

VOLUME I, ISSUE II

ACROSS THE SPECTRUM OF SOCIOECONOMICS

Insights from global research network
striving to find solutions to world
issues through innovative studies

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International
Socioeconomics
Laboratory

The International Socioeconomics Laboratory™ (ISL) is a global research network of primarily students and young adults that strive to find the most adequate solutions to current socio-economic problems and those that may be just around the corner. We make use of existing records and data to create our own comprehensive models and studies to find plausible routes to the root cause of these problems and see what can be done about them or what knowledge can be acquired. However, our information collection is not limited to what is already in sight; though it may be more difficult given the unprecedented times, we also look to collect information and data through surveys and soon, types of experiments as well. The goal of the ISL is clear; assess and address the issues that face our society through the will and capability of the youth in order to foster a greater one.

The work done in the ISL serves as the foundation for the work done by its sister organizations Finxspire and Finxerunt. We plan on having our research be used by Finxerunt to create real political policy that will address the shortcomings that stem from society and its current state. Our research will also be implemented by the committees within the ISL to serve as the basis for its campaigns, podcasts, and films. Both organizations share a common goal in giving their best efforts to bring about positive change in the world.

The ISL will be the first and largest of its kind. This spring, the ISL looks to accept over 500+ applicants and aim for a long term goal of over 1000. Through our work, we can bring these students and young adults various benefits ranging from volunteer hours to PVSA awards signed by the President of the United States himself. As many struggle from the implications of the global pandemic, the ISL will serve as an incentive for them to move forward and look towards a brighter future.

The ISL serves as an important venue for the youth; the youth are highly capable and intelligent; many of them are cognizant or can identify if their societies are headed in the wrong direction. However, as it stands, it is difficult for the youth to have a say, for they are often overlooked and shadowed. The ISL looks to change that however. The ISL will allow for the youth to have their voices and ideas heard; through us, the youth can look to envision the very change they believe would be necessary to implement or consider. Part of the future of their respective societies starts with the youth, and the future starts with the ISL.

Every research paper here has been written by our Fall Staffers from our fall Finxerunt Research programs. For more information please go to Finxerunt.org or Socioeconlabs.org

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get by. Well, I may have gotten the short stick when it comes to traveling the world, but I definitely am proud to say that I am making a difference by creating new and innovative approaches to informing the public of various issues. I also love nature and marine biology as well as baking and reading manga. One of these days, I will do everything I can to make this world a better place. Feel free to contact me at: afrint@bxscience.edu

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Anthony Mathai: I'm a junior student at Staten Island Tech and currently working in the field of social science research. Along with research, I have trained to perform highly in various other fields such as journalism, editing, filmmaking, and his dedication to the task at hand truly sets him apart from others. I started exhibiting his interest in the social science field not too long ago, and I recognize social issues as "promoting a more valid approach" to a system than an area where individuals criticize or openly excoriate various parties in that they aren't doing the job they are intended to do. Everyone does what they need to do the right way, it's just a matter of doing it the efficient way. My interest in the field of research was mainly sparked by knowing that research

papers allow you to view the broad scope of a particular issue, where some are doing well and others are not, and through this either replicate the efficient approach or utilize a different proposed approach that is liable to confer a greater efficacy of results in the end.

My use of writing skills that I developed from journalism allows me to summarize the issue in a comprehensive manner while still being specific enough to describe where exactly conflict lies in the data points. I'm is a well-rounded individual who works with a sense of ardency and a great affinity towards his work. Feel free to contact me at:

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I've always been fascinated by the many prevalent social issues that can be found in society. I always aim to understand the root of these issues, what can be done about these issues, and the implications of these issues. I'm currently a part of my school's 3 year research program, where at the end, I hope to produce a paper assessing sociological and psychological topics, for those are the topics of study I am most interested in. You can contact me at ahmeda7@bxscience.edu

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Social Science Research

Why is there a higher rate of impostor syndrome among BIPOC?

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Abstract

BIPOC, referring to ethnic minorities, are underrepresented in higher-education and workplace environments in the U.S., in comparison to their white counterparts. An inevitable effect of working in a white-dominated economy, or learning in a white-dominated education system as a minority are feelings of insecurity or self-doubt, traits that correspond with impostor syndrome (IP) (Clance and Imes, 1978). Previous research has attributed factors such as family environment/parenting style, as well as generational status, race and socioeconomic and as determinants of IP. One goal of our research was to test and examine the correlation between the presence of IP and the familial/parental attitudes most pervasive among BIPOC parents: authoritarian parenting. Authoritarian parenting is characterized by low emotional support and low positive reinforcement, as well as high restriction, control, and emphasis on achievement. These same circumstances have been independently observed in the familial environments of impostors. (Li, Hughes, Thu, 2014; Bussotti, 1990; Langford and Clance, 1990). Our secondary objective was to see if race, socioeconomic status, or generational status had any significant effect on impostor syndrome feelings or parenting style. We conducted a survey (N=53) to see whether or not impostor syndrome was higher among BIPOC as opposed to non-BIPOC. The implications of our survey, while providing helpful information, was not enough to draw a conclusion about whether or not race was the sole factor of higher rates of impostor syndrome. In fact, the results showed that the average scores for each question was relatively similar throughout each of the groups, with the exception of 'African' and 'American Indian or Alaskan Native' groups; however, the sample sizes of these two groups were not large enough to come up with a plausible conclusion.

Literature Review

The term BIPOC, an umbrella term for black people, indigenous people, and other people of color, has been ingrained into our vocabularies synonymous with words such as ‘marginalized,’ and ‘minority.’ In the U.S., “BIPOC” hovers over the major minority groups as follows: African Americans (13.4%), Native Americans (1.3%), Hispanics (18.5%), and Asians (5.9%). (Linares, 2015), (Census.gov, 2019). This is compared to the 60.1% of non-Hispanic, white people that make up the rest of the U.S population. (Census.gov, 2019).

Prevalent areas of which BIPOC are underrepresented are in school, higher-education, and professional environments. A study done by the Council of Graduate Schools found that minorities are underrepresented in higher-education institutions; for example, ethnic minorities comprised of only 21.4% of graduate education enrollment in 2006, 12% of which earned a research doctorate degree, while 10% specifically earned a STEM doctorate (Council of Graduate Schools, 2009). Additionally, it was found in 2010 that despite increased educational achievements of racial/ethnic minority groups over the decades, less than 4% of Fortune 500 (the top 500 richest, most prestigious companies in the U.S.) CEO positions were occupied by African Americans and Hispanics combined, while 90% of CEO positions were filled by white men. This same study indicated that African- American management in U.S. companies barely increased from 3% in 1985 to 3.3% in 2014 (Flory et. al, 2018). One undeniable effect of such underrepresentation of BIPOC in professional environments is reluctance to join a minimally diverse environment or workplace (Flory et. al 2018), or self-doubt, or a lack of sense of belonging in white-dominated higher-achievement fields. In correspondence to our research, this self-doubt is inflicted by the impostor syndrome.

Impostor syndrome (IP), coined by psychologists Pauline Clance and Suzanne Imes, is the belief that one’s academic/professional accomplishments are not due to their own capability, such as skill or intellect, but rather external factors, such as luck, effort, and receiving help from others. Thus, impostors paint themselves as intellectual frauds, and have fears that people will discover their underlying “lack of talent” and “phoniness.” (Clance and Imes, 1978). Traits repeatedly observed in impostors include undermining their own performance despite high-achievement (Clance, 1985; Want and Kleitman, 2006; Sakulku and Alexander, 2011) ; secretly desiring to be the best compared to their peers (Clance, 1985); possessing perfectionist tendencies while also setting impossibly high self-expectations of success (Clance, 1985; Imes & Clance, 1984; Sakulku and Alexander, 2011) ; possessing fear of failure and shame (Clance, 1985; Clance and O’Toole, 1988; Sakulku and Alexander 2011); procrastinating or overworking corresponding to having difficulty accepting and internalizing praise (Clance, 1985; Chae et al., 1995; Harvey, 1981; Thompson et al., 1998; Topping & Kimmel, 1985; Sakulku and Alexander 2011); and concerning over others’ impressions of them, thus taking on a false identity to meet social expectations.

(Clance, 1985; Sakulku and Alexander, 2011), (For a better understanding of IP, see Figure 1. The Impostor Cycle.) These traits of impostorism correlate with broader psychological stressors, such as depression and anxiety (Sakulku and Alexander, 2011). The scientific literature has classified impostorism in a spectrum of demographics, varying in gender (Bussotti, 1990; Langford, 1990; Topping, 1983; Sakulku and Alexander 2011), culture (Chae, Piedmont, Estadt, and Wicks, 1995 ; Clance, Dingman, Reviere, and Stober, 1995); Sakulku and Alexander 2011), occupations (including students), and age; approximately 70% of people will experience impostorism at some point of their life (Gravois, 2007; Sakulku and Alexander 2011). In addition, the literature has attributed a multitude of causes to impostorism. Most notably in our research, family dynamics/parenting attitudes and socioeconomic/generational circumstances are significant factors of IP. Thus, the objective in our research is to examine the causes of impostor syndrome, namely family environment/parental attitudes exposed to in childhood and socioeconomic and generational status, in BIPOC in school and professional environments.

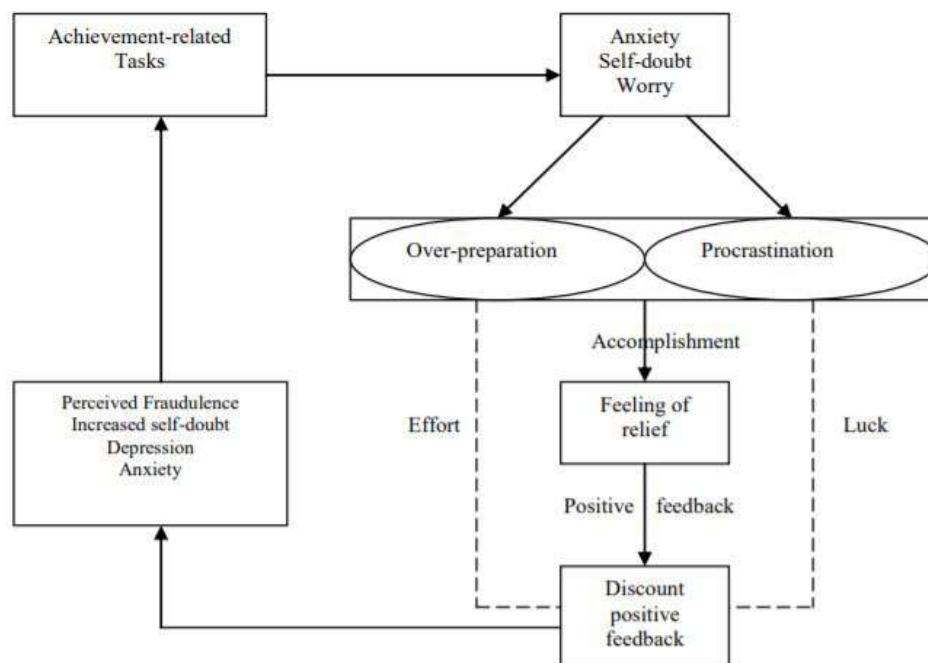


Figure 1. The Impostor Cycle (Clance, 1985), (Salkulku and Alexander, 2011). Impostors are first assigned an achievement-related task, which leads to anxiety, self doubt, and/or worry; impostors either over prepare or procrastinate on the task; once the task is completed, they will feel a temporary burst of relief, meanwhile discounting any positive feedback by attributing their success to effort or luck; the feeling of relief dissipates eventually, and impostors will begin to feel like frauds, they will doubt themselves, and may begin to feel depressed or anxious. The cycle repeats.

Familial and Parenting Dynamics

Family dynamics in early childhood has strongly correlated with the development of IP. Research done by M-H. Chayer and T. Bouffard (2010) has suggested that impostor feelings were present in students as young as 10-12 years old, examined through the use of social comparison, an intrinsic tool to measure self-competence, goals, aspirations, and helps establish normal expectations in terms of behavior, conduct, and ability. (Chayer and Bouffard, 2010). Social comparison is how one identifies with people of higher achievement or lower achievement. Results of this study showed that 80% of the participants, 10-12 year old late elementary school students, experienced IP; this suggests that IP is present in childhood. These impostor children had tendencies of contrasting themselves from highly capable peers, identifying with less-capable peers, and some contrasted from less-capable peers. However, the impostor children in this study did not show signs of upwards identification.

Clance (1985) suggested that the common characteristics of impostors' families include: 1) priority of intelligence and success, 2), lack of positive reinforcement, 3) disparity between feedback received from the family versus feedback received from the outside world, and 4) perceptions of impostors that their interests and talents deviate from their family's interests and talents. Further research suggests that the families of those who have IP positively correlated with characteristics such as conflict and control, and negatively correlated with traits such as cohesion and expressiveness (Bussotti, 1990). In other words, it is suggested that impostors come from families that lack emotional support; enforce a high level of control on behavior; and experience a significant amount of conflict (Langford, Clance, 1993). Additionally Li, Hughes, and Thu (2014) found that a lack in parental care- that is, warmth, emotional support, and positive affection- positively correlated with impostor feelings in a sample of undergraduate/graduate students, and parental overprotection- control and restriction- was positively correlated with impostor syndrome as well. Impostors who develop around such family dynamics may develop distorted perceptions of achievement and distorted methods on how to handle failure and success. (Thompson, 2004). Because of the lack of typical positive reinforcement, impostors may also work excessively hard in order to win their parents affection (Langford and Clance, 1993).

Low emotional support (i.e. limited praise or positive reinforcement towards the child) and high standards of achievement through control (ie. expecting the child to fulfill the interests they have for the child) (Li, Hughes, and Thu 2014) are characteristics of authoritarian parenting (Leung and Kwan, 1998). Although parenting styles and familial care are individualized among people, for the purpose of relaying back to the cultural/ethnic connection to impostor syndrome, we categorize certain familial styles to their prevalence in BIPOC cultures/ethnicities.

Previous studies that examined parenting styles among various ethnic/cultural groups in the U.S. found that European American (white) parents were more likely to employ the authoritative parenting style, in which children are encouraged to be open about their feelings, honest, and

autonomous; authoritative parents are also more responsive to their children, using a high rate of language with their child and responding quickly to crying infant. On the other hand, BIPOC- including Asian American, Hispanic, and African American parents are more likely to employ authoritarian parenting style, which underscores control, obedience, family obligation, respect to authority, and emphasizes achievement in their children at a greater rate than European Americans. To compare parental styles among five diverse ethnic groups in the U.S., namely European Americans, African Americans, Hispanics, Asian Americans, and Asian Indians, Jumbunthan, Burts, and Pierce (2000) used the Adolescent-Adult Parenting Inventory (AAPI, Bavolek, 1984), which has four subscales: a) Role Reversal: reversing parent-child familial roles (i.e. children are obligated to comfort and care for their parents); b) Empathy: lack of empathetic awareness and sensitivity towards the child's feelings; c) Developmental Expectations: inappropriate, impractical expectations of children (i.e. children should be able to talk before one year old); and d) Corporal Punishment: strong parental beliefs in using physical, corporal punishment as a way to discipline their children (i.e. the use of spanking). Results showed that Asian American, Asian Indian, African American mothers were more likely to reverse roles with their children and have less empathetic awareness for their children than European Americans and Hispanics. Asian American, Asian Indian, African American and Hispanic mothers all had inappropriate expectations of their children's development. Asian American and African American mothers favored the use of corporal punishment more than European American and Hispanic mothers. (Jumbunthan, Burts, and Pierce, 2000). In addition, Lansford et. al. (2012) found that African American and Latin American parents had more authoritarian attitudes towards parenting in comparison to European Americans, who had more progressive attitudes towards parenting- that is, increased sensitivity towards the child's thoughts and opinions, increased individualism, increased behavioral autonomy, and equality within the parent-child relationship. Overall, there seems to be a strong trend of BIPOC parents' large emphasis on obedience, control, familial obligation, and smaller emphasis on sensitivity towards their child's emotional needs, compared to European Americans. As mentioned earlier, these authoritarian parenting traits, such as lack of warmth, emotional support, and positive affection, and presence of parental control and restriction (Bussotti, 1990), (Li, Hughes, Thu, 2014) have been strongly correlated with IP in the scientific literature. However, ethnicity may not be the best predictor of parenting style, as previous research has suggested. Other factors, such as socioeconomic status (SES) and Generational Status, may also be significant

Generational & Socioeconomic Status

Generational Status refers to the place of birth of an individual or an individual's parents . First generation children, as defined by the US Census, have two foreign born parents, 12.9% of the legal US population meets this criteria (Trevelyan, Edward, et al 2019). Research suggests that both first generation college students, and students that are the first in their family to attend college

experience IP at a higher rate in comparison to their second and third generation counterparts (Bridgette J. Peteet, et al. 2015). A study done by Grace Kao and Lindsay R. Taggart found that first generation students have slightly higher rates of IP while generally having a higher overall grade point average (GPA) compared to other generations, with the exception of Hispanics. Hispanic students had a reverse effect, students had an overall increase in GPA over generations. This suggests that higher academic performance has no significant bearing on a student's level of IP across BIPOC. The first generation groups at the biggest social disadvantage are Asians and Hispanics, a language barrier impedes these groups of resources. Generational status also affects the social emotional status of first generation students due to lack of parental knowledge and comfortability with school institutions. First generation parents are less likely to be directly involved in their child's personal and academic life due to their lack of understanding of American culture and intuitions. (Kao & Taggart 2007)

Data obtained from The US Census Bureau depicts that first generation citizens are less likely to have a higher level of educational attainment (Figure 2). First generation students have higher highschool dropout rates in comparison to to second and third generation students. This lower amount of academic achievement can be linked more closely to race and socioeconomic status. Previous studies show no significant link between generational status, when controlled for gender and SES, and feelings of IP (Kao & Taggart 2007; Perreira, et al. 2006). The significance of generational status lies in the familial, economic, and identity stressors it introduces.

