. This is a much more accessible way of content coding because of the generative nature of the models. So you could interact with them using everyday English. And we thought that it would enable the spread and dissemination of automating to certain extent qualitative coding among qualitative researchers.

Okay, so far so good, right? We thought this would be like a democratizing technology. But we found that in responses and reactions to this work that others in this field and computational social sciences wanted us to also do what's called fine tuning. And fine tuning of these models does require programming, whereas the interactive nature of them, even if you're using an automated system through an API and you're making repeated calls in an automated way, then you know, so you're not just doing interactive work with the chatbot. That wasn't enough. And that doesn't include much programming. It's very minimal programming. But we needed to then prove that fine tuning. So we had to use a more advanced methodology than the interactive, large language models entailed in order to kind of make the work seem more sophisticated, right? And that's like a requirement of publishing, right? So it gets kind of—even a technology that we hope will be made accessible and make things more accessible to people. We thought this with a digital divide. There's still going to be pressure to use it in a way that is the most complicated and sophisticated way, which then rewards the people with the highest skills. And so that was kind of an interesting lesson, I think, to me. And I'm probably making too much out of it. But it was something that really struck us as authors. And I just will add one more thing, which is that when we did do the fine tuning, it did not lead to more accurate results. And in fact, it led to less accurate results, which has something to do with our coding task. But yes, this is

sort of something that happens, I think, with technology. It just ends even despite the best intentions. And we, of course, can't assume best intentions that it does end up being biased towards those who have the resources and the knowledge to use them in the most, I think, sophisticated and maybe possibly the most productive ways.

Durlauf: Those are very interesting observations. So as it happens, Sam Bowles was here and I had a public conversation with him. And one of his major arguments was that he thought that AI would be democratizing and would reduce the importance of human capital differences and other differential accesses in labor markets. I certainly didn't think about it, but you've given evidence is why that may not be the case. I mean, one way for me to interpret the findings you had is there's a great capacity for the way in which we use any technology to prioritize complementarity between the human skill and the technology itself. Markovitz made arguments of that in his meritocracy trap that there was some tendency in the self-defeating nature of meritocracy to design organizations. So the marginal product of the person in charge is what is controlling the organization. And so you brought up another dimension of that, which is that we can think about, one has to think about the way in which the use of the technology starts to replicate this focus on the complementarity. That seems to me extremely important.

I'll mention also that Bowles had another argument he thought that this would raise the wages for people that do caregiving. And so his argument was that as many of these jobs disappear that are, let's call them, comparatively routinized activities. So we're not going to put replacement of Beethoven quite there. But he thought there'd be a shift into the activities that simply cannot be replicated and those have to do with human relations. His argument there was that these are not cases where productivity can be measured. And therefore what produces productive outcomes is the identity that somebody has with the job and the desire to do well. And that's kind of an economist jargon that's efficiency wages. In other words, you pay people well so they identify positively with the job. I suspect that that's a little utopian. And Sam's not here of course to argue.

The reason I bring this up is I think that there's another issue. It's related to what you were talking about. You gave the issue that the way we use the technologies and their development could amplify complementarities. And so once again, it would reward the people that start off ahead, the other thing is these technologies may make monitoring easier. In other words, we can't take that as fixed. And so the capacity to process massive amounts of data, you think about a classroom in which you have cameras watching, every interaction, etc. This is not, you know, it may sound Orwellian, and it's very easy to do, may create a whole another dimension of coercive forms of getting people to work hard. So I think those points are well taken.

The other issue brought up which I think is important in all of this of course is that these types of technological changes, they aren't replacing commodities, they're replacing skills. Maybe the close...one close analogy is the importance of physical strength as a skill on an economy is not what it was 60 years ago. And so naturally people that have that endowment are going to be affected there. And so AI is going to create straightforward replacements for whole tranches of skills. Now the hope for the academic community is that we don't get replaced because we think there's something we do that's uniquely creative. But that's I think a fundamental difference from thinking about the sort of traditional technological change would dent something that's new as opposed to having something where you know, type of cognition can be replaced. So, so it is science fictiony and the outcome I think I feel comparative pessimism, but not much at least to anchor it on.

So might we turn to your second book *The Undeserving Rich*, which you mentioned? Just a fascinating discussion of American attitudes towards inequality and the forces that cause those attitudes to activate. I might ask you just to sort of give an overview of the main findings of the book.

McCall: When I was working on the first book and I was very much immersed in the literature on rising economic inequality. So this would be around the late 1990s early 2000s. I started to wonder whether this is something that just academics were studying. And at that time, the question was how much do people understand about this new trend because going back to the issue of intersectionality, there was a lot more focus in terms of inequality. There was a lot more focus on gender and racial inequality and on poverty at that point. So I was curious about the extent to which people understood whether class inequality was rising. I also knew at the time that there was discussion about American exceptionalism. There was ongoing. We've always had a discussion about or assumption of American exceptionalism and part of American exceptionalism is that Americans accept inequality. There are a number of different variations on this, on this argument. But one of them is that Americans accept economic inequality because they believe that everyone has an equal chance to get ahead through hard work. And that's also known as the American dream ideology. And so as a result of that, through hard work and effort, people are able to gain the positions, the economic positions that they deserve. And therefore, they also deserve the compensation that they receive. And therefore, overall inequality of outcomes is considered fair.

So this is something that is still an argument that's made about Americans, but I feel like it's made a lot less now than it was at the time that I started this work. And so my main interest at when I started doing work on the end of the term in which was simply to find

empirical data that could support or reject these arguments. Because I didn't think those arguments were being made using empirical data. Because it was really about American culture. And there wasn't much discussion about the empirical foundations of American culture in this particular way. And I think you see the same thing now with meritocracy. I know that's something you're very interested in. A lot of people talk about the idea of meritocracy being deeply rooted in Americans. And I just wonder when that said, what is the evidence for that? You know, show me the evidence for that claim. And so I just started to look at the data. And I'd say some of the major findings were that strong majorities of Americans say that they think that income differences between the rich and poor are too large. They say that executives make too much money. They say that workers make too little money. This is not just a bare majority of people. This is usually in the 65-70% range.

So I wanted to make that argument, especially with respect to understanding how people think about the rich. So that's the title. Because so much of the work and inequality was on attitudes towards the poor and poverty. And there was really no research on attitudes towards the rich. And executive pay and just higher income people in general. And whether people thought that that was fair, the earnings that they received relative to those who were lower down on the occupational or job ladder. And I found that this is not something that people find acceptable. That the reduction that people say that they want, say, an average executive pay is massive. And very unlikely. If we asked them to estimate what they would like the ratio of executive to worker pay to be, we're talking about something on the order of 10 to 1. So these are very unrealistic levels of inequality that people say they desire. Now, I have to also say that these data are not perfect, but they did exist at that time. So I wanted to use the data that existed at the time to try to better understand people's attitudes about inequality and to have it be based on the best empirical evidence that was available at the time. And I think that there's been a proliferation of surveys that have tried to ask different kinds of questions. But I think that most of this work has been corroborated in one way or another.

Durlauf: So one of the interesting findings of the book was the role of media versus, I'll say, the Bureau of Labor Statistics announcements about inequality. So could you elaborate that?

McCall: Yes, I was looking, and this is the data set that I used for the later work on machine learning tools and large language models and whether or not they could code data with the same level of accuracy that humans could. Because it was a very complicated task. Looking at these data came from, these were articles from the major newsweeklies at the time that were widely read. Remember those? Newsweek time, US News and World Report. And at the time, those were the typical sources that were used to study media

coverage of issues that were of potential political and policy interest. So I was very interested to see how the media was covering this issue and I found to my surprise that there was a lot of emphasis on the rich. And the rich were generally covered in a very negative way. And they were covered in a negative way by both Republicans and Democrats. So if we looked at the political orientation of an op-ed columnist, for example, there were some who were more right-leaning who would also talk about the problem of high executive pay. And actually a big issue, a national issue in the early 1990s during the early 1990s recession. I was trying to understand how journalists were covering the issue in order to better understand how the public was understanding the issue. And not necessarily then based on the facts that were presented that had more to do with the business cycle and less to do with how people perceived if there is a recovery from a recession, are people feeling that they are recovering at the same rate that upper income and affluent people are recovering from the recession. So it's really about the extent to which the, it's not just that there is a recovery, right? It's not just that unemployment is declining, but the perception of the extent to which the growth and the expansion after recession is perceived as equitable.