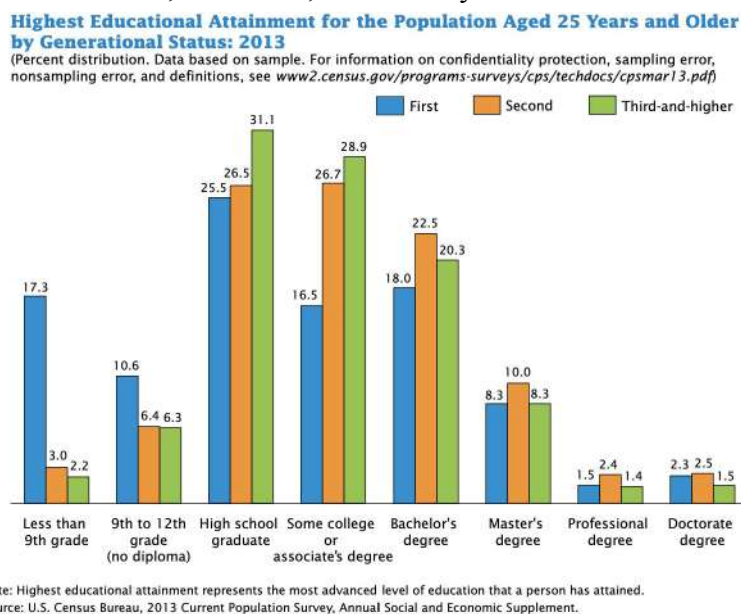


Figure 2

Data shows that low socioeconomic status has a significant impact on education attainment and academic success. The groups that suffer most from poverty are BIPOC households. Hispanic

and Black households have the lowest median salaries in the United States, USD 51,450 and USD 41,361 respectively (Figure 3). These groups in addition to American Indian/ Alaskan Native people also have the highest percent of minors in poverty compared to any other racial group (Figure 4).

Being of a lower SES puts children at a systemic disadvantage. Lower-SES university students feel less involved and integrated in the university community. This may contribute to feelings of incompetency and fears of being exposed as a fraud (i.e., imposturous feelings). Low SES Students also tend to have more responsibilities and higher stress levels compared to those of High SES students. Students with low SES also experience higher levels of stress when they are in friendships with students of a higher SES. These friendships served as reminders of their underprivileged status. Students with less friends of a higher SES have less imposturous feelings. There is also an inverse effect from students of a higher socioeconomic status. High SES students with a large number of Low SES friendships also tend to gain a sense of superiority furthering the imposturous feelings of their Low SES counterparts (MacInnis et al., 2019). While race itself is not a direct causal factor of IP, certain racial groups are linked to lower SES which does cause factors of IP .

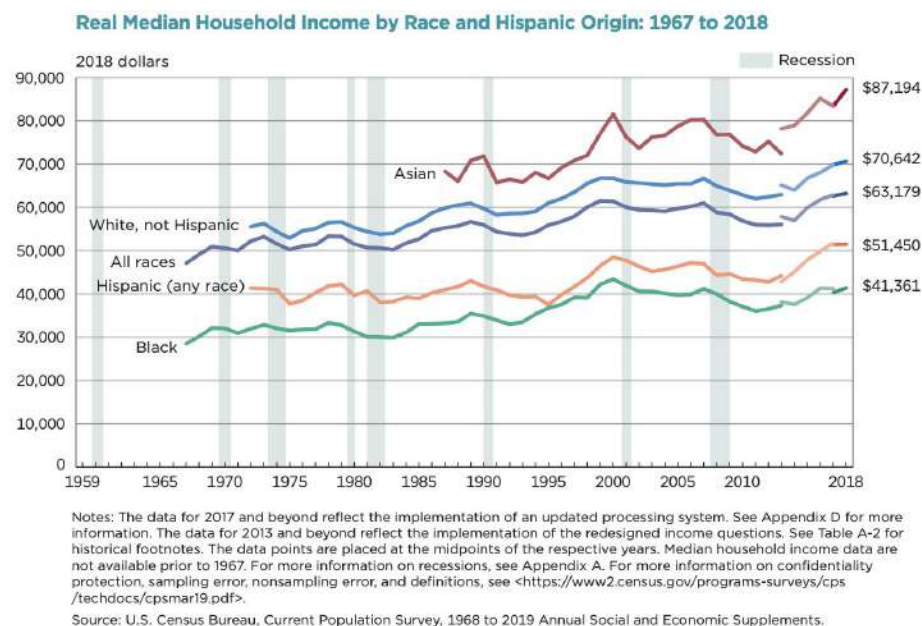


Figure 3

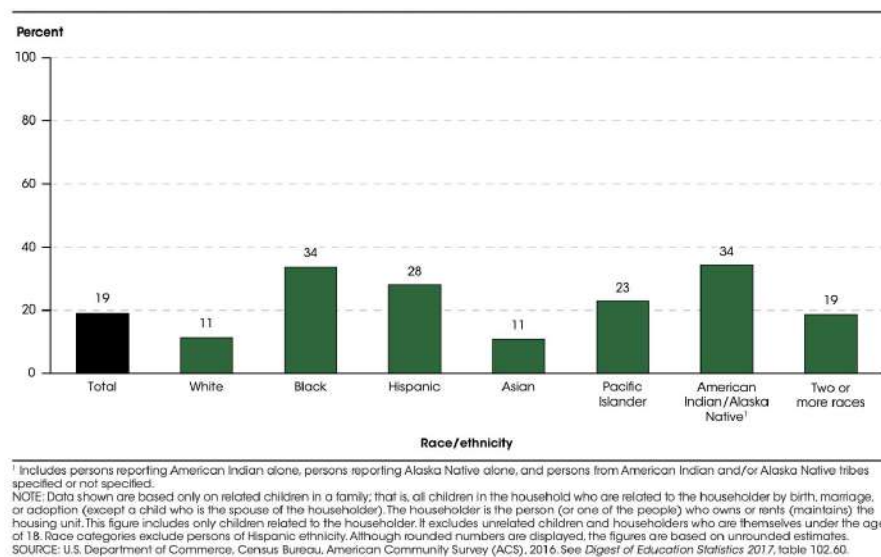


Figure 4 (Brey 2019). The figure above shows the percent of children under 18 years of age in poverty by race.

Materials & Methods

In order to determine if there is a higher rate of impostor syndrome amongst BIPOC, we formulated a survey using Google Forms. The survey consists of 3 sections. These sections consist of:

General Information - This section asks questions about the individuals as a whole. It is aimed at getting a feel for the participants education level, sex, generational status (optional), and most importantly, race/ethnicity. This will drive the bulk of our results; it will serve as the basis for our study by determining members of the BIPOC Community.

Childhood Information - This section consists of two questions; parenting style and household income. Parental style is divided into four categories (which are displayed in the form for clarity); permissive, uninvolved, authoritative, and authoritarian. They are assorted based on responsiveness and demandingness.

Permissive - A permissive parenting style, on the outside, is what many children desire; it is the parents who are forever loving of their children and accepting of their children. They do not hold their children to unreasonably high expectations and do avoid setting overbearing rules. As a result however, permissive parents show high levels of leniency and frequently avoid confrontation. They are under the subgroup of high responsiveness, but low demanding.

Authoritative - Authoritative parents have incredibly high standards for their children, however, they are very encouraging and do their best to aid their children every step of the way. However, authoritative parents may exercise their powers too much to the point where it feels as if

it is assertive. They do come to the realization when they get out of hand, and ultimately end up trying to reconcile with their children for being overtly overbearing.

Authoritarian - Not to be confused with authoritative parents; authoritarian parents are rather demanding, but unlike authoritative parents, they are less likely to be responsive. They set high expectations and do not think to lower the bar even if they see their children struggle. Instead, they resort to punishment as a means of discipline. Children with authoritarian parents may find that their parents are unavailable in times of need or emotional comfort

Uninvolved - Uninvolved parents are the exact kind of parents the name implies. They are often absent throughout much of their child's life, and even if they are there, they choose to distance themselves from their children. They fail to invest ample time for their children, and as a result, the children end up feeling neglected. The neglect these children face can have serious implications on their social, emotional, and even physical life.



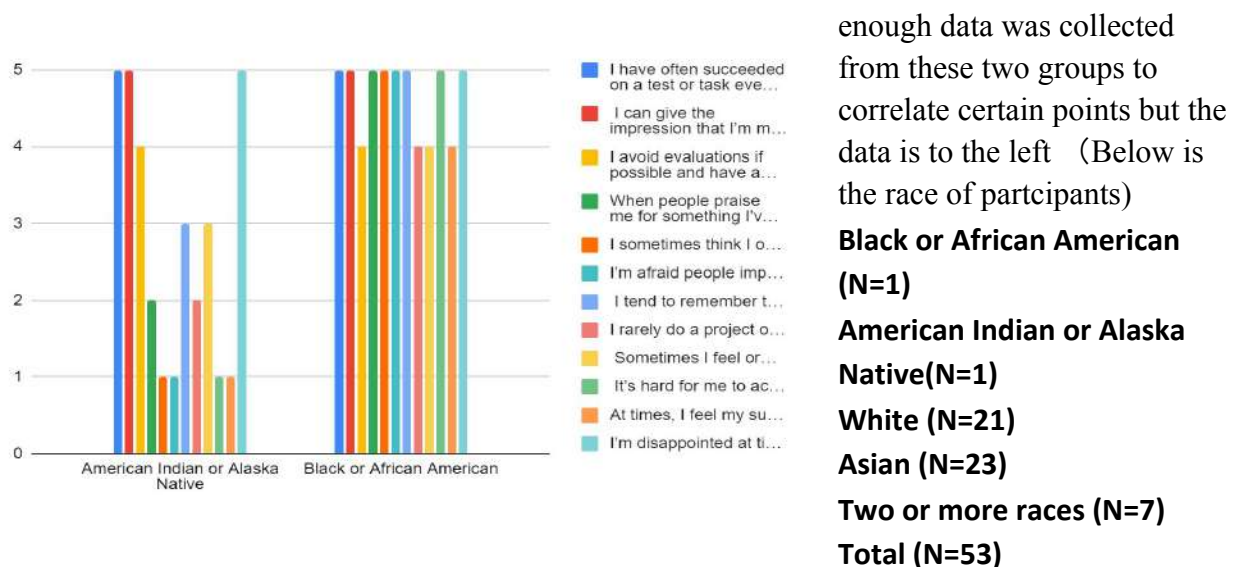
Household Income: The participants are asked to select in what range their household income falls in. This can serve as a variable that can be used in a regression analysis test. Wealth can serve to be a very prevalent factor in the extent to which people suffer from impostor syndrome. It is expected that those with higher incomes would be less likely to display signs of impostor syndrome, because they have access to a wider range of materials and resources that can aid them in their ability to perform their capabilities. However, this is not a guaranteed conclusion, and far

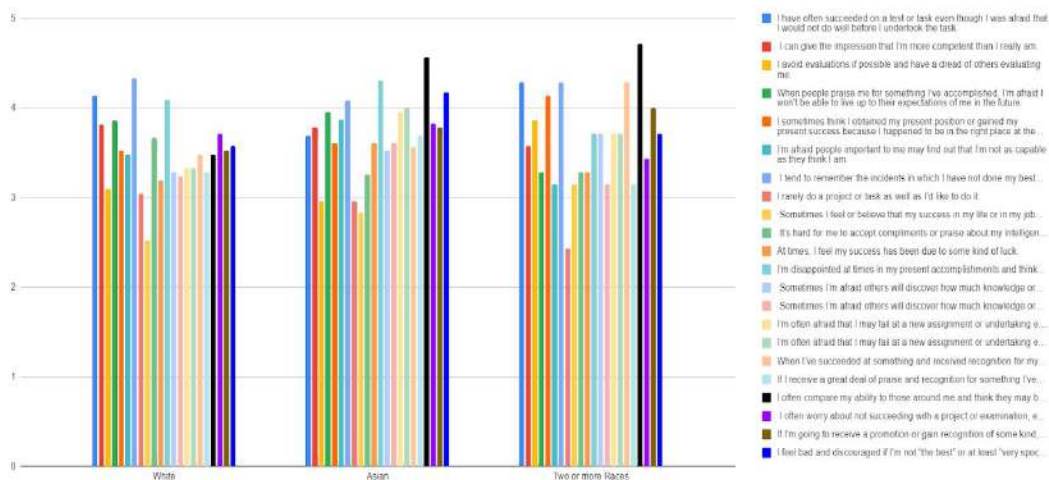
from; people with high income may very well suffer from impostor syndrome, as the signs of impostor syndrome appear to be the direct result of more subjective behaviors and reasons rather than factors such as wealth.

The Impostor Syndrome Test - The final section of the test are the impostor syndrome questions themselves. Impostor syndrome is the psychological onset where an individual doubts their own capabilities and has a pessimistic attitude regarding themselves. These questions will assess the extent to which BIPOC and non-BIPOC members suffer from aspects of impostor syndrome. The questions are asked on a scale of 1 to 5, with 1 being not at all true, and 5 being very true (3 being neutral). The participants' answer to these questions will ultimately determine whether our hypothesis ends up being true or false.

The participants will answer the survey section by section. The first section present is the general information section. They will then transition into the childhood information section before ultimately finishing with the impostor syndrome test itself. The data from the survey will then be compiled into a series of graphs and charts and analyzed to see whether or not there is a significant difference between impostor syndrome in BIPOC and non-BIPOC.

Note: In the survey , participants were asked to identify their race , in which data was collected from : Black/African Americans and American Indian or Alaskan native. We have decided that not





Results/Data Analysis

After analyzing a graph of race versus average Impostor Syndrome scores, results show that race alone is not enough to determine why impostor syndrome exists within a certain race group. For most categories, the average answer for the impostor syndrome questions across all three categories is approximately 4, with some questions being slightly above or below (i.e. "I tend to remember the incidents in which I have not done my best more than those times I have done my best." and "Sometimes I feel or believe that my success in my life or in my job has been the result of some kind of error," respectively). One interesting feature of the graph lies in the average scores for the question "I often compare my ability to those around me and think they may be more intelligent than I am." For white people, the average answer was close to 3, while for Asians and those of a mixed race, the average answer was nearly up by an entire point. Taking into consideration a factor such as parenting style can tell us more about this. For the white respondents, their reported parenting style varied between the four options (authoritarian, authoritative, permissive, and uninvolved). In contrast, the majority of responses from our asian and two or more races respondents were nearly authoritarian or authoritative. Authoritative and authoritarian parents are more likely to set the bar high for their children, and an aspect that rises from such an expectation is the frequent comparison of their own children to someone else's, which in turn would lead these children to compare themselves to others on their own. It is plausible to expect the impact of parenting style to affect a child's perception of themselves compared to another to be to such a large extent because children often carry on the experiences and the implications of the environment they were raised in as they grow up. Growing up is where the majority of a child's development occurs to begin with. Another point to look at is for the question "Sometimes I feel or believe that my success in my life or in my job has been the result of some kind of error". In all three groups, this question was either number 1 or 2 for the lowest average score.(2.5, 2.8,3.2

respectively) However, when we look at a similar question, “ At times, I feel that my success is due to some kind of luck” the average score for this one is a little bit higher(3.2, 3.6,3.2 respectively). The fact that the spread in between groups is not big suggests that the belief is luck over error; although the definition of luck may vary from person to person, it shows people's interpretation of IP is more leaned on luck.

Discussion

No study is expected to be perfect, and ours is no exception. After all, that is what drives the basis of the conduction of a study; always trying to fill in the gaps and try to answer the unanswered from the works of others. One issue with our study was the sample size, most notably the fact that our samples were not large enough to represent a larger population. Our survey featured answers from only 2 African American individuals, and 1 American Indian or Alaskan Native individual. While the data of these 3 individuals is important to take into consideration when addressing our question, it is not enough for us to use it to make a generalization about a larger ‘African American’ or ‘American Indian or Alaskan Native’ population as a whole. Additionally, given the times, it became difficult to do any sort of real statistical analysis using programs such as SPSS or JASP due to lack of resources which we primarily had access to through our institutions.

It was hypothesized that impostor syndrome would be higher amongst BIPOC individuals more so than non-BIPOC individuals. Unfortunately, there is not enough data or information that could allow us to come to this conclusion. There are more factors than just race that play into impostor syndrome. We tried to assess and take into account factors such as parenting style and household income, but there are most definitely more factors that can be discovered and classified as confounding variables.

An unpredicted result from our surveys show that across whites, asians, and people of two or more races, they unanimously scored an average of 3 or less for the question of “I rarely do a project or task as well as I’d like to do it.” While parenting style can most definitely be a cause of such a low score for this question ,there may very well be other factors to consider as well, and as a result, provide other confounding factors that may be helpful to investigate when doing a future study. For example, researchers can take a look at how the environment at SCHOOL can affect the results of an individual’s impostor syndrome scores.

Another surprising result was the disparity in scores for each question of the IP for the ‘African American’ and ‘American Indian or Alaskan Native.’ For each question, the answers had been either on the higher end (high 4 to 5) or on the lower end (1 to mid 3). As to why these results turned out the way they did, we unfortunately did not have a large enough sample to draw a conclusion. However, it is most definitely worth looking into and focusing on if another study on the same basis is to be conducted. Even though we do not have enough information to generalize/confirm this, it is possible that the reason for these results has to do with either high or

low expectations from the environment(s) in which they grew up in. High expectations may encourage higher scores as parents foster cognitive responses from their children that would result in them expressing self-doubt; the opposite may be expected for low expectations.

Looking over our results in a general sense, it is important to note that the majority of responses to the impostor syndrome test were on the higher end (3-5). This goes to show that impostor syndrome is very much a prominent issue within modern society and specifically the modern generation. The high scores can serve as an indicator of the lack of cognizance to mental health, as most of these questions assess/provide implication for a participant's mental health. Our results can be used as part of a greater study to tackle the issue of mental health, which is one of the most prominent topics up for discussion and analysis as of now. More and more people need to be aware of the fact that mental health is just as important as physical and social health; the issue is that it is hardly taught in school, as it is often relegated to just "seek out your guidance counselor." We hope that our study can promote the teaching of mental health on a much larger scale.

Steps to further our research would include surveying a much larger sample of a population in order to better grasp impostor syndrome among BIPOC and non-BIPOC and to truly narrow down on some of the root causes. If the survey route is to be taken again, it would be beneficial to further narrow the choices for race. For example, dividing 'Asians' into different subsets (i.e. Southeast Asian, East Asian, etc.) and the inclusion of other races such as Hispanic/Latinx. We could also look into how the attitude and behaviors of peers may affect the scores of the impostor syndrome. Peers and friends play significant roles in the growth and development of a child, whether it is for the betterment of them as individuals or for the worse. Regardless of how they impact the individual, there is most definitely an impact, and these impacts can cause the impostor syndrome results to vary between individuals.

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Occidentalisation of Beauty Standards: Eurocentrism in Asia

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Abstract

Beauty standards have long been set in place within society. However the origins of such beauty standards are a topic of discussion and frequently up for debate. Our paper takes a look into the origins, impacts, and implications of beauty standards within various regions of Asia, including Central Asian, South Asia, East Asia, and the Middle East and whether they can be linked to Europe and the Age of Exploration. We used an archival approach, looking into previous records regarding European colonization of Asia and popular folklores and figures. Our findings conclude that European colonization can very well be attributed to the beauty standards across Asia; for much of these regions, the ideal standard of beauty is heavily influenced by the ideal European figure, such as their light skin and light colored eyes. However, it may not be the sole contributor to said standards. Some of these standards were set and stone far before the Age of Exploration, and in modern society, what people see on social media may also affect their notion of what beauty standards are. Using our research and results, we hope to see how beauty standards affect modern day females and whether or not the understanding of the European beauty standard causes a clash in ideology against the beauty standard of said person's own culture.