Durlauf: Where does meritocracy fit in in terms of your findings about how the public thinks?

McCall: I was going to go back and look through my book and see how many times I actually use the word meritocracy. I try to stay away from the term meritocracy. And I think it's maybe for some of the reasons that you work in this area because I find it to be a very fuzzy term that people use in a lot of different ways. I know you've done work on this as well. So I was trying to look, I was trying not to use the term meritocracy, but to examine the way people think about, I would say perhaps more concrete definitions of what might be meant by the concept of meritocracy. So how do people think about the role of hard work? How do people think about kind of the opposite meritocracy, which is social structural factors that might inhibit or restrict people's upward mobility? So their class background, so there are questions about, is coming from a wealthy family something that is very important in getting ahead, right? And then we can look at questions about, you know, how important is hard work in getting ahead. How important are other factors that are beyond an individual's control, such as their race or their gender? You know, how important is parents, education, things like that. And so those questions also existed and gave me a lever to analyze these questions about how people think about individualism, which is I think at the root of meritocracy, the extent to which individuals are in control of their economic destiny, and they sent to which they see that there are social structural, even though they may not use the term social structural, or there are factors that are related to luck that they view as very important. And I would just say another term that is often used

by social scientists is this term luck, but I don't believe that, especially Americans, I don't think that they think of luck as related to the kinds of social structural advantages or disadvantages that people have. I think they think about luck, and this is just simply a matter of how the discourse around luck has developed in the US. I think people think about luck more in terms of, did you win the lottery? And literally they mean the lottery. They don't mean the birth lottery, right? And so I think questions that use that terminology are misleading.

And I guess one other thing that I'll say about this is that it's important raising this issue of looking at not looking at meritocracy only. So in other words, not only looking at whether people think hard work is important, but also looking at whether they think structural factors are important. And the reason for that is that I think people think in a multi-dimensional way, or at least in a two-dimensional way. And they could potentially think that hard work is really important when they think that the structural factors are so heavily arrayed against them that they have no other choice, but to work hard. So if we only look at the hard work side of the meritocracy concept, then I think we're getting a biased or partial view of how people think about meritocracy.

Durlauf: That makes a great deal of sense. And as you said, the word is, this discussion is typically used without clear definitions. I think it's one thing to say that Americans believe if somebody invents something that makes the world better off, that that warrants substantial compensation, that number isn't one trillion. And so in decomposing the dimensions of meritocracy, one of them is that we want productivity to occur. And so that is something to do with matching who has what job. Another is something about compensation. But that's really decoupled from the gross disparities that we see. And for that reason, these oppositions between egalitarianism and meritocracy, I think are fallacious.

McCall: One of the terms that I used in this book came from Daniel Bell. And he was an intellectual that some people had termed a neo-conservative intellectual at the time in the 1970s and 1980s, very prominent public intellectual. And he wrote in his book, *The [Coming of] Post Industrial Society*, about an unjust meritocracy. For him, what qualified was at that time a ratio of executive to worker pay of 30 to 1. So that was in the 1970s. So he believed in meritocracy, but he also believed in exactly what you said, which is that there can be an unjust form of meritocracy. So it's not just about where people are and whether or not people are making more than others because they have earned more than others or they have higher skills than others, but also about what the ratio is of earnings, that compensation differential. And that's what he was trying to refer to with unjust meritocracy.