Introduction

It was during the 15th century when Europe began their assault on the world by conquering foreign countries and expanding their power over them. Majority of these established colonies were 'exploitative' meaning that regions were conquered to drain them of their natural resources and capitalise on the indigenous people. Acemoglu, Johnson, and Robinson (2001) argue, "institutions [established by colonials] did not introduce much protection for private property, nor did they provide checks and balances against government expropriation. In fact, the main purpose of the extractive state was to transfer as much of the resources of the colony to the colonizer, with the minimum amount of investment possible." Edwards Said's groundbreaking work 'Orientalism' (1978) explores the long-term effects of Western colonisation on colonised people. According to Said, the Westerners have fabricated the image of the Orient as being primitive and

the uncivilized “other” to create the contrast to the progressive and civilized West. Therefore, in the name of “enlightening, civilizing and even humanizing” them, they have imposed a Western language and culture on the colonized people through ignoring and distorting the “culture, histories, values, and language of the Oriental peoples” (Hamadi, 2014).

This paper examines the effect of eurocentrism on the modern Asian beauty standard and how Eurocentrism may have impacted this through historic European imperialism in East Asia, Central Asia, and South Asia. Eurocentrism is defined by a viewpoint where European culture is looked upon favorably and biased against non-western civilizations. Western beauty ideals include being thin and tall, having long hair, having light/tanned skin, having big breasts, large eyes, a small nose, and high cheekbones (1). The modern beauty standard in Asia for females shows evidence of aligning with eurocentric ideals, for example East Asian beauty standards stress having large eyes, a small nose bridge, and white skin. While countries like South Past and present beauty standards will be explored along with how this also affects the pressure asian youths may feel to conform to a beauty standard not inherent to their own culture.

Method and Materials

Our method of research included archival research in which we inspected various primary sources and evidence from established sources to analyze how and if European colonization has affected beauty standards in the past and present. We searched for documents and statements which emphasized beauty in that specific time. Keywords in our search for sources included searching for the word “beauty” followed by a specific time period. We utilized evidence and quotes from specific time periods to correlate when European colonization occurred to subsequent beauty standards, from how they changed in the past to the present. For research into East Asians, we investigated the causes of the alignment in beauty standards by searching for the culture surrounding the appearance of highly sought features like light skin and double eyelids. We also searched for origins of light skin and why it was desired in most of Asia.

Results

Central Asia

Central Asia is a region in Asia that ranges from the Caspian Sea to Afghanistan and Iran. This region consists of former Soviet republics such as Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan. Because central Asia was part of the isolated soviet union for most of the 20th century, their beauty standards were based heavily on traditional native poetry which emphasized lighter skin, dark eyes, and black hair. Darker skin is seen as a stigma of lower hierarchy, as lighter skin gives the impression of your family being from urban areas.

After the fall of the Soviet Union, all of these nations gained their independence. During this process, societal norms changed through reforms such as an increase in the advocacy of women's rights. Governments throughout central Asia banned polygamy, forced marriage, and other societal norms such as the veil. In this time, we see these former isolated nations step into the public sphere, entering the western world. Central Asian women were immediately treated as a symbol of liberation and were fetishized for their "exotic" beauty. Even in central Asian communities, women's appearances were being treated as a form of national identity where people juggled the choice between the traditional narrative of beauty and the emerging western standards.

This surge of European standards was heavily influenced by the rise of social media, and heavily contradicted the ethnicized look. This caused a divide as many young people struggled to come to their own terms on beauty. In today's society, many young girls are exposed to skin whitening products as well as ads for plastic surgery, especially double eyelid surgery and blepharoplasty. The rise of these practices and their accessibility are visibly affecting the societal norms in these countries as beauty standards are slowly shifting to a more eurocentric look.

South Asia

At the turn of the millennium, into the twenty-first century, three US magazines featured Indian women on their covers to symbolise India's emergence into the new global economy. The *National Geographic* for their *Millennium Supplement* issue in 1999 emblazoned two Indian women on its cover: one draped in a traditional red saree with heavy gold brocade and jewelry glancing approvingly at the other woman; a high fashion model in a tight black vinyl bodysuit gazing fiercely at the camera. The glaring contrast between the femininity of the old and new captured the central story of that issue, concerning India's entering of modernity. In 2006, *Newsweek* and *The Times* published their own covers featuring beautiful Indian women. *Newsweek* had the actress-model Padma Lakshmi in a loosely tied sari with hands clasped in *namaste* - a traditional Indian greeting - along with the caption 'The New India'. For *The Times*, a UCLA business student and classical Indian dancer Gunjan Thiagarajah graced the cover donning a traditional ornamental headpiece alongside the caption 'India Inc.'. Reddy (2011) notes that all these women depict the faces and bodies of diasporic Indian American women - that is, they are not living in the sub-continent itself - to represent this new Indian globalness. As Reddy explains it; 'these photogenic diasporic Indian women have been used to represent the globally modern Indian nation, displayed as a corporate brand.' The emergence of India into modernity has been symbolised by Indian beauty through the Western lens.

The entire subcontinent of South Asia had an opulent history from being one of the earliest civilisations on Earth, to emerging as the wealthiest and the most advanced empire - with the economy showing signs of industrialisation - until the 19th century where British imperialism savagely exploited the region of their riches and natural resources. Thus, analysing the standards of

beauty in South Asia means exploring aeons back in history. Mauryan figurines are seen to be the first depictions of women from the 1st till the 4th century BCE which presented full breasts, wide hips and tapered legs; largely fitting in with other ancient standards as it usually denotes fertility (Dhavalikar, 1999, Bracey, 2007). This started to change with the coming of the 1st century as Sanchi female figurines contorted the body into S-shaped curves to emphasise sexuality and by the Kushan era (1st-4th century), beauty sculpted onto the figurines had been standardised into ‘eyes that were placed two-thirds of the way up the face, the bottom of the breast were placed one head’s height below the chin, the whole figure stood seven heads high... and the use of a fairly round face’ (Bracey, 2007). These portraits indicate that the artists were trained to make figurines in such a way because these proportions were not the natural features of Indian women. These were considered idealized beauty standards (Deheija, 2006). Another representation of Indian beauty ideals is the portrayal of Parvati; the Hindu goddess of fertility, love, harmony, marriage and children; thus, it can be inferred that her depiction set the standard of beauty for South Asian women. Parvati is a “slender-bodied maiden of comely hips and moon-like face,” inferring slim bodies with prominent hips were considered attractive with a round face (ibid.).

Poets from South India wrote about beautiful women, for example, the Shringarashata of Bhartihari describes a woman whose ‘skin eclipses gold lustre’, who has ‘heavy hips’ and ‘thick tresses that shame black bees’. From such literature, it can be inferred that thick and black hair with golden skin was the idealised standard of beauty because South Indians generally have darker features than in other regions in the subcontinent (Varma and Mulchandani, 2004). This is a contrast to Gandhara artworks which originates from a region which covers modern day Afghanistan and Pakistan. The Gandhara region had strong connections with the Mediterranean world resulting in immigration thus Greco-Roman influences can be seen in sculpture such as freer form in the anatomy and Aryan features (Kurt Behrendt, 2018).

Modern South Asia, like in historical times, has a systematised idea of beauty but through several invasions from foreign powers it has morphed from the envisioned traditional South Asian features into a highly idealised projection of what beauty should be. Most notably and most recently, South Asia was colonised by the British beginning from the East India Company setting up trading posts from 1612 to acquiring ‘presidencies’ from 1757 to completely transferring power from the Company to the Crown in 1858. The so-called ‘British Raj’ gained independence in 1947 and has since fractured into present day India, Pakistan and Bangladesh. A legacy said to have been left by western imperialism is having fair skin. In India, the words for fair and beautiful are synonymous (Franklin 1968; Hall 1995). Whiteness is a source of symbolic cultural capital (Bourdieu 1984, 1986) that is associated with upper class images, luxury, prestige and success in Asian cultures (Rhada, 2007). Colonial administrators like Herbert Risley Hope were said to have expertise in ‘scientific-racism’ (which has now been discounted). Risley Hope had divided the native population into the ‘Aryan’ (Indo-European) and ‘Dravidian’ (similar to South Indian) races

based on the width of the nose. While this distinction was meant to be employed by the British to understand the people, it polarised the society by introducing systematic oppression so that those from deep within South India struggles in their livelihoods and attempts to climb up while their Northern counterparts - descended from the Aryan immigrants of ancient times - received comparatively better treatment.

Mishra (2015) analysed traditional folklore and stories originating from the region and found that there were many dark-skinned heroes. She writes ‘one can assume that at the time, the colour black was acceptable as a skin colour for heroes, some of the most powerful gods and goddesses, and beautiful princesses and therefore it is unlikely that people of the time saw being black as a bad thing.’ (Mishra, 2015). The heroine of *Mahabharata* was Draupadi who had ‘skin as dark as night’. Krishna, another central god in Hinduism, was also black before later depictions began to show him as blue because the Sanskrit name Krishna itself means dark skin.

However, it would be extremely reductionist to assume that modern South Asian beauty standards have solely been influenced by eurocentrism. As already established, during ancient times, there was significant Aryan immigration after the conquering of the regions now in modern day Pakistan by Alexander the Great. South Asia was also ruled by the Turkic-Mongol Mughals who arrived in the seventh century and ruled from 1526 to 1858; they had fairer skin, straight and sharp noses and angular bone structure. It can be assumed that fairer skin was an ambiguous standard until occidentalisation took grip.

Another dimension to the argument against eurocentrism is the work done by Majumdar (2004) on marriage and advertisements in the twentieth century. Marriage advertisements were used in the ‘research of traditional Indian societal beauty standards’ as they indicate what values are appreciated in a bride, or more generally, in women. In one of these marriage advertisements, a girl’s family from Calcutta in 1910 characterises their daughter beautiful by describing a “medium complexion skin color, and good figure” (Majumdar, 2004). Another girl’s parents in 1927 described their daughter as having a ‘glistening dark complexion’ (ibid). This article shows that there is a preference to medium or dark complexions and implies that the centuries old standard from ancient India has managed to remain. Nevertheless, through foreign invasions, an association between fairer skin and beauty has been calcified.

Li et al. (2008) investigated the culture of skin lightening and beauty in Asian cultures. The study focuses on how advertisements portrayed skin colour to women. Using content analysis from 108 advertisements and the identity of the model, they found that throughout different cultures ideal skin was depicted as smooth, shiny and white. For the country India, the majority of the models were Indian models or Indian high profile celebrities. (Li et al, 2008) This can be attributed to the recently globalised Indian beauty with the Western export of beauty pageants. While film and global pageants have had the positive effect of familiarising the world with Indian beauty there is a severe selection bias with the actresses and models being fairer skinned and with caucasian features

reminiscent of their ancient Aryan ancestors. The study also suggests that the media has an integral role in shaping the Indian beauty standard.

And so, by the end of the twentieth century, the modern state of India emerged as a competitor in the global economy which was signified by photographing Indian women on the covers of the most popular magazines. While it took time to recover from the trauma of Western suppression, there has been a shift in the paradigm of perceiving beauty. The fairness cream brand ‘Fair and Lovely’ had been notorious for perpetuating archaic beauty standards that fairer women achieve more success than darker women. On July 2nd 2020, it was announced that the company would be rebranding to ‘Glow and Lovely’ after a 22-year-old woman filed a petition for the company to change its narrative and regressive advertising. While it may be the same old wine in a new bottle, the brand has lost credibility through the several years of outrage and protest. Thus, it is worthy to note that beauty standards are not static; they are ever-evolving and with South Asia’s rapid development it seems that a separate path is being carved out independent of eurocentrism or any foreign influence.

East Asia

Contrary to the other parts of Asia, Eastern Asia has never been colonized by the West. Countries such as Japan, Korea, and China, have practiced isolationism for long periods of time, with the shared purpose of limiting foreign influence. As a result of this, East Asian nations influenced each other, rather than having foreign “initiative”. When it comes to beauty standards, popular to contrary belief, it doesn’t seem that East Asian beauty standards were only formed after eurocentric ideals. As the longest continuous civilization in the world, China has had beauty standards way before the European Age of Exploration, where Westerners colonized and imposed their ideas on others.

East Asians women are held to a standard that enforces the idea that East Asian women are youthful, cute, and innocent. One of the prominent features that the beauty industry in East Asia focuses on is the size of an individual’s eyes. Larger eyes are viewed as more attractive, because it makes females seem cuter. We subconsciously associate big eyes to baby mammals, so they’re seen as a visually cute clue (Borgi, et al., 2014.) Double eyelids are a characteristic that creates the illusion that one’s eye is larger, contributing to the rising eyelid surgery cases in Asia. In Korea, nearly fifty percent of women in their twenties undergo this procedure to achieve the youthful look that’s treasured. Furthermore, many women in Korea also undergo a specific procedure called “aegyo-sal cosmetic surgery”. ‘Aegyo sal’ is a term used to refer to small fatty deposits under your eyes, and it’s valued as it makes an individual seem younger. Although many believe that the East Asian beauty ideal of having large eyes is influenced by eurocentrism, it’s just preferred because it signifies youth and innocence. “Kawaii” is a term that originated in Japan that is used when describing something cute and almost baby-like, big large being one of these features. Most people

believe that the instinctive liking towards “kawaii” things is because of the human nature of nurturance. However, protective behavior is not the only reason why humans find kawaii intriguing, but also because it attracts attention, makes one more attentive, and has a calming, healing effect on others (Hiroshi, 2019). This contributes to why East Asians emphasize a correlation between beauty and success.

Another beauty ideal, having pale skin, stems from the history of aristocracy in nations such as Japan and China. Traditionally, having darker skin was associated with being a lower class, as peasants were tanner from working in the fields.

While eurocentrism could have influenced East Asian beauty standards, it can't be assumed that eurocentrism was the *main* influence on the beauty ideals. China is one of the longest continuous civilizations in the world, and therefore some of the beauty standards have existed way before the Age of Exploration.

Middle East

The Middle East encompasses the Arabian Peninsula and some parts of North Africa and Iran. Arabs make up the majority of those in the Middle East, and the prominent religion is Islam with Christianity coming in second with heavy influence from Judaism. The British and the French held the most political and cultural influence and power in this region, along with Italy later on having taken control of Libya (Barber, n.d., #). People in the Middle East can be genetically European or African and other races and varieties of mixes. Meaning, their skin color and other features have a pretty broad range. Typically Middle Easterners are tan, and commonly have an aquiline-shaped nose, thick wavy dark hair, and eyes that can range in color from brown to hazel, green and blue, depending on the region.

Arabs in the Middle East can agree that the way beauty is measured can be most heavily attributed to the amount of melanin in their skin. Having white skin is considered to be a blessing and held as a much higher status than those with darker skin. Frequently, having been from or holding a passport from the Northern Hemisphere can easily secure and guarantee a job, and in addition, determine pay, benefits, and treatment in the workplace. Not many believe in equal treatment due to the divinity of whiteness in this region. Those with darker skin are treated as if they were below society and instantly seen as “ugly” and other harmful and degrading terms.

The Middle East is no exception from having European beauty standards influence that of their own. As early as last year, surveys had been conducted in the Middle East in which consensus group members would present people with images of contemporary beauty icons, such as historical figures Nefertit, Ameera Al-Taweel, and more. Ultimately however, a large portion of the participants chose Angelina Jolie, as they desired to bear her appearance the most (Kashmar et al, 2019). However it is important to note that some beauty standards in the Middle East that are attributed to European beauty standards are innate. Iranians for example, were shown to have

European and Persian ancestry, which is why they may often have lighter skin and other features commonly associated with European beauty trends.

While European beauty standards certainly have their implications on Middle Eastern beauty standards, it is not fair to say that it tells the whole story. Much like the other regions of Asia, beauty standards continue to evolve as more and more people find acceptance to their own cultural beauty standards. The Middle East has no shortage of beauty trends they can claim as their own. People from the Middle East take pride in the shape and color of their eyes followed by other facial features such as their nose and cheeks (Kashmar et al., 2019). Aside from facial features, the Middle East is able to make the most out of their clothing too. People who are largely unfamiliar with clothing such as the hijab feel as if it is suppressing towards the women who wear them. However, these women assure that the decision to wear a hijab is their own choice. To them it is not only culturally significant, but beautiful too. These women find ways to incorporate hijabs in a multitude of ways such as combining it with scarves or even creating their own custom designs.

Discussion

We found evidence that eurocentric ideals continue to modern beauty standards due to the influence American culture holds on the rest of the world. We saw evidence of heavy influence from Eurocentrism in South and Central Asia, especially in South Asia where Eurocentric representations of south Asian women have influenced the beauty standards held for women. However, a diversifying culture indicates that Asian cultures still maintain parts of their culture and identity through diverse representation in the media. We found that the best way to diffuse eurocentric ideals in Asia was to focus on the media and how to portray beauty standards for youths all around the world. Media is highly accessible today by many and those who constantly see images of achievable body standards will gravitate towards achieving that standard. The power also lies in large media conglomerates, which also control what is put out to consumers. Contrary, since East Asians entered isolation and never experienced extreme influences on their culture, they developed beauty standards not heavily influenced by Eurocentrism. Rather, the idea of having larger eyes contributes to the idea of “cuteness” and appearing youthful to others. In addition, the idea of having light skin developed from the idea of class where rich women were not expected to work and therefore could stay inside and not have their skin exposed to the outside.

For future research, we would like to look into how Asian females are affected by this modern beauty standard, and if areas like Central Asia and South Asia feel that European colonization has affected how they view European beauty as opposed to beauty in their own cultures. Especially for Asian Americans who have been exposed to both cultures and may be influenced by both beauty standards. It would also be interesting to look into why East Asian beauty, which developed independently has shown similarities to European culture. The idea that

large eyes create a cute “kawaii” like appearance could be related to gender roles, and the impact female stereotypes have on females to appear younger and cuter.

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Are the misdiagnoses in the healthcare system linked to systemic racism?

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Abstract

Systemic racism refers to the prejudice towards Black Americans embedded in society that exists in different establishments. However, as Black Americans are discriminated against in several institutions, the mistreatment of these individuals in the healthcare system is scarcely discussed. In the healthcare system, issues such as misdiagnoses are prevalent and affect the quality of life of the thousands of people who receive improper treatment. We wanted to determine how systemic racism is present in the healthcare system through misdiagnoses. Due to the nature of the study we were unable to administer any surveys or conduct interviews. Our methodology focused on collecting archival data, in which we compiled in a table. Through the collection of archival data, it was found that there is a large gap in public data and that disparities do exist in misdiagnoses for Black individuals. Thereby, it is imperative that further research is done to account for the gaps in data.

Background

The inherent bias in American institutions leads to a difference in the treatment of Black Americans; this is prevalent in many establishments that are supposed to serve all people equally. There are mechanisms for racial disadvantage which perpetuate inequalities in different industries that impact Black Americans disproportionately. Systemic racism is defined as the inequalities that exist in society embedded within social institutions that disadvantages Black Americans. Racial profiling, red lining, unemployment, unequal access to education, affordable house care, lack of opportunities, and poor health care treatment are only a few problems that Black Americans are subjected to (Yancey-Bragg, 2020).

However, the problems that exist within the healthcare industry are often not discussed. There are reports of the mistreatment of patients and even doctors of African American descent. Doctors take oaths to serve patients fairly and to do no harm, however doctors work in an inherently

racist institution built on the foundation catering to white supremacy. Implicit bias also affects the treatment of Black Americans (Tello, 2017). This means differences in diagnoses between patients of minority groups and patients that are not of color. Misdiagnoses are incorrect diagnoses of a health condition that can have extreme negative consequences.

There are 12 million misdiagnoses per year in outpatient care in the US alone (Singh, Meyer, Thomas, 2013). Since Black Americans are three times more likely to use outpatient care (Brown, Burton, Hixon, et al. 2012), these statistics raise the question, "How is systemic racism present in the healthcare system towards black people?" With the discrimination that exists in this structural institution, it can be hypothesized that the disparities in misdiagnoses are not just mistakes, but are due to racial bias. Especially since, recently there was a study done that showed Black Americans being misdiagnosed with major depression at a higher rate than their white counterparts in clinical behavior outpatient clinics (Gara, Minsky, Silverstein, et al. 2018). However, there is a lack of research on misdiagnoses and its disparities with Black Americans and there has been a lack of collective data. Thus, for our research purposes statistics and archival data will be collected.

Materials and Methods

To address the question of misdiagnoses in the healthcare system being linked to systemic racism archival research was collected and compiled. For the conditions the data was collected for, the conditions chosen were picked from a recent study done on the rate of misdiagnosis for the top five vascular diseases, infections, and cancers (Toker, Wang, Zhu, et al. 2020). The conditions chosen were conditions that had over 200,000 diagnoses annually in the U.S. based off of the CDC's statistics or other journals. For every condition, data was collected on the number of people who were diagnosed for each condition in the United States; each condition has a percentage of misdiagnosis that was recorded. Using the annual diagnosed cases, the total number of people misdiagnosed was found based on the misdiagnosis rates provided in the recent study. Studies that linked higher misdiagnosis rates with blacks were collected. If a paper was found discrediting such a link then "no" was put, if a paper supported such a link "yes" was put. If there were no studies supporting either link, the area was left blank.

Results

Table 1. *Misdiagnosis statistics in the Healthcare system for Blacks/African Americans*

Condition	# of people diagnosed on Average in the U.S.	General Misdiagnosis Percentage	# of People Misdiagnosed	Are Black People more likely to be misdiagnosed

Stroke	795000 ^a	8.70%	69165	Yes ⁱ
Myocardial Infarction	30300000 ^b	2.20%	666600	Yes ^j
Venous thromboembolism	900000 ^c	19.90%	179100	---
Aortic Aneurysm	200000 ^d	29.70%	59400	---
Sepsis	1,700,000 ^e	9.50%	161500	---
Pneumonia	1,300,000 ^f	9.50%	123500	Yes ^k
Lung Cancer	228,000 ^g	22.50%	51300	---
Breast Cancer	276,480 ^{h*}	8.90%	246067	Yes ^l

Note. *Data is only from women

All general misdiagnosis rates are from (Toker, Wang, Zhu, et al. 2020)

Data are from

(Virani, Alonso, Benjamin, et al. 2020, Table 14-1)^a,

(CDC, Summary Health Statistics Tables for U.S. Adults: National Health Interview Survey, 2018, Table A-1b, A-1c)^b,

(Beckman, Hooper, Critchley, et al. 2010)^c,

(Singh M., 2020)^d,

(CDC, Clinical information. U.S. Department of Health & Human Services, 2020)^e,

(CDC, Pneumonia. U.S. Department of Health & Human Services, 2020)^f,

(Howlander, Noone, Krapcho et al. 2019)^g,

(American Cancer Society, 2020)^h,

(Newman-Toker, Voy, Malente, et al. 2017)ⁱ,

(Moy, Barret, Coffey et al. 2014)^j,

(Henry Ford Health System. Pneumonia often misdiagnosed on patient readmissions, 2010)^k

(Fox, 2015)^l

Discussion

The data supports the hypothesis that misdiagnoses in the healthcare system are linked to systemic racism. The results were organized into the number of people misdiagnosed for each condition and then whether black people were more likely to be misdiagnosed. This bias was consistent with conditions that had data to show that black people were more likely to be misdiagnosed for the same condition compared to other races and ethnicities. However, for the number of conditions that did not have information released to show the breakdown of misdiagnoses per race, the surrounding literature supports that it is likely the data has not been collected yet. Even though many of the conditions did not have specific data to show that black people were more likely to be misdiagnosed, there is supporting literature that correlates mistreatment for black people that have these conditions. For example, for venous thromboembolism (VTE), although African Americans have a significantly higher diagnosis rate of VTE, this is particularly followed after exposure to a provoking risk factor such as surgery, medical illness, trauma, etc (White, Kennan, 2010). Blacks and other races were more likely to develop

sepsis than whites but less likely to be hospitalized for it (Di Meglio, Dubensky, Schadt, et al. 2018). The prevalence of aortic aneurysm in black patients was about 40% of that in whites patients, yet while accounting for disease burden, only at less than one-third the rate of white patients. Black patients who were diagnosed with aortic aneurysm were less likely to undergo emergency repairs compared to their white counterparts (Wilson, Fetcher, Welsh, 2008). For black patients with early-stage lung cancer, they were less likely than white patients to have surgery recommended, even though both groups of patients had similar access to health care (Lahan, Neville, Earle. 2006). This calls into question whether there are group disparities in ethnic groups receiving the same kind of care and provider support from hospitals. Certain factors may not be taken into consideration during the diagnosis of black patients, and physicians are less likely to suggest emergency repairs or surgical options for black patients compared to other racial groups. This may be because of the disparities in health care and addressing barriers to all groups of people. This indicates that there is a correlation between racial bias and the maltreatment received by black patients. One can construe the idea that the same may exist for misdiagnoses and explains why black patients are more likely to be misdiagnosed for many of these conditions compared to their white counterparts.

The systemic racism within the healthcare system pertaining to misdiagnoses is important to address for the future of the system. It is important because researchers currently are working on creating A.I. programs to close the gap in misdiagnoses (Han, Rundo, Murao, et al. 2020). Since these A.I. programs will be learning to diagnose based on statistics from misdiagnoses and diagnoses, the misdiagnosis gap will not lessen if the problem of systemic racism in misdiagnoses is not identified and accounted for within the program. The A.I. program would continue to diagnose using incorrect statistics, resulting in the A.I. being racially biased as well when it comes to offering treatment leading to Blacks/African Americans and other minorities not receiving the care they need. This is supported by the concerns of other researchers when it comes to the development of VTE diagnosis A.I. (Addo-Tabiri, Chudasama, Vasudeva, et al. 2020). Thus, for future studies, more exploration needs to be done on misdiagnoses for specific conditions such as sepsis, venous thromboembolism, aortic aneurysm, and lung cancer to define whether the misdiagnoses are happening based on race or other various factors. Additionally, more studies need to be done on misdiagnoses for the conditions with papers supporting the link to race, as the body of literature is lacking and the data used in those studies limit their broad application. Future studies also need to readdress the question proposed in this paper as this paper was solely based on archival research with no new data analyzed or collected for significance. Once these studies are addressed and accounted for, then A.I. programs can be developed and serve as a tool to close the gap of misdiagnosis within the healthcare system. However, until then, it is up to healthcare workers and researchers to raise awareness on implicit and systemic racial bias within the methods of diagnosis and other areas of healthcare to ensure proper treatment for all (Fitzgerald and Hurst, 2017).

To properly support future investigations/research addressing this question or topics related to this study, we will be acknowledging the limitations of our study (Ross and Zaidi, 2019). This study is limited in its scope, methodology, and significance. The study is limited in its scope of application as we limited our definition of systemic racism to only Blacks and African Americans; When racial bias exists against other minorities in the healthcare system and could be linked to misdiagnoses as well (Hall, Chapman, Lee, et al. 2015). Future studies can avoid this limitation by exploring and comparing the misdiagnoses rates between all races. This study is limited in its methodology as it collected archival research/results from publicly available studies as there was no access to hospital data, and did not account for potential limits in those studies. This limitation is avoidable through rigorously checking the standards of each paper used and taking into account the limitations of other papers. Additionally, the methodology is limited as we specifically searched only for misdiagnosis studies focusing on Blacks and African Americans, which is a limitation as various other factors affect Blacks and African Americans pertaining to healthcare. These factors include lack of access to quality care, mistrust of doctors, insurance bias, etc. (Noonan, Valesco-Mondragon, Wagner. 2016). The methodology is also limited due to the time frame of data not being accounted for, the data within this paper range from 2010 - 2020. To lessen such limitations, future studies would need to close this gap in time to make the paper more accurate. Consequently, because of our limitations in our methodology and scope, the significance of our study is not likely significant. To avoid this, future studies can use data quality assessment methods and significance tests such as t-tests to ensure high-quality data, is used to correlate a link between systemic racism and misdiagnoses while noting the limitations of such methods used (Chen, Hailey, Wang, et al. 2014). There may be other limitations in this study that are unmentioned, as we may not have identified them due to a lack of knowledge and review as well as bias towards our study. For future studies to avoid this, they can have their study reviewed by peers to help establish and identify limitations (Kelly, Sadeghieh, Adeli. 2014).

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THE EFFECT OF GEOGRAPHICAL LOCATIONS ON COLLEGE TUITION ACROSS THE UNITED STATES

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Abstract

In this paper, we studied different causes for the fluctuations in this difference in cost in four major regions of the US, the Northeast, Midwest, West, and South. We found that higher education costs different amounts of money in different areas due to the lack of national regulation of higher education funding, which causes variance in the average cost of college tuition in different regions. Another factor that contributes to college tuition varying in price based on geographical location is the difference in tax rates because funding for higher education comes from state taxes, not federal. The overall extremity and deviation of higher education prices may deter people from obtaining a college education, which we determine to be crucial to obtaining higher-paying jobs and obtaining a job at all or force people to take out student loans, which we conclude to cause major issues for students later in their lives.

Literature Review

College education or higher education serves as a driving force in many people's lives as it can help people find careers and career training. A college education provides people with long-term financial benefits, such as increased annual wages, depending on their level of education (Torpey, 2019). These financial benefits can vastly improve a person's quality of life as a whole (Oreopulous, Salvanes; 2011). In addition, a college education can help people have increased social mobility--a college degree is a ticket out of poverty. As with a college degree, people who are in the lowest quintile income group are more liable to move into the highest quintile of income groups (Haskins 2006). Obtaining adequate higher education has significant impacts on many lives, however, the endeavor to seek a sufficient college education comes at a great cost in the United States - tuition prices in the US are higher than even the highest tuition prices in many developed and developing countries. Out of the 35 countries in the *Organization of Economic Co-development* (OECD) study of 2017, the US had the highest tuition. Nevertheless, obtaining a college education is not as difficult for some people as it is for others. Wealthy people tend to have more college degrees than poorer people, as they are more likely to graduate (Bailey, Dynarski;

2011). Some people may only be able to attend college because they live in a place where tuition prices are subsidized, cheap, or free enough to sustain the fiscal boundaries of those who want to pursue advanced education.

However, for some, this situation is the exact opposite. In the modern-day, the college system in the United States, and the larger overall education system, is funded and handled by local and state governments (Department of Education). This explains the lack of tuition regulation on the national scale, with the US having local systems of colleges by state. Some examples of these state systems are the SUNY system in New York and the UC system in California. There is a lack of cohesion on the cost of tuition and other factors that vary from state to state. For example, college tuition in New York costs \$19,306 on average in the fiscal school year of 2018- 2019 (US Department of Education IPEDS survey). In comparison, tuition in Georgia for the fiscal year of the 2018-19 school year was \$10,081 (US Department of Education IPEDS survey). In addition, there can even be disparities between local governments within a state. For example, within New York State, in addition to the SUNY system, the CUNY system also exists for students in New York City. There is a lack of cohesion across different states in terms of colleges and the cost of colleges, as you can see in the contrast of the average cost of tuition to attend higher education institutions in the states of New York and Georgia. As a result of the lack of national regulation of college tuition and disparity between average tuition in different states, geography plays a major role in the cost of a college education.

The high average tuition prices in the United States as a whole and the geographical disparities described above can cause serious repercussions for students later in their lives. The differences in the cost of higher education impact students because they may have to pay for their education out of their own families' pockets, which can have detrimental impacts on their entire family. The staggeringly high price of tuition in the United States can drive many students to take out student loans. In the United States, about 1 in 6 Americans must undertake the burden of heavy student loans (Office of Financial Aid US GOV, June 2019). Student loans negatively affect students because the students will have to pay off their debt in the future. Subsequently, having outstanding debt can have negative effects on a student's future credit score, which can affect their ability to purchase homes, get jobs, and more. Furthermore, students may be required to attend college in a certain state, in which college tuition may cost more in order to gain the necessary experience for their desired field of work. If the state they are required to attend college in has a high tuition rate, this may prevent the student from attending this specialized college due to their inability to pay for it.

Therefore, the discrepancy in tuition cost across the regions of the US can have detrimental effects on many aspects of a student's future, including their financial security and job opportunities. Accordingly, geography affects these students' education and eventually, the rest of their lives in the form of their financial futures. The regions in this paper are organized by factors such as climate, geopolitics, and location. Keeping students out of fiscal ruin would benefit the United States as a whole in many different ways, such as making the economy more organized. With all of this in mind: In the scope of college tuition, can the prices vary from region to region, why so, and how does this affect students depending on where they are in the US?

Materials

Department of Labor Statistics Website: The Department of Labor Statistics offers publications having to do with job outlook, and the economy of each state this is used in this report to offer insight into states economy, budgets, as well as things such as employment which offers insight on how the amount of money each region of the country has an impacts college education.

Unemployment Rates: While differing tuition prices do play a consequential role in the budgetary costs of a student's education, unemployment rates play a major role in the college economy. Over the years, the government has become actively involved in subsidizing the students who are at a significant financial disadvantage but not necessarily completely. Tuition rates become worse if the overall family income is depleted. Acquiring accurate unemployment rates allows us to have grounds for determining which states' households are at greater financial risk. According to data from the U.S. Bureau of Labor Statistics (BLS), earnings increase, and unemployment decreases as educational attainment rises. If students are not able to attain this higher education, they are at higher risk of being unemployed as well. So, in essence, the relationship between college education and unemployment rates can be causal, with one impacting another with more effect. The only exception, in this case, would be the students who study out-of-state, who have to be counted as a separate data set because their costs are generally higher than those programs offered at their local colleges.

Tuition Rate: The United States, like many countries, has still not eliminated tuition, which is the cost that the student is individually liable to attend college. Though the cost of tuition varies based on whether the institution is private or public, and if you are an instate or out of state student. It varies across locations. It tells us what the costs for students individually are in each region. Tuition is a telltale sign of what the outcome is for students and how college affects them. It is offered on account of correlation to factors such as debt, as it can affect student economic outcome and long term quality of life. However, tuition at its finest point in this paper is used to connect correlations across different data points and help us gain an understanding of the cost of education across the nation.

College Debt: The Institute for College Access and Success provides data on average student debt by state, and this data was calculated by finding the mean student debt by region. This statistic is also dependent upon private or public college (or out-of-state education), and through analyzing the college debts we can attain useful information about relationships in college debt across many scenarios. For example, if we would like to see the average income per household in a given area compared to the college debt of a student, we could express these amounts as ratios and analyze it this way. Another way we can scrutinize college debt with respect to tuition prices is to analyze the funding for each state as well as the work status of the college applicants to check their fiscal boundaries for each respective region mentioned in the research paper.

State Higher Education Funding: As a result of revenue loss from federal funding for higher education, tuition for most colleges increases periodically. The average of the funding for higher education in each state was derived from countless sources and later divided for each region. According to *U.S News*, the average per-pupil spending was 11.2% lower than what it was back in 2008. This website allowed us to analyze the differences in funding from one region to another. The statistics provided in the report tie the annual college debt collected from each state into an average sum. Since the United States lacks a national system to distribute funding for higher education, college tuition varies based on geographic location. Each of the four regions displays various expenditures that differentiate based on tuition. The tuition costs can be compared to the higher education funding as they both have a positive correlation.

Annual Taxes: Through reliable results from *USA Today*, we were able to receive archival data on each of the states and the annual taxes that are imposed on the average American citizen living within that state. Through deep analysis of each sector of America, being the Northeast, the South, The Midwest, and the West, we broke each part of the US into certain categories based on a key amount of states in that region. For example, the calculation for the Midwest took 13 states, while the calculation for the South accounted for 15 states overall. After finding these key annual taxes in each state, we averaged them out for the given regions, which allowed us to come to a final mean of how much an average citizen within each sector of the United States would be taxed. This would allow us to analyze how expensive it is to live in one region of the US compared to another and cross-reference those results with findings on college tuition in those certain geographic regions. We can conclude that annual taxes helped in some ways to compare which regions may be far more expensive and heavy to study in, those regions being the Northeast and the Midwest.

Methods

We researched several data points which consisted of the average regional data for tuition in the United States, higher education funding, unemployment rate, college debt, and annual taxes. The states with higher education funding were researched based on the four regions that make up the United States. We analyzed graphs and articles that consisted of higher education funding by each of the 50 states. It was then averaged and calculated in order to find the overall funding per region which allowed us to assess the correlation between increased funding based on the regions. The average regional data for the tuition rates found within the states was researched, explored, and then compared to the funding. This enabled us to see how the various tuition rates across each region affect the outcome of a student's education and income.

Tuition varieties across the nation help us comprehend the true cost of education. Additionally, the average college debt per region was conducted through a series of analyzing data entries from each state. We categorized the statistics derived from our research with the public and private colleges or institutes. With this protocol, we were able to retain information about the relationships between college debt and higher education funding. Students all over the nation are affected by debt because of the lack of resources to overcome these high costs in

each region. All these aspects regarding higher education holistically demonstrate why tuition varies from region to region. Hypothetically, if unemployment rates were to rise, and more tax dollars were re-distributed for unemployment assistance or if citizens were taxed more to assist unemployment, it would affect tuition rates, and ultimately be a deciding factor for whether or not some individuals decide to go to college. And this contributes to a cycle, as statistically evident in 2018, 18.6% of college dropouts suffered from unemployment, and the numbers still tend to be inauspicious in 2020. The point is, that all the data points are interconnected and bring each other changes for the better or for the worse depending on individual prioritizations of where the money is distributed, and to the extent of fundings for different purposes comparatively for the economy.

Results

Average college tuition: Colleges and universities located in the Northeast had the highest tuition for both in-state, and out-of-state students with the Midwest, West, and South regions following behind it respectively. College tuition varies not just geographically, but over periods of time because several economic factors are attached to tuition like money allocated from taxes will determine state higher education funding. An important factor that must be taken into consideration when talking about the economy is population. The Northeast tends to have a denser population, resulting in the necessity for more money to be allocated for things like strong public transportation, and as a consequence, less money may be left for state higher education funding.

Average higher education funding: These tuition rates are interrelated to the regional higher education funding applied to the states across this nation as each region represents the federal and state money put into the various colleges and universities. In the Northeast, the higher education funding averaged a total of \$5.06 billion whereas if compared to the West, the funding was \$6.15 billion. This difference in the total averaged funding is important as it shows how the variety in geographical locations affect the rates of funding towards said higher education. The Midwest region has a similarity to the Northeast with approximately \$5.42 billion and the Southern region has an average of \$6.66 billion. This data that was calculated and critically analyzed is a result of the states' decisions to allocate funding to higher education institutes. With that in mind, this is the research from the United States, 2017, data entries that are subject to change if compared to the funding of today. According to the presented graphs, in 2018-2019, increases in college tuition rates and college debt of students are prevalent in all four regions of the country. This is the result of the different amounts of funding distributed to colleges and universities. In 2017, federal spending on major higher education programs totaled \$74.8 billion, state investments amounted to \$87.1 billion, and local funding was \$10.5 billion.

Average college debt: The Northeast region has the highest average college debt, at \$34,953, followed by the South at \$28,075, followed by the Mid West at \$27,535, and finally the West at \$22,234. What these results tell us is that on average, students in the Northeast region of the US have far more college debt than students in the South, Midwest, and West. The South and Midwest are relatively close together, but the gaps between the Northeast and

any other region and the gaps between the West and any other region are considerable. The reason why college debt is highest in the Northeast is because the average cost of tuition is the highest there. There is a direct correlation between high tuition and high student loan debt, so in the regions with the highest average tuition, students tend to have more student loans, and in the regions with the lowest average tuition, students have the lowest average student debt. In addition, it is important to note that the average student debt in every region is higher than the average cost of tuition.

Average Annual Income Tax: The most expensive region in America to live in when accounting for income tax is surely the Midwest. With an average statewide income tax that is \$9028, it outmatches all of the other regions when it comes to annual income taxes. This is a correlating factor between how expensive it may be for students to live in certain states while also managing to pay and attend college. We see that average college debt for students after they leave school in the Midwest is \$27,535, a hefty price to pay. However, it seems that Northeastern schools are just as notorious to have to pay for, while annual income taxes lag behind students from the Midwest at \$6,000 a year, the Northeast has the highest post-college debt amongst all students. At the same time, schools in the Northwest are highly competitive, as they include the nation's premier Ivy League Schools and MIT. As a result, it seems that even if there is no direct correlation between average annual income tax and college tuition, it does fare that the higher the average annual income tax in a given region, the higher the college debt for that region. Overall, regional income tax has no direct correlation with a region's college tuition either.

Unemployment Rate: Unemployment rate is led by the West, followed by Northeast, South, and Midwest respectively. Needless to say, unemployment is a factor that can contribute to which college an individual goes to or if they even go to college. However, an overlooked part of unemployment is one of its causes for many Americans--dropping out of college. Statistically speaking, 18.6% of college dropouts suffered from unemployment in the year of 2018. As the value of a college degree increases for almost every job, landing jobs becomes harder for the demographic consisting of college dropouts, highschool graduates, and highschool dropouts due to the increase in competition as education, and experience are the primary factors considered for employment in the United States.

Discussion

From household to household, where money goes for certain expenses like homes, cars, etc, varies, but college tuition is a reflection of regional economies throughout the United States. Several aspects of the economy are tied to how much Americans pay for tuition which is why one cause can lead to several results, as the government needs to allocate, and distribute money for healthcare, public transportation, the military, and much more. The average of the funding distributed to higher education per region plays a major role in college tuition across the U.S. The tuition rates are dependent on the funding each college or university receives from the

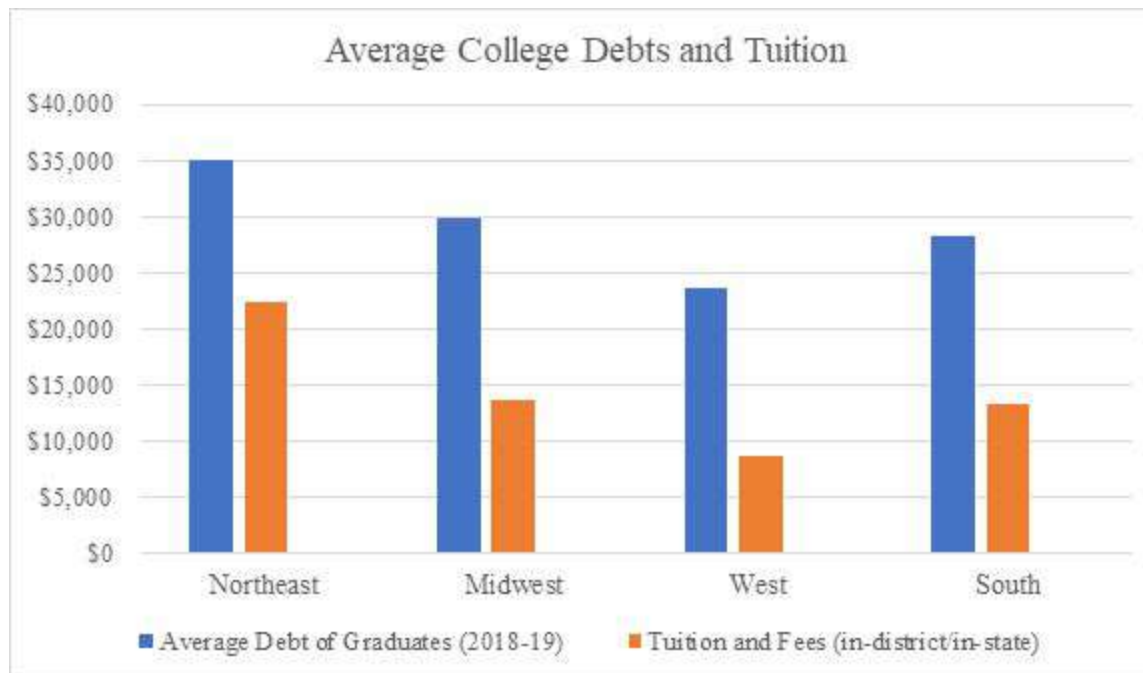
government. Public institutions get most of their funding from state governments and private colleges receive theirs from private tuition and donations. It becomes a problem when there is a lack of sufficient funding allocated to a variety of states in a region, this would increase the tuition rates for the colleges.

In certain cases, colleges respond to funding cuts by significantly increasing the tuition fees and thus creating a struggle for students to receive the proper education they deserve. It is a question still prevalent today, on how we can strive towards a nation that assigns the right funding to each region in order to prevent higher tuition fees than there is already. During the process of conducting analysis of our archival data, we noticed that regions such as the South and the West had higher funding given to the states and as a result the tuition fees were distributed fairly. Regardless of the federal benefits like financial aid, scholarships, and grants/loans, it is more important than ever to address the primary issue of providing better funding in order to prevent student dropouts and increased student debt. Due to the different prices of tuition across the different regions in the United States, students in these regions take out student loans at different rates and amounts depending on where they are attending college. The high cost of college in the United States as a whole forces many students to take out student loans because they cannot pay for the price of tuition upfront. Student loans take an average of 20 years to pay off (Hanson, 2020), in part because they are often very large sums of money to begin with, but also because the average interest rate for college loans is just under 6%, which means that students have to pay off even more money.

These factors combine to create an issue, that students are left with outstanding student loan debt for a considerable portion of their lives. Having outstanding debt can negatively affect students' whole lives because if they are unable to pay it off, it can be detrimental to their credit score. Having a bad credit can limit a person's ability to purchase a car, have a credit card, buy a home, get hired, start a business, and more. Students in regions where college tuition costs more on average tend to have to take out more student loans, therefore, the negative effects of having student loan debt affect these students more strongly. Based on this, we can conclude that the fluctuating price of college based on geographical location impacts the amount of student loan debt students have, which can have damaging effects on their lives for a long time even after they leave college. Unemployment rates in each region can tell researchers the effects of college tuition, and other costs of higher education. This is due to the fact that affordability of college can impact if students finish college. College debt is greatly tied to unemployment in the U.S as individuals with college degrees are prioritized over those that lack education. High paying jobs, and jobs in general are increasingly becoming more competitive for non-college graduates to achieve because experience is the only other factor considered into employment.

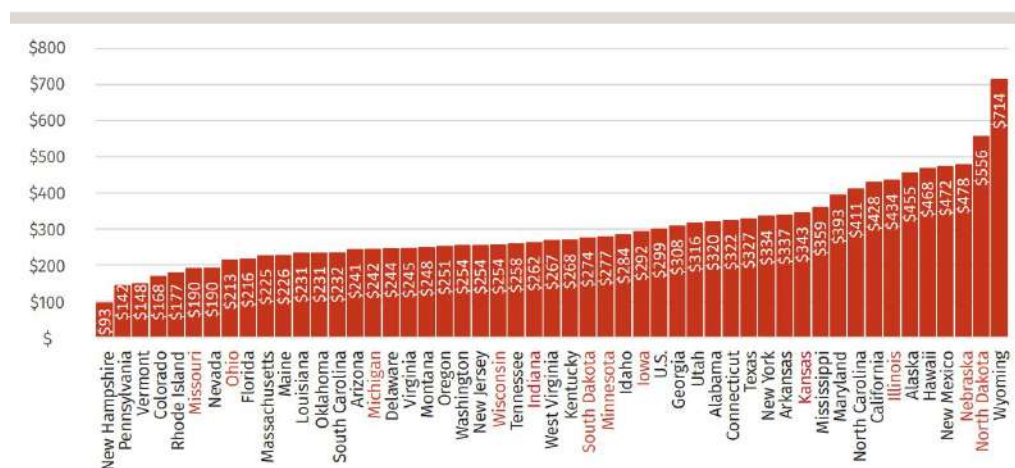
When researching annual income taxes across a given region, there was no direct correlation between a region's income tax and how expensive or not expensive college tuition was in that pertained region. However, there was a slight correlation between annual income tax and college debt following a student's graduation from an undergraduate college. It seems that in regions such as the Midwest and Northeast, the increase in annual income tax saw a considerable increase in debt within that given region following graduation. All of these factors together combine to each play either a significant or non-significant role in college tuition.

Figure 1. Average student college debts with comparison to tuition and fees pertaining to region, 2018-2019



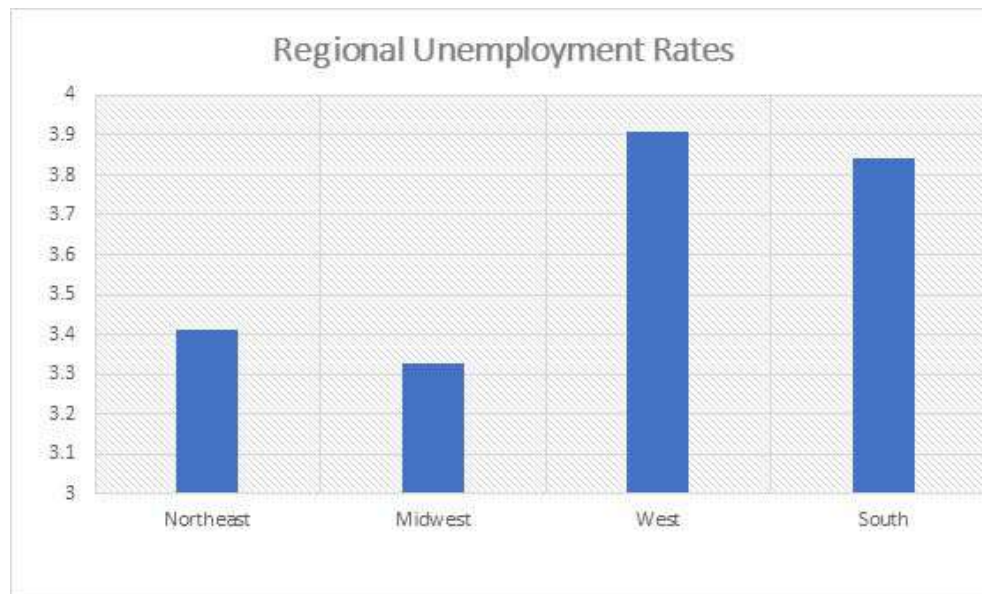
Note: The independent variable in figure 1 would be region, which would vary the average college debt and tuition.

Figure 2. Higher education support per capita, by state. Fiscal 2017



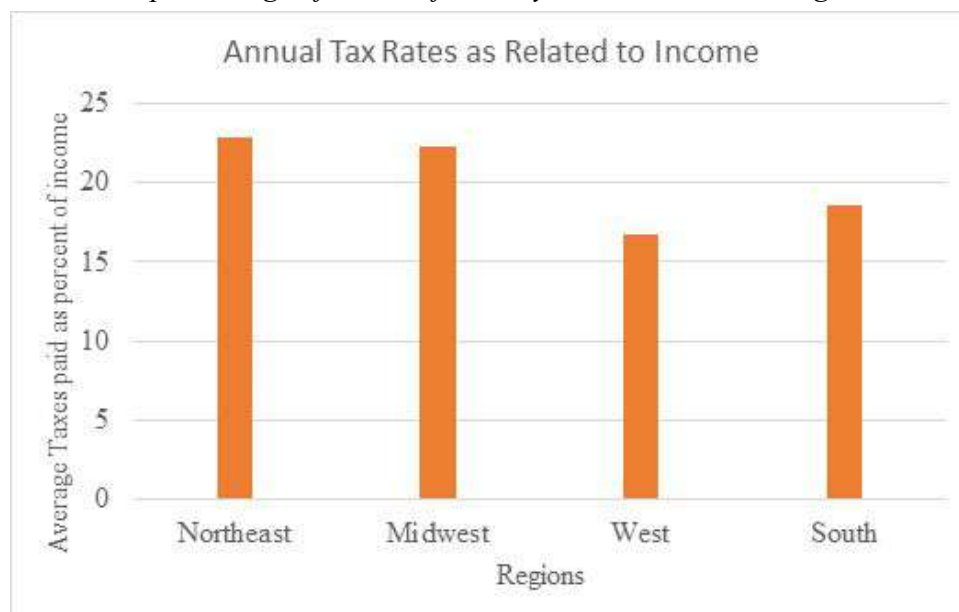
Note: The independent variable in figure 2 would be state, which would vary the higher education funding of each region.

Figure 3. Average percentage of employment rates (based on population) pertaining to region, 2019.



Note: The independent variable in figure 3 would be region, which would vary the unemployment rate of each region.

Figure 4. Annual Tax Rates as percentage of income for every household in that region. 2019, June



Note: The independent variable in figure 4 would be region, as this would affect the tax rate (taken out of income of the respective region, which is the dependent variable).

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Economic Research

2020 & Real Estate: The effects of COVID-19 and social unrest on Real Estate Markets

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I. Abstract

Real Estate markets have experienced a great deal of turbulence these past few months. Certain cities and states had put into effect strict coronavirus guidelines which caused many to flee these areas due to the economic fallout and the personal infringement they felt these guidelines had, such as the forced closures of businesses. Economic fallout caused directly by the shutting down of business caused a further collapse in real estate as tenants could no longer pay their rent, which has led many to flee the costly housing prices of big cities. Over the course of the summer of 2020, we have seen large amounts of civil unrest which have caused massive property damage in many American cities leading to the devaluing of affected and surrounding real estate prices which also led to massive amounts of people leaving big cities. Finally, nearly all American big cities have seen a crime spike this year that has played a significant role in the driving down of prices; whether it was due to civil unrest or economic fallout. However, it is important to note that not all big cities

had a real estate decline this year. Individuals staying in the same municipality but moving to the outskirts of said municipality causes no aggregate change in real estate prices for the municipality. Particularly wealthy individuals refusing to actually sell their real estate in said cities while moving out of them, which is the case in many Californian counties, can also result in little price impact. This paper will examine all of these specifics and the causes of these declines in further detail.

II. NYC

In 2020, there has been a mass exodus out of U.S. cities. NYC in particular saw more than 246,000 people file for a request for an address change, which equates to a 100% increase compared to 2019.¹ Research shows that people are moving out of New York City due to increased crime, the threat of COVID-19, and the lack of activities within the city. Also, many people can now work from home, eliminating the need to live in the city. For instance, an article from the Pew Research Center states “Survey respondents who did not select one of these reasons gave a variety of other reasons for moving. One said, ‘I am traveling and am now blocked from returning home.’ Another wrote: ‘Needed more space to work from home.’ A third said, ‘Recalled to active duty for the military’s COVID response.’”²

According to the Pew Research Center, 1 in 5 Americans have relocated from cities due to the pandemic or know someone who has.¹ Due to the pandemic, many people who would otherwise be working an office job in NYC find that they can now work from the comfort of their home. There are currently no plans to reopen Broadway, the cultural heart of NYC. Limited occupancy is allowed for some museums.³ The current exodus can be attributed to a combination of cramped living spaces, threat of deadly disease, expensive rent, lack of activities, and ultimately, being able to work from home. According to the NYPD, there has been a large increase in crime.⁴ Murder rates, shootings, and burglary have seen an increase of 23.7%, 130.3%, and 118.2%, respectively. The rise in crime rates has led to people feeling unsafe in their NY homes and neighborhoods.

¹ Krauth, Dan. “Pandemic Exodus: Moving Companies Turn Customers Away as People Leave Tri-State in Record Numbers.” ABC7 New York, WABC-TV, 31 Aug. 2020, abc7ny.com/7-on-your-side-investigates-pandemic-exodus-leaving-nyc-fleeing-new-york-city/6386411/.

² Cohn, D’Vera. “About a Fifth of U.S. Adults Moved Due to COVID-19 or Know Someone Who Did.” *Pew Research Center*, Pew Research Center, 27 July 2020, www.pewresearch.org/fact-tank/2020/07/06/about-a-fifth-of-u-s-adults-moved-due-to-covid-19-or-know-someone-who-did/.

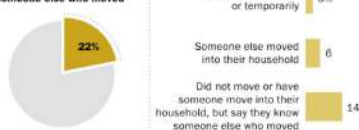
³ Caitlin Huston, et al. “Gov. Cuomo Says No Update on Broadway Reopening as Indoor Dining Is Cleared.” *Broadway News*, 9 Sept. 2020, broadwaynews.com/2020/09/09/gov-cuomo-says-no-update-on-broadway-reopening-as-indoor-dining-is-cleared/.

⁴ “NYPD Announces Citywide Crime Statistics for June 2020.” *The Official Website of the City of New York*, 6 July 2020, www1.nyc.gov/site/nypd/news/pr0706/nypd-citywide-crime-statistics-june-2020.

Roughly one-in-five Americans either have relocated due to pandemic or know someone who has

% of U.S. adults who ____ due to COVID-19

Relocated, had someone move into their household or know someone else who moved



Note: Response categories do not sum to total since some respondents chose more than one answer.

Source: Survey of U.S. adults conducted June 4-10, 2020.

PEW RESEARCH CENTER

Statistics on Index Crimes

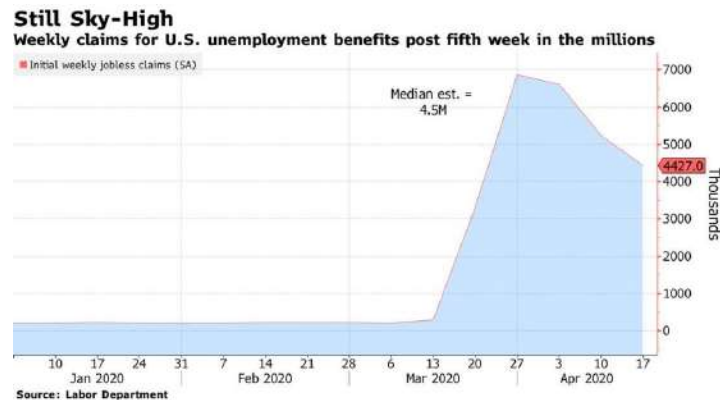
	June 2020	June 2019	+/-	%
Murder	39	30	+9	+30%
Rape	109	138	-29	-21.0%
Robbery	948	1,153	-205	-17.8%
Assault	1,947	1,953	-6	-0.3%
Burglary	1,783	817	+966	+118.2%
Grand Larceny	2,317	3,744	-1,427	-38.1%
G.I.A.	696	462	+234	+50.6%
TOTAL	7,839	8,297	-458	-5.5%

Urban areas such as Manhattan, the heart of New York City, have real estate estimates that are dropping substantially compared to what they were prior to COVID-19. When placed side by side with the real estate estimates from suburban areas in New Jersey for example, that disparity grows further apart. Manhattan's housing market prices have been the lowest of all of NYC since the pandemic hit, having an average of 1.4% under the norm. These areas in New Jersey have been seeing rates go above more than 2% over what the norm has been there⁵.

During the COVID 19 pandemic, the number of home sales in Manhattan dropped 54% and the median price fell to \$1 million. COVID has heavily impacted the Manhattan real estate market in an event unmatched in recent history with the exception of the Great Depression, and it is still unclear whether this recovery will be swift or not.

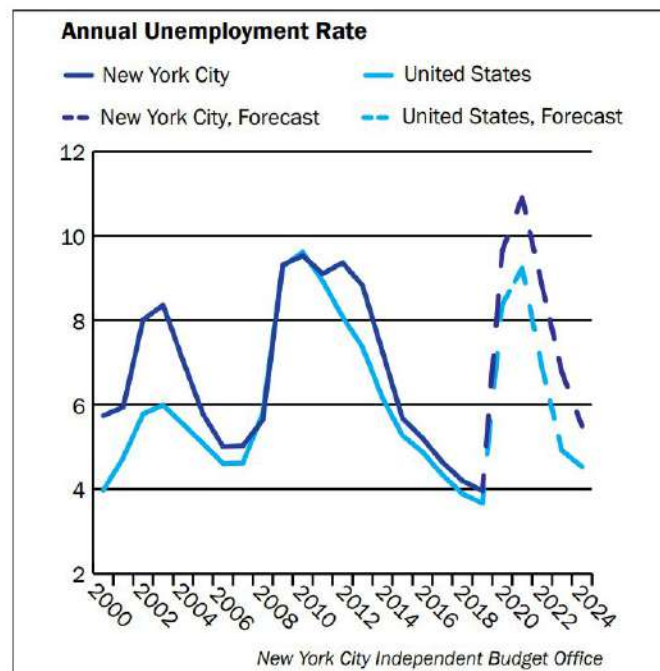
The amount of closed condo sales in the second quarter of the year was down 54% year over year, which is the largest decline in approximately 30 years, according to a new report from the Douglas Elliman brokerage firm. The median sales price fell 17.7%, compared to the same time last year, to \$1 million, the biggest drop in a decade. This shows that people are moving out of New York City and into the suburbs. There are many reasons for such a shift, but the main one is that they can no longer afford to pay the high rent or property tax of their residence. As the city's unemployment rate skyrocketed to 3.4%, many had to move out because they couldn't afford to live in Manhattan anymore.

⁵ Barro, J., 2020. *How Much Is COVID-19 Hurting NYC Real-Estate Values?*. [online] Intelligencer. Available at: <<https://nymag.com/intelligencer/2020/07/is-covid-19-hurting-nyc-real-estate-values.html>> [Accessed 13 October 2020].



The number of contracts signed for apartments in June was down 70% year over year⁶, and this can be seen as a reflection of the weekly jobless claims chart. As more people across the country began to lose jobs (many of which were from NYC) they began to blow through their savings on expensive rent, mortgage, and/or property tax. Rent and mortgage were not suspended, but tenants could not be evicted for not paying them. This didn't help the situation as people didn't want to take on so much debt unemployed. They could afford to do this for a few months, until they were forced to move out of the city and into the suburbs

⁶ PropertyShark Real Estate Blog. 2020. *NYC Median Sale Price Hits Yearly Low, Sales Drop Below 2,000 Once Again* | Propertyshark. [online] Available at: <<https://www.propertyshark.com/Real-Estate-Reports/nyc-real-estate-covid19/>> [Accessed 18 October 2020].



“This is what you get when the market is not able to function,” said Jonathan Miller, a New York appraiser and the author of the report, noting that in-person apartment showings in New York City were banned for nearly the entire quarter. “It’s an extreme moment, to put it lightly.”⁷

These forecasted unemployment rates show that it may take years to recover from the COVID unemployment, and that NYC may see a higher unemployment spike than average in the US.

III. New York State

As observed across the 5 boroughs, a series of movers leaving to the suburbs has left cities like NYC with a barely functional real estate market.⁸ With Queens, Brooklyn, and Manhattan experiencing downward trends since May’s peak in prices, many are concerned about how a variety of businesses will recover. Since the government has lacked in creating recovery plans on the federal and state level, both consumers and producers will fare with the difficulties of COVID for

⁷ Haberman, C., 2020. *With Evictions Looming, Cities Revisit A Housing Experiment From The '70S*. [online]

Www-nytimes-com.cdn.ampproject.org. Available at:

<https://www-nytimes-com.cdn.ampproject.org/v/s/www.nytimes.com/2020/10/01/us/coronavirus-evictions.amp.html?usqp=mq331AQHKAFQArABIA%3D%3D&_js_v=0.1#aoh=16024583366354&_ct=1602458350574&csi=1&referrer=https%3A%2F%2Fwww.google.com&_tf=From%20%251%24s&_ampshare=https%3A%2F%2Fwww.nytimes.com%2F2020%2F10%2F01%2Fus%2Fcoronavirus-evictions.html> [Accessed 18 October 2020].

⁸ “NYC Median Sale Price Hits Yearly Low, Sales Drop Below 2,000 Once Again | PropertyShark.” *PropertyShark Real Estate Blog*, 17 Sept. 2020, www.propertyshark.com/Real-Estate-Reports/nyc-real-estate-covid19/. Accessed 25 Nov. 2020.

quite some time. Such can be observed in Westchester, with towns like New Rochelle and White Plains seeing housing prices rise 3.4% from July to September alone. Accompanied by population increases, these areas have seen economic changes past their homes. With New Rochelle's median household income changing from \$73k to \$80k since the rise of the COVID-19 pandemic, many residents have noted visible price differences in the span of months. Since family-owned businesses had to take advantage of this and turn a profit for the first time in months, it is logical to assume that all from hardware to pastries became more expensive.

Yet, the biggest issue with this trend is that it actually targets those with the most money. Under recently adapted NY State Legislature, all *"new purchasers of city and state properties will have to pay an increased NYS transfer tax of .65 percent for residential 1-3 family condominiums and co-op sales of \$3 million or more. (Pardalis/Weiss, Property Shark)"*⁹ Additionally, the transfer tax will apply to all commercial sales of \$2 million or more, unable to be reduced after purchase. It may seem insane for the regular person to pay so much for an in-city condominium, but these are just the standard costs of living in NYC. Without the people who are able to afford the city's high prices, it becomes difficult for producers to keep their prices too high.¹⁰ Similarly, it becomes difficult to keep rent or construction costs at such extreme costs. Affecting all commercial sales, these tax laws are driving the rich out of New York. As they leave, they take with them high costs and leave the state's economy in shambles.

John Boyd Jr., director at the corporate site-selection firm the Boyd Company Inc., based in Princeton, N.J., said he has heard from companies that are re-evaluating their plans to move to New York. Several executives have told him they are very worried that city officials will need to increase corporate taxes to raise revenue. He also stated that much of the real estate outside of New York City is becoming more affordable causing many people to decide to move there instead.¹¹

At least 520,000 jobs have already been lost from the small business sector alone, according to data from the Partnership for New York City referenced in the report. People losing their jobs means they cannot afford the high rent prices in New York City.¹²

⁹ "What Every Consumer Should Know: Recent Legislative and Tax Changes Under New York State's Real Estate Law." *PropertyShark Real Estate Blog*, 13 May 2019, www.propertyshark.com/Real-Estate-Reports/2019/05/13/what-every-consumer-should-know-recent-legislative-and-tax-changes-under-new-york-states-real-estate-law/. Accessed 25 Nov. 2020.

¹⁰ Franklin, Sydney. "Westchester Home Sales Drop to Recession-Era Lows." *The New York Times*, 9 July 2020, www.nytimes.com/2020/07/09/realestate/westchester-home-sales-drop-to-recession-era-lows.html. Accessed 25 Nov. 2020.

¹¹ Kate King, "People Were Leaving New York City Before the Coronavirus. Now What?," *The Wall Street Journal* (Dow Jones & Company, April 26, 2020), <https://www.wsj.com/articles/people-were-leaving-new-york-city-before-the-coronavirus-now-what-11587916800>.

¹² Lisa Chamoff, "With Unemployment Twice As High As The Great Recession's Peak, New York City Rents Have Further To Fall," *Forbes* (Forbes Magazine, August 14, 2020), <https://www.forbes.com/sites/lisachamoff/2020/08/13/with-unemployment-twice-as-high-as-the-great-recessions-peak-rents-have-farther-to-fall/>.

“A lot will ride on what happens with schools at the end of the summer,” Ms. Freedman said (the chief executive of the brokerage Brown Harris Stevens), because few potential buyers with children who have left the city to escape the pandemic will choose to return, if virtual classrooms continue. Schools such as the specialized high schools are ranked among the top best in the country and were a big reason as to why many people chose to stay in the city despite the high prices. Now that these schools have resorted to remote teaching, people do not see these high schools as as much of a benefit as they did prior to the pandemic.¹³

Property owners in New York City are being forced to pay \$1.65 billion more dollars in property values than they did last year. This adds to the risk of buying property in New York. Paying more in property tax essentially means that the house you are buying will cost more which pushes many people away from the idea of buying property in New York City.¹⁴

The bottom line is that major cities, especially New York, have lost their appeal, specifically to those that carry the highest economic power, or the highest earners. The stomping ground of the wealthiest of New Yorkers, or those that are in the city primarily for its culture, entertainment, or their white collar jobs, has been eliminated by the rise of the pervasive novel coronavirus. Cultural and entertainment activities have been ceased, and white collar jobs have been moved online. This inherent lack of incentive to remain in the city has caused well-off neighborhoods to empty out in droves¹⁵.

The widespread disappearance of the wealthiest of New Yorkers triggered a major problem for the city: money. The city, after many months of lockdown, trembles on the precipice of a fiscal cliff; a fall from which could heavily hamper the city’s economy for years to come. In order to address the budget hole (of several billion dollars) that currently plagues the city, the city needs one of three things; new bonding authority from the state, additional federal aid, or higher taxes on the wealthy. The third solution is the most concerning for the wealthy and middle class that remain in New York; this money would be coming out of their pockets. This threat of taxation¹⁶ prompted a second wave of departures, pushing the city into an even more precarious position.

¹³ Josh Barbanell, “WSJ News Exclusive | New York City Property Taxes Rise as Coronavirus Pushes Values Down,” The Wall Street Journal (Dow Jones & Company, May 31, 2020), <https://www.wsj.com/articles/new-york-city-property-taxes-rise-as-coronavirus-pushes-values-down-11590926402>.

¹⁴ Josh Barbanell, “WSJ News Exclusive | New York City Property Taxes Rise as Coronavirus Pushes Values Down,” The Wall Street Journal (Dow Jones & Company, May 31, 2020), <https://www.wsj.com/articles/new-york-city-property-taxes-rise-as-coronavirus-pushes-values-down-11590926402>.

¹⁵ Quealy, Kevin. “The Richest Neighborhoods Emptied Out Most as Coronavirus Hit New York City.” *The New York Times*, The New York Times, 15 May 2020, www.nytimes.com/interactive/2020/05/15/upshot/who-left-new-york-coronavirus.html.

¹⁶ Fink, Zack. *Cuomo Opens Door to Raising Taxes on the Rich*, NY1, 8 Sept. 2020, www.ny1.com/nyc/all-boroughs/news/2020/09/08/cuomo-opens-door-to-raising-taxes-on-the-rich.

IV. Effects

“Many municipalities are looking at raising property taxes in order to meet budget shortfalls caused by economic shutdowns related to the Covid-19 pandemic.”¹⁷ This is a quote from the newsletter, The Mansion Global, under the subsection ‘New York - Tax Talk’. This quote was a response to someone curious as to whether ‘major real estate markets around the world considering property tax increases to offset municipal revenue losses as a result of the pandemic?’

S&P Global Ratings also respond to the fear of COVID-19 has permanent effects on major cities, worldwide. In an article called, ‘COVID-19: A Closer Look At How It Affects 10 Major U.S. Cities’.¹⁸ S&P Global not only speaks on possible tax increases but the way that major cities, due to COVID, will be facing increasing expenditure and reducing revenues. The article also dives into the root of the problem; weak liquidity. Due to COVID and vandalism, many have lost their businesses and faced serious financial grievances. People, especially those living in large cities, are running to banks to take out cash. Like other economic crises, such as the stock market crashes of ‘29 and ‘08, investment banks were not prepared for the mass number of people they were about to face. This is where we look to our central banks. The article continues by saying that, “even property taxes are likely to be affected should the recession be prolonged.”. The overall message is that those who rely on economically sensitive revenues will face the most severe consequences.

V. Tax Policy

Available Policy Options:

Amidst the COVID-19 situation, lawmakers at all levels of government should focus on drafting deliberate and comprehensive economic strategies that stymie harmful taxes and allow businesses to invest and create jobs. To begin that process, these are some achievable tax reforms proposed by the Tax Foundation. These policy options have been divided into three categories: state, federal, and global.

State Tax Policies:

- Modernize tax rules that are friendlier towards the trend of remoteness and teleworking.

Federal Tax Policies:

- Reform/repeal tax increases embedded in the TCJA of 2017

¹⁷ Hendrickson, V. (2020, October 01). Which Cities Are Contemplating Property Tax Increases to Offset Covid-19 Financial Woes? Retrieved October 12, 2020, from <https://www.mansionglobal.com/articles/which-cities-are-contemplating-property-tax-increases-to-offset-covid-19-financial-woes-219881>

¹⁸ Yocom, B. and Ridley, J., 2020. *COVID-19: A Closer Look At How It Affects 10 Major U.S. Cities*. [online] Spglobal.com. Available at: <<https://www.spglobal.com/ratings/en/research/articles/200402-covid-19-a-closer-look-at-how-it-affects-10-major-u-s-cities-11419980>> [Accessed 12 October 2020].

Global Tax Policies:

- The OECD should help countries across the globe to reorder the mix of their taxes away from harmful corporate and individual taxes to less harmful consumption and property taxes.

Clearing the Tax Path for Economic Recovery:

When the immediate health crisis abates, states will be forced to grapple with depleted reserves and reduced revenues while simultaneously seeking to adopt policies that will spur an economic recovery. Revenue needs and enhanced competition could be at tension with each other if states do not act swiftly and accordingly. Whatever difficult decisions states make on taxes and revenues, policymakers should at least regard this as an appropriate time to modernize state tax codes to make them more conducive—at any level of taxation—to economic growth and expansion.¹⁹

State Reform #1: Modernizing Tax Rules

The COVID-19 pandemic has fundamentally revised the nature of the workplace. Although most jobs still require on-site work, businesses are developmentally adopting more expansive telework policies. This has prompted business owners to call for a reflective change in tax regimes. The federal system has not yet evolved to reflect this new reality.

It is important to note that the federal system grants each state substantial autonomy over its tax codes. This yields tax competition that often leads to double taxation and tax complexity for businesses and individuals who operate in multiple states. Such an environment can expose employers to business tax liability. Therefore, the current tax codes have greatly restricted businesses from experimenting and succeeding with telework options. This is why modernizing the tax rules to suit the COVID-19 reality is needed.

Federal Reform #1: Preventing a Needless Tax Increase

There is yet another ill-timed tax increase scheduled in the Tax Cuts and Jobs Act (TCJA) that lawmakers should remove in order to ease the path to economic recovery for America's multinational businesses. Instead of allowing this rate increase to go as scheduled, expense allocation should be reformed so that the minimum tax rate on foreign income is realistic and plausible.

Global Reform #1: Changing the Mix of Taxes from Income to Consumption and Property

OECD economists have accurately identified how different tax policies can impact and possibly hamper economic growth. First, they found corporate taxes to be the most harmful taxes for economic growth because capital is a highly mobile factor in the economy and thus more conducive to high tax rates. They then found that individual income taxes, including payroll taxes,

¹⁹ Hodge, Scott A., et al. "How America Can Clear a Path to Economic Recovery." *Tax Foundation*, 21 Sept. 2020, taxfoundation.org/coronavirus-economic-recovery/.

were the second-most harmful because of how they can undermine work incentives and entrepreneurship. On the other hand, it was concluded that most of the gains to productivity came from the consumption tax on old savings.²⁰ The consumption tax is unavoidable, which prevents wealthy corporations and individuals from taking advantage of the current tax cuts established by the TCJA. Lastly, property taxation was also deemed advantageous to the economy because naturally, property cannot be moved to avoid tax.

In conclusion, converting to a consumption and property taxation system will drastically and positively alter how businesses and companies operate in light of the national situation.

VI. Housing Market Overview

As Covid-19 continues to sweep the world, the housing market has had plenty of note-worthy alterations. For NYC, the high Crime rates and tax increases, on top of the battle against COVID, have contributed to New York City's housing market demise. However because of New York City's struggles, suburban areas witness many positive attributes in the real estate market than they have had prior to the epidemic. Miami has also been a successful player in the housing market because of New York City's issues. Ultimately, Covid-19 has been a blessing and a curse to the housing market of the United States.

New York

The spread of coronavirus, tax increases, and increased rates in crime led to individuals living in New York City to flee to suburbs and rural housing. Before the pandemic struck, NYC residents had issues with high tax rates and costly living expenses; however, it did not bring as much chaos and movement as it did in the past year in 2020. With the tax raised by another 4%, families were not able to afford taxes and their insurance; as a result, they began moving out of urban cities and into suburbs.²¹ Additionally, due to the spread of COVID-19, unemployment rates have dramatically increased, specifically it is at 16.3%, noted as the highest in the state.²² With the unemployment rate rising, crime rates have further increased and caused chaos in NYC, including the boarding up and closing of many small businesses and shops. With the riots and civil unrest due to incidents of police brutality, along with increased crime rates, residents started to become more worried for their safety. Statistics show that violence and crime, such as shootings, have increased to over 85% since last year in New York City. This started to alarm citizens. It was even

²⁰ Burman, Len, and William G. Gale. "The Pros and Cons of a Consumption Tax." *Brookings*, Brookings, 28 July 2016, www.brookings.edu/on-the-record/the-pros-and-cons-of-a-consumption-tax/.

²¹ Kelly, Jack. "New Yorkers Are Leaving The City In Droves: Here's Why They're Moving And Where They're Going." *Forbes*, Forbes Magazine, 6 Sept. 2019,

www.forbes.com/sites/jackkelly/2019/09/05/new-yorkers-are-leaving-the-city-in-droves-heres-why-theyre-moving-and-where-theyre-going/.

²² Reisman, Nick. "Unemployment Rates Vary Across New York." *Spectrum News NY1*, 2020, www.ny1.com/nyc/all-boroughs/ny-state-of-politics/2020/09/23/unemployment-rates-vary-across-new-york-.

reported that 30% of residents living in NYC were more alarmed by the crime rates than the spread of COVID-19.²³

As issues such as high crime, economic stagnation, and civil unrest emerge in NYC, the real estate prices of housing decreased to the lowest point real estate agents have ever seen before in the city. A huge online real estate service, Zillow, reports and provides information to online users that prices of homes have dropped 4.2% since last year and houses have stayed on the market two months longer than they were in 2019. Furthermore, other sources display that the number of sales in Manhattan have dropped 62% and the median sales cost declined by about 17.7% compared to the past years, dropping to \$1 million (known as the biggest drop of the decade).²⁴ Even in June, the number of contracts signed conveying buyers' desire to buy or rent was down by 76% since last year. Additionally, listings have decreased by 26% since last year.²⁵ Apartments in Manhattan are reported to have fallen 31% while sales rise in the suburbs. For instance, condos and co-ops that were priced at more than \$4 million fell 44%. News officials even reported that Manhattan apartment sales display the worst on record. Considered to be the biggest plunge of the last years, Manhattan sales this quarter were recorded to be only 1,147, the lowest number in record.²⁶

Miami

New York City and Miami, have displayed differences in the way they were affected by the spread of COVID-19, tax increases, and rise in crime rates. With citizens of New York City alarmed and worried, they began to leave and move into suburban homes. However, suburban areas were not the only place where New York City residents migrated to. South Florida, or in particular, Miami, proved to be a hot-spot for former New York City homeowners (6.1% annual growth in home sales). Although moving to Miami from urban areas has been a trend popularized from paying high real estate taxes after the Tax Cuts and Jobs Act of 2017 for high-income individuals because it limited how much they could deduct from their tax returns, Covid-19's sudden appearance contributed to that as well. Real estate prices in Miami stayed the same during the beginning months of lockdowns, and are once again on the rise. The Miami area has been one of the few urban attractions after the virus changed our world. Projections into the near future predict that the Miami real estate market will continue to grow into 2021. Reasons for this are as follows : Tourist market, low unemployment, low property taxes, no income tax, high rental income. Ultimately, New York City's real estate market issues seem to be a positive for Miami's.²⁷

²³ Sipes, Leonard. "People And Businesses Leaving Cities Because Of Protests And Crime." *Law Officer*, 31 Aug. 2020, www.lawofficer.com/people-and-businesses-leaving-cities-because-of-protests-and-crime/.

²⁴ Zillow Research on Aug. 12, 2020. "Zillow 2020 Urban-Suburban Market Report." *Zillow Research*, 3 Oct. 2020, www.zillow.com/research/2020-urb-suburb-market-report-27712/.

²⁵ Chen, Stefanos, and Sydney Franklin. "Real Estate Prices Fall Sharply in New York." *The New York Times*, The New York Times, 2 July 2020, www.nytimes.com/2020/07/02/realestate/coronavirus-real-estate-price-drop.html.

²⁶ Frank, Robert. "Manhattan Apartment Sales Worst on Record, Biggest Plunge in 30 Years." *CNBC*, CNBC, 2 July 2020, www.cnbc.com/2020/07/02/manhattan-apartment-sales-worst-on-record-biggest-plunge-in-30-years.html.

²⁷ Santarelli, Marco. "Miami Real Estate Market & Investment Overview 2020." *Norada Real Estate Market Investments*, 21 Aug. 2020, www.noradarealestate.com/blog/miami-real-estate-market.

Southern California

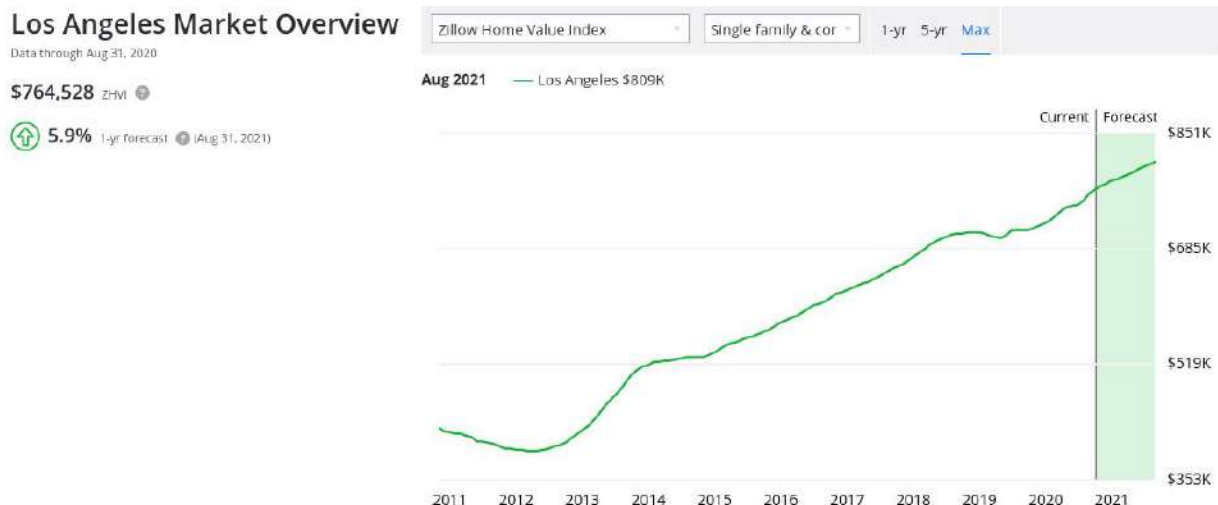
Despite the general trends demonstrated in the urban areas of New York City and Miami, Southern California experienced fluctuations that were very distinct as the general cost of homes actually increased throughout the progression of the pandemic. Los Angeles County, which comprises several cities in Southern California, saw a house price increase of 4.9% in April, which was the beginning of the COVID-19 crisis. The median sold price of an existing family home went up 3.9%. However, the pandemic took a significant financial toll on many and thus, as these general trends of appreciation in house prices surged, overall sales decreased. The home sales fell 26.6% as compared to March, while the sales from year over year fell 31.5%. Ultimately, in the city of Los Angeles specifically, the median sold price of an existing single family home was \$550,000, a 2.5% increase from year over year.

As the pandemic progressed, southern California saw a steady rebound in home sales, but prices remained on the continuous trend of growth. In June, the jump in sales from May was 48% in Metro Los Angeles, with home prices appreciating an average of \$18,000, or 11.6%, to a new median of \$553,000. July followed this trend of increased home sales as well. In a year to year analysis, existing single-family home sales fell by 5.2% from August 2019. In terms of house sales, the median price has risen by 7.9% from a year earlier to \$677,260. Compared to July, sales decreased by 1.7% in August. The median home price of the Los Angeles metropolitan region rose to \$615,000, an appreciation of 12.8% from last year. Relative to July, the median price increased by 4.2%.²⁸

By August, Zillow reports demonstrate a 4.4% in statewide median home value. Meaning that in the past year, Los Angeles home values have now gone up 7.4% and Zillow projects them to rise an additional 5.9% within this next year.²⁹

²⁸ Santarelli, Marco. "Los Angeles Real Estate Market & Investment Overview 2020." *Norada Real Estate Investments*, 26 Sept. 2020. www.noradarealestate.com/blog/los-angeles-real-estate-market/#:~:text=As%20compared%20to%20March%20to%20June%202020%2C%20the%20no.

²⁹ "Los Angeles Home Prices & Values." *Zillow*, www.zillow.com/los-angeles-ca/home-values.



The graph demonstrates the increase in home prices over the past decade, with a significant rise from 2019 to 2020, and the predicted rise of 5.9% for the next year. It also shows the current median price value of a single family home and condos, \$764,528.

Courtesy of Zillow.com

New Jersey

While the housing prices in urban areas started decreasing due to Coronavirus unemployment, suburbs have done the complete opposite. More and more people started looking for safer and less expensive housing in suburban areas such as Long Island, Boston, and New Jersey.³⁰ With supplies remaining low and demand climbing back up, the New Jersey housing market 2020 became a very solid seller's market. As such, the median sales price actually increased in June 2020, by 5.3%.³¹ As far as the reason for the real estate boom, according to economists, the deep recession that hit the U.S. economy in light of the pandemic forced the Federal Reserve to lower interest rates dramatically, driving the average mortgage rate from around 3.75% at the beginning of 2020 to under 3% just a few weeks after the pandemic set in.³² That drop made buying a home more feasible for many potential buyers, allowing them to afford more expensive homes with the same monthly payments. The State of New Jersey department of banking and insurance also offered residential mortgage relief allowing them to reduce or delay your monthly mortgage

³⁰ Goldberg, Carl. "COVID-19 Will Change New Jersey's Real Estate Market." *NJ.Com*, 6 Sept. 2020, www.nj.com/opinion/2020/09/covid-19-will-change-new-jerseys-real-estate-market-opinion.html.

³¹ Rex. "Real Estate Technology Helping New York and New Jersey Consumers Find Opportunity During COVID-19 Crisis." *Cision PR Newswire*, 19 Aug. 2020, www.prnewswire.com/news-releases/former-new-jersey-governor-chris-christie-weighs-in-on-real-estate-technology-creating-opportunities-for-new-york-and-new-jersey-consumers-during-covid-19-301115259.html.

³² Devlin, Nick. "N.J. Home Prices Are Soaring through the Pandemic. See How Seven Areas Have Fared." *NJ.Com*, 23 Aug. 2020, www.nj.com/data/2020/08/nj-home-values-continued-to-climb-as-pandemic-ravaged-the-state.html.

payment to help residents catch up on their payments. This also greatly contributed to the increase in interest for the New Jersey housing market due to many's unemployment and financial instability.³³

Boston

In Boston, the home values have gone up 3.0% over the past year and Zillow predicts they will rise 4.5% within the next year. The average annual profit of property investment was 2.79% in 2015, 4.60% in 2016, 7.34% in 2017, 3.42% in 2018, 1.80% in 2019, -2.0489% in 2020.³⁴ At the end of January 2020, the Real-time Availability Rate (RTAR) for Boston apartments was at 4.51%, a solid 10% decrease from late January 2019. As a result of the varied business philosophies of property owners, the RTAR has steadily increased throughout the month of April. As of the first week of May, it hit 6.47% for the City of Boston as a whole – just above the 6.44% peak seen on April 1, 2019. However, if the economy continues to be shut down, and RTAR surpasses 8% by June, it could be a cause for serious concern.³⁵

Long Island

OneKey MLS, the multiple listing service that includes Long Island, reported on Thursday that the number of pending sales spiked by 60.6% and 55.5% last month for Nassau County and Suffolk, respectively, when compared with the pending sales from the year prior. The COVID19 lockdown put a damper on closed home sales in July, which fell annually by 38% in Nassau and nearly 36% in Suffolk, however, the listing service reported price increases in both counties. In Nassau, closed sale prices ticked up 1.1% annually, to a median \$551,250, and pending sale prices rose by 6.4%, to a median \$580,000. Suffolk County median closed sale prices jumped by 5.8% to \$439,000 and pending sale prices rose by 8.4% to \$450,000, the listing service reported. On the North Shore of Nassau County, the most desirable homes — particularly those in move-in condition — are fetching a dozen offers and selling for more than the asking price, said Cynthia Awan, a real estate agent with Lucky to Live Here Realty in Cold Spring Harbor. One home listed for \$1.7 million went into contract for \$1.8 million, she said.

In addition to higher demand from buyers leaving New York City, record-low interest rates and high rents are adding fuel to Long Island's housing market, said Hector Castillo, CEO of Syosset-based Exit Realty New York Metro, which has 12 locations on the Island. The average interest rate was 2.96% this week, down 0.64 percentage points from a year ago, mortgage giant Freddie Mac reported Thursday. Demand is especially fierce for homes in the \$300,000 to \$500,000 range, he said. A house in Huntington Station listed for \$380,000 recently attracted 10 bids, half of

³³ "COVID-19 and Residential Mortgage Relief." *State of New Jersey Department of Banking & Insurance*, www.state.nj.us/dobi/covid/mortgagerelief.html.

³⁴ "Brookline Home Prices & Values." *Zillow.Com*, www.zillow.com/brookline-ma/home-values.

³⁵ Salpoglou, Demetrios. "How Is Boston's Housing Market Reacting to COVID-19?" *Bostonpads.Com*, 8 May 2020, bostonpads.com/blog/real-estate-news/boston-housing-market-covid.

them over the asking price, he said. Buyers faced a drastic shortage of homes for sale last month, with inventory down annually by 16% in Nassau and nearly 32% in Suffolk, listing service figures show. At July's pace of pending sales, it would take 2.5 months to sell all the homes listed in Nassau and 1.9 months in Suffolk. By contrast, a year earlier, it would have taken roughly twice that long.³⁶

VIII. Comparing Housing Markets

Not all cities have experienced a massive real estate drop. However, even in cities that were greatly affected, such as NYC, not all neighborhoods were affected equally. Prices for signed contracts on co-ops and condos in Manhattan have plummeted by nearly 57% vs this time last year³⁷. In Staten Island, however, which is much more suburban, prices have remained stable with some sources saying 3% appreciation compared to last year³⁸ or a 0% change according to other sources. In addition to this, Queens, which is also one of the more suburban style boroughs, has actually seen a 10% increase in median price of house sales³⁹. Meanwhile, Brooklyn, the most populous borough, had the smallest drop in sales of all the boroughs, at only -21%, largely due to people taking advantage of low real estate prices in order to upgrade their homes⁴⁰.

In Los Angeles, Home Sales dropped 5.2% year on year In August, compared to 30% in April, showing an incredibly strong recovery in addition to a relatively low drop in housing sales, Median Home price actually increased by nearly 7.9%⁴¹. These very different results, compared to NYC can be explained for a variety of reasons. First of all, the vast majority of LA County is suburban as NYC has nearly 10 times the population density of LA. Second of all, crime has increased at different rates across the two cities. In LA, the homicide rate is up 20% compared to this time last year⁴². In NYC, homicides are up 40% year to date while shootings are double what

³⁶ McDermott, Maura. "Pending Home Sales in Nassau, Suffolk Spike, Report Says." *Newsday.Com*, 13 Aug. 2020, www.newsday.com/business/coronavirus/long-island-homes-sales-contract-1.48084459.

³⁷ Frank, R., 2020. *Manhattan Apartment Deals Plunge 57%, Suburban Real Estate Surges*. [online] CNBC. Available at: <<https://www.google.com/amp/s/www.cnbc.com/amp/2020/08/06/manhattan-apartment-deals-plunge-57percent-suburban-real-estate-surges.html>> [Accessed 11 October 2020].

³⁸ Rockethomes.com. 2020. *Staten Island, New York | Real Estate Market Trends September 2020*. [online] Available at: <<https://www.rockethomes.com/real-estate-trends/ny/staten-island>> [Accessed 11 October 2020].

³⁹ Santarelli, M., 2020. *NYC Real Estate Market: Are Housing Prices Falling?*. [online] Norada Real Estate Investments. Available at: <<https://www.google.com/amp/s/www.noradarealestate.com/blog/new-york-real-estate-market/amp/>> [Accessed 11 October 2020].

⁴⁰ Santarelli, M., 2020. *NYC Real Estate Market: Are Housing Prices Falling?*. [online] Norada Real Estate Investments. Available at: <<https://www.google.com/amp/s/www.noradarealestate.com/blog/new-york-real-estate-market/amp/>> [Accessed 11 October 2020].

⁴¹ Santarelli, M., 2020. *Los Angeles Real Estate Market: Housing Prices & Forecast*. [online] Norada Real Estate Investments. Available at: <<https://www.google.com/amp/s/www.noradarealestate.com/blog/los-angeles-real-estate-market/amp/>> [Accessed 11 October 2020].

⁴² Los Angeles Times. 2020. *Deadly Violence In L.A. Up 15% So Far This Year, Mirroring National Trends*. [online] Available at: <https://www.google.com/amp/s/www.latimes.com/california/story/2020-09-30/homicides-increasing-los-angeles-national-trend%3f_amp=true> [Accessed 11 October 2020].

they were for all of 2019⁴³. NYC has seen nearly double the crime surge of LA, which explains why the real estate market has crashed in NYC but remained stable in LA. Economic fallout from the virus is at nearly the same rates across both cities as both have a 16% unemployment rate and have had a comparable amount of small business closures⁴⁴.

Of course, no list of American big cities would be complete without including Chicago. Chicago reflects a very balanced and stable trend compared to our two previous examples. In Chicago, there was relatively close to no change in average home selling price⁴⁵. However, there was a 50% decline in the number of homes that were selling year to date which meant a less saturated market. Why this occurred can be split into a few different reasons. First of all, Chicago is mainly suburban as their population density is less than half of NYC's. Second of all, the average median home price is 1/3 of LA and NYC (\$260,000⁴⁶ vs \$760,000⁴⁷ in LA). This means that property taxes are far lower in Chicago than in our two previous examples. Chicago has a current unemployment rate of about 15%, which is slightly better than our two previous examples⁴⁸. Murder has increased by 37% in Chicago which was already experiencing crime slightly above national average. This increase is still lower than NYC, and the majority of crime is much more concentrated in specific locations in Chicago than in other cities like NYC⁴⁹. These are some of the reasons for why the Chicago real estate market has remained as stable as it has.

On the other hand, a city whose real estate prices are increasing rather than decreasing, is Nashville, Tennessee. Nashville is a major center for the music industry. Overall, this city has a very diverse economic system, with a wide range of professions including manufacturing, transportation, education, health care, financial services, and corporate headquarter sectors. With all of these included, Nashville did not suffer as high of an unemployment rate during the pandemic as other major cities like NYC because of its vast opportunities. Nashville real estate is constantly increasing in value. Since 2012, home values increased by over 80% and from last year, home values increased by 4.1%. Square footing in Nashville is \$192 vs \$161 per square foot in the Nashville-Davidson-Murfreesboro-Franklin Metro area⁵⁰. One of the reasons for the growth in real estate prices is Nashville's low unemployment rate and constant growing prices.

⁴³ Ww1.nyc.gov. 2020. [online] Available at: <https://www1.nyc.gov/assets/nypd/downloads/pdf/crime_statistics/cs-en-us-city.pdf> [Accessed 11 October 2020].

⁴⁴ Labormarketinfo.edd.ca.gov. 2020. [online] Available at: <[https://www.labormarketinfo.edd.ca.gov/file/lfmonth/la\\$pd.pdf](https://www.labormarketinfo.edd.ca.gov/file/lfmonth/la$pd.pdf)> [Accessed 11 October 2020].

⁴⁵ Santarelli, M., 2020. *Chicago Real Estate Market 2020: Housing Prices & Forecast*. [online] Norada Real Estate Investments. Available at: <<https://www.google.com/amp/s/www.noradarealestate.com/blog/chicago-real-estate-market/amp/>> [Accessed 11 October 2020].

⁴⁶ Zillow.com. 2020. [online] Available at: <<https://www.zillow.com/chicago-il/home-values/>> [Accessed 11 October 2020].

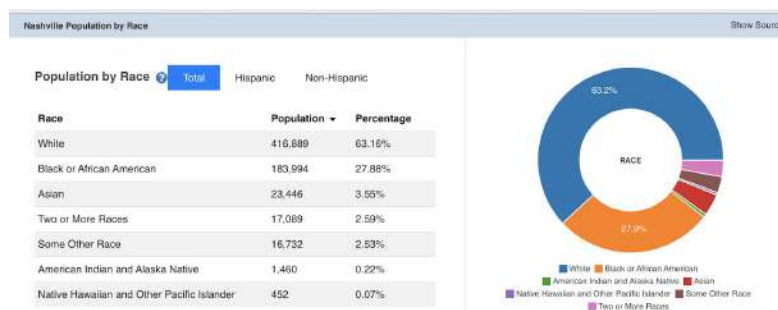
⁴⁷ Zillow, I., 2020. *Los Angeles CA Home Prices & Home Values | Zillow*. [online] Zillow. Available at: <<https://www.zillow.com/los-angeles-ca/home-values/>> [Accessed 11 October 2020].

⁴⁸ Ycharts.com. 2020. *Chicago, IL Unemployment Rate*. [online] Available at: <https://ycharts.com/indicators/chicago_il_unemployment_rate> [Accessed 11 October 2020].

⁴⁹ Goudie, C., 2020. *Chicago Murders Up In 2020, Outpacing National Increase: FBI Data*. [online] ABC7 Chicago. Available at: <<https://www.google.com/amp/s/abc7chicago.com/amp/chicago-murders-2020-crime-fbi/6431761/>> [Accessed 11 October 2020].

⁵⁰ Rohde, J., 2020. *What's Attracting Investors To Nashville's Real Estate Market In 2020?*. [online] Learn.roofstock.com. Available at: <<https://learn.roofstock.com/blog/nashville-real-estate-market#:~:text=Historic%20Price%20Changes%20%26%20Housing%20Affordability&text=Since%20Q1%201991%20homes%20prices,Nashville%20have%20increased%20by%201.09%25>> [Accessed 11 October 2020].

While Nashville's prices continue to climb, the crime rates of the city also continue to increase. The crime rates are rated as an F and every year crime has been increasing at a rate of 3%. Nashville's crime rate is 99% higher than the average crime rate in other United States cities⁵¹. Nashville has the 23rd highest population in the United States and its population is constantly growing. It has become a trendy destination for immigrants due to a healthy job market and relatively low cost of living, despite the high demand for the market⁵². As previously mentioned, the unemployment rates in Nashville, Tennessee have been relatively low in the past 20 years compared to the rest of the United States. However, that amount has been declining more and more. Two major peaks when unemployment rates were highest was in April 2020, due to the pandemic and the shutting down of many businesses, and in June 2009, where the United States suffered a recession. However, after both those incidents, Nashville recovered very quickly than most other big cities, leaving it a very good place to live⁵³. As can be seen, Nashville, Tennessee has constant increasing real estate prices because of its good area, constant growth of jobs, and quick recovery during difficult times.



Houston, Texas is the fourth largest city in the United States with a population of approximately 3 million people. In such an immensely populated city, there has been fluctuation in the housing market. However, as a result of the ongoing pandemic, the oscillation in the sale prices have been rather unstable. According to market recaps by the Houston Association of Realtors, the total property sales increased by 18.3% in June 2020 compared to June 2019.⁵⁴ The theory behind this elevation in property prices is said to be the increased length of time spent at home. With millions stuck at home due to Covid-19 quarantine, many want to find a better environment they

⁵¹ Areavibes.com. 2020. *Nashville, TN Crime Rates & Map*. [online] Available at: <<https://www.areavibes.com/nashville-tn/crime/>> [Accessed 11 October 2020].

⁵² Worldpopulationreview.com. 2020. *Nashville, Tennessee Population 2020 (Demographics, Maps, Graphs)*. [online] Available at: <<https://worldpopulationreview.com/us-cities/nashville-tn-population>> [Accessed 11 October 2020].

⁵³ Fred.stlouisfed.org. 2020. *Unemployment Rate In Nashville-Davidson--Murfreesboro--Franklin, TN (MSA)*. [online] Available at: <<https://fred.stlouisfed.org/series/NASH947UR>> [Accessed 11 October 2020].

⁵⁴ Wendlant, Catherine. "How the Coronavirus Has Hit Houston's Housing Market." *Houstonia Magazine*, Houstonia Magazine, 16 July 2020, www.houstoniamag.com/home-and-real-estate/2020/07/how-the-coronavirus-hit-houston-housing-market.

can stay in. Statistics show that 9,328 single family houses were sold in the month of June compared to 8,063 single family houses in June of last year.

Concurrently, the average rent values in Houston made a 6.16% increase from last year with a \$1379.⁵⁵ This lays a heavier burden on the Houstonians as employment rates went down 6% or approximately 190,000 as of July 2020.⁵⁶ The industries that were hit the hardest by the decline in employment are the hospitality and leisure sectors of the industry as more than 60,000 jobs were lost by July 2020. Thus, people began to turn their attention to the housing markets of Houston and the forecast on the real estate values were relatively positive. Based on Zillow, the house price appreciation rates dropped 0.44% in the latest quarters and further decrease by 1.5% is predicted to occur in the next 12 months. In comparison to Houston's real estate appreciation in the last ten years, this is a steep decline to some extent because the overall appreciation rate is 4.6% over the last ten years and the appreciation rate recorded in July 2020 creates a 5.04% difference.

IX. The Financial Crisis of 2008

The financial meltdown of 2008 began with the selling of subprime mortgages in the 90s and continued to be the worst financial tragedy of the 2000s. In 1999, the Federal National Mortgage Association increased their selling of subprime mortgages which made home loans more accessible to those with lower credit and savings. By 2002, the Federal National Mortgage Association and Federal Home Loan Mortgage Corp had already lent out \$3 trillion worth of mortgage credit.

Subprime borrowers were offered Adjustable-Rate Mortgages, mortgages which fluctuate to higher prices after the initial payment. The up trending market during 1999 through 2005 made these mortgages virtually risk-free due to positive equity gained through increasing home value. Other methods of selling mortgages became popular such as Mortgage-Backed Security and Credit Default Swaps. These practices only worked when home owners made their payments consistently. In addition, consumer debt hit it's all-time high of \$2 trillion in 2004.

These circumstances only made the housing market more volatile going into the eventual crash in 2008. By March 2007, Bear Stearns suffered great losses from underwriting many subprime mortgages. Homeowners began defaulting on payments while the subprime mortgages were resetting to higher prices and home prices declined. Many people couldn't afford their homes

⁵⁵ Santarelli, Marco. "Houston Real Estate Market 2020: Housing Prices & Trends." *Norada Real Estate Investments*, 19 Sept. 2020, www.noradarealestate.com/blog/houston-real-estate-market/.

⁵⁶ "Houston Area Employment - July 2020 : Southwest Information Office." *U.S. Bureau of Labor Statistics*, U.S. Bureau of Labor Statistics, 2 Sept. 2020, www.bls.gov/regions/southwest/news-release/areaemployment_houston.htm.

anymore, foreclosing and filing for bankruptcy. This first wave was known as the subprime meltdown.

However, the Dow Jones Industrial Average on October 9 2007 reached a closing high of 14,164. Eventually, though, the turbulence in the housing market turned into a recession. By January 2008, the Dow Jones Industrial Average traded below 11,000, the first time it happened since two years prior. By September 6th 2008, the financial market was down 20% since the October 2007 peak. The US government finally intervened, taking over the Federal National Mortgage Association and Federal Home Loan Mortgage Corp after their heavy losses from the collapsing subprime mortgage market. A week later on September 14, turmoil continued with the major investment firm Lehman Brothers announcing the largest bankruptcy filing in US history at the time. Lehman Brothers succumbed to the collapsing subprime mortgage as well, leading the market to plummet even further.

The net asset value of the Reserve Primary Fund fell below \$1 per share. Investors were only entitled to 97 cents for every \$1. Panic erupted in the money market fund industry, resulting in a rush to the banks. Many people filled in redemption requests. On the other hand, talk of government bailouts and bans on short selling led the markets to soar and the Dow to close at 11,388. From the intraday high of 11,388 on September 19th, the Dow fell to 7,882 on October 10th. The turmoil that would unfold was historical.

Goldman Sachs and Morgan Stanley converted from investment bank to bank holding companies to have better chances at gaining government bailouts. After a 10 day bank run, the Federal Deposit Insurance Corporation transferred assets of the nation's largest savings and loan to JPMorgan Chase. In tandem, the Dow suffers a 6.98% decline, the largest point drop in history at the time. Finally, in October a \$700 billion TARP plan passed a vote in Congress.⁵⁷

The current situation with COVID 19 forcing residents out of big cities and declining financial real estate prices relates to the economic meltdown of 2008. Though in 2019, the cause was a pandemic, both had major impacts on the housing market and stock market. The mishandling of businesses such as those closing due to coronavirus and the giving out of subprime mortgages both subsequently caused the housing market to increase in price, thus crashing the economy. Finally, a lesson can be learned from 2008 on economic crises, how and how not to handle these situations, which can easily be applied in today's day and time.

X. Conclusion

⁵⁷ Kosakowski, Paul. "The Fall of the Market in the Fall of 2008." *Investopedia*, Investopedia, 29 Aug. 2020, www.investopedia.com/articles/economics/09/subprime-market-2008.asp.

Thus we can see that there have been many different factors surrounding the recent real estate market volatility of the big cities of the US. We have observed how not all cities have responded the same to these factors and that definitely not all cities saw their prices cut. We saw how many have followed an expected real estate decline such as NYC. However, cities like Chicago, which has some of the cheapest housing costs of all big cities and a significant suburb have barely seen a noticeable change to their real estate prices. Other counties such as many of those in Southern California have also not seen an expected significant decline in their prices as many of the wealthiest residents of these areas simply leave the state without selling their property within the state. Even separate sections of cities have seen vastly different worlds when it comes to real estate prices. While Manhattan Real estate had essentially been cut by a hatchet, Queens Real Estate had in fact risen in price during 2020. All in all, every city has seen its own unique situation when it comes to the events of 2020 and their effects on pricing.

The Case for Financial Literacy

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Shen Lau

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I. Abstract

Financial Literacy is a very critical part of maintaining financial stability. Unfortunately, many Americans and young adults lack the skills to help manage their finances, causing many of them to go into debt and not be able to afford their lifestyles without incurring even more debt. Some major areas in which young adults lack financial literacy, aside from personal finances, are taxes, consumer policy, homeownership, and stock market investment. Failure to make financial decisions has been a detrimental cause of the various financial issues we see among young adults. The reason most young adults are unable to make good financial decisions is largely due to them not having a financial education class in high school or college, which led them astray to develop poor financial habits. As a result, they now live paycheck to paycheck, tend to rent rather than own at much higher rates, and do not understand how to make the right financial decisions. Statistics show that if there are financial education classes at an earlier age for people, such as the time they are in high school, more people will learn how to be financially literate and stable. This would be an overall benefit for the people and the economy.

II. Introduction

The broad topic of financial literacy finds a way to affect the lives of the adult population around the world, in one way or another. Money is the driving factor behind this concept, but the desirable commodity itself has created a world where the vast majority of it lacks the knowledge on how to handle and retain it. According to the National Foundation for Credit Counseling, a staggering 62% of adults in the United States have sustained some amount of credit card debt in the last year.⁵⁸ This and other concerning high statistics like it stem mainly from the lack of adequate education in the subject of financial literacy, which can be broken down into the following subtopics.

III. Financial Management

Financial decisions impact the future of the economy as well as the lives of every individual in society. However, this subject remains rather concerning, particularly to those who have to struggle through their daily lives with loans and debts. Statistics show that nearly 80% of Americans live from paycheck to paycheck⁵⁹, presenting the significance of the need for financial management for such a large population of people with limited amounts of monetary supply.

The investment of capital in different areas requires people to understand the market and the resources they hold. According to the American Debt Help Organization, American household debt reached 13.21 trillion dollars in 2018, leaving 300 million people worried about their financial landscape⁶⁰. By March 2019, the cost of a higher education led student loans to hit 1.5 trillion dollars. All these large numbers place financial paths towards great instability, mainly for the millennial group who range from the ages of 25-37. Between this age range, this group of young adults can be found finishing up their education career and stepping into society with many unknowns of their financial situation. A large portion of the group have no plans for financial management like saving money for emergency usage, with only 41% of millennials having an emergency fund, far less than older workers.⁶¹ High debt levels and low savings, emphasized the importance of financial literacy for people to prosper in modern society.

IV. Taxes

Taxes are an integral part of most of the world's economies: aside from a few exceptions, they apply to the vast majority of adults across the globe. Despite this, tax knowledge is incredibly

⁵⁸ "2020 Annual Financial Literacy Survey." NFCC, The Harris Poll, 23 Mar. 2020, www.nfcc.org/resources/client-impact-and-research/2020-consumer-financial-literacy-survey/.

⁵⁹ Glink, I., & Tamkin, S. J. (2020, August 05). Perspective | A breakdown of what living paycheck to paycheck looks like. Retrieved November 07, 2020, from <https://www.washingtonpost.com/business/2020/08/17/breakdown-what-living-paycheck-to-paycheck-looks-like/>

⁶⁰ Writer, A. (2020, July 24). Consumer Debt Statistics & Demographics in America. Retrieved November 07, 2020, from <https://www.debt.org/faqs/americans-in-debt/demographics/>

⁶¹ Hasler, Andrea. *Millennials and Money: The State of Their Financial Management and How Workplaces Can Help Them*, 2018, www.tiaainstitute.org/sites/default/files/presentations/2020-08/TIAA%20Institute_Millennials%20and%20Money_T%261_Lusardi_02%2020.pdf

low, especially amongst young adults. In the United States, according to a study conducted by Harris Poll, when asked about common deductions and various saving plans, as a group, taxpayers only answered 25% of the questions correctly⁶². In the United Kingdom, statistics were also disappointing - roughly 80% of young adults said they had not received any information about how the tax system worked at the time of their graduation from secondary school, and 37% did not know how to apply for a student loan⁶³. In Japan, only 30% of people were able to correctly answer one question about tax literacy. This number dropping to 3% when all three tax literacy questions were considered⁶⁴.

The lack of tax literacy across the globe is an alarming problem, as the absence of such knowledge can lead to poor, mismanaged financial decisions. In many countries, failure to file taxes correctly can result in fines of thousands of dollars, bringing many younger adults into financial ruin. According to the results of a study from Princeton Survey Research Associates International, 57% of Americans did not have the savings to cover a \$500 surprise expense⁶⁵, much less a \$5000 one. Paying taxes is an inherent part of adulthood in many countries, and thus, tax literacy is an essential skill that ought to be taught to everyone as a part of the school system in order to prevent major mishaps and avoid a variety of other issues.

V. Consumer Policy

Consumers today operate in increasingly complex markets, challenged by growing amounts of information and an expanding choice of products⁶⁶. Making the right decisions and protecting self-interests requires a broad range of skills and knowledge, hence consumer education being imperative in this regard. It is defined as the process of ameliorating skills and knowledge to make more informed and well-reasoned choices—choices that take social values and standards into account. Consumer education also helps develop critical thinking and raise financial awareness, thereby enabling consumers to become more proactive in their endeavors. Learning about consumer policy, in general, is an important vehicle for building the confidence that consumers need to operate in increasingly complex markets.

Today, consumer policy education covers more diverse areas than it has in the past. It now covers, for the most part, consumer obligations and rights, personal finance, sustainable

⁶² Voigt, K. (2017, June 22). Survey: We're Missing Out on Free Tax Software. Retrieved November 07, 2020, from <https://www.nerdwallet.com/blog/taxes/americans-missing-out-on-free-tax-software-dont-know-basic-irs-facts/>

⁶³ Young Persons' Money Index: The London Institute of Banking & Finance. (2019). Retrieved November 07, 2020, from <https://www.libf.ac.uk/study/financial-education/young-persons-money-index>

⁶⁴ Iwasaki, K., Ph.D., Nakashima, K., Ph.D., & Kitamura, T., Ph.D. (2019). Tax Literacy, Time and Risk Preference, and Retirement Planning in Japan. Retrieved November 07, 2020, from