Durlauf: And I think that's very important because if some of the philosophical debates or whether people should be paid more according to their productivity, it doesn't determine very much. That's a rank order statement. And the issues obviously in the United States are not about rank orders. They're about, about the magnitudes. Your second book, I guess here, the data, they were run at the end of the financial crisis in 2008, 2009. But since then we have COVID and another things, do you think that there have been substantial changes in the types of findings you had?

McCall: I do keep up with some of the key questions and they certainly seem to be, they were already high in the beginning when I was looking at these data higher than people had expected, given that the conventional wisdom was that Americans were tolerant or accepting of inequality. So there was at least for some of the questions, there already was a high level of dissatisfaction. I think if anything that level has increased over time, one thing that this goes back to your question about meritocracy, the other way that I've looked at at least a related concept, which is the possibility of upward mobility. And there is a question that has been fielded by the General Social Survey over time and that's the question that I use to track people's beliefs and upward mobility, the chances, the way they word it, of improving their standard of living in the future. That has been declining since the year 2000, pretty steadily. It started to increase a little bit in the late 20 teens recovery, right? So you know that it took a long time for the economy to recover from the Great Recession. But when it did, wages did start to increase in the late 20 teens. And at that point, you do see increasing, I guess, optimism about upward mobility. Then it went dramatically down again during COVID and it hasn't rebounded yet. So we're still at all time lows of confidence. Now, it's still maybe about 50%. I'd say people who say that they think their standard of living will improve in the future. But that's down from a high of around 75 higher, 77% in the year 2000, which was the peak of the Great 1990s boom.

That I continue to trace. And I believe that there are a number of other questions that corroborate that trend. And I think what's really changed is that there are more and more scholars who are acknowledging this. And there are more, I think there always were—looking at the media coverage—there always were journalists who were aware of the concerns of the public about the problems of economic inequality. And specifically what I argue in the book and in some other subsequent articles is that the real reason why people care about economic inequalities is not because they have some abstract opposition to the magnitude, as you suggested, of differences in compensation between the top and the bottom. But I think although they may have that, I think the real thing they're concerned about is how it restricts economic opportunity for themselves for most people. And by that, I really mean the opportunity to have a good job with benefits and fair pay. And so those are the concerns that I think really motivate people's concerns about inequality because they

may be thinking in a zero-sum way, those at the top who amassed so much wealth. That means that those at the bottom and the middle are not able to capture those rewards. They've already been captured in a kind of zero-sum way by those who are rents seeking at the top of the distribution. I think that whole constellation of kind of a rigged economy, whether or not we think it's correct or not, I think that's a much more common understanding of our current situation than it was at the time that I was writing the book in the 2000s kind of around 2010.

Durlauf: Well Leslie, I cannot thank you enough. It's been absolutely fascinating.

McCall: Thank you so much. It's been great to converse with you and learn from you as well.

Durlauf: So this has been a conversation with Leslie McCall from City University of New York. I think I want to end it with a statement to a, if I may, to graduate students in economics who might be listening. I think one of the most important pieces of advice that I can give to graduate students is read outside of economics. In other words, the richness of our cognate fields is essential to making us better economists. I don't think anybody can read complex inequality and not think in a richer way about labor markets than is a standard operating procedure. And certainly, any interest in political economy has to be conditioned on the sort of deep empirical work in the undeserving rich. This is Steven Durlauf. Thank you so much for listening.

The Inequality Podcast is a production of the Stone Center for Research and Wealth Inequality and Mobility at the University of Chicago. I want to end the podcast with thanks to the people who really make it happen. First, I want to express deep appreciation to our producer and engineer Shane McKeon, who oversees every aspect of the process of creating these podcasts and really does just a splendid job. Second, I'd like to thank our Assistant Director Nina Gray for production oversight and the role she plays in bringing the podcast to fruition. And finally, I'd like to thank Grace Kolavo, who's the Executive Director of the Stone Center, who basically does everything in terms of making the center work. You may get in touch with us at stonecenter@uchicago.edu. Thank you so much for listening.

This transcript was produced with the assistance of AI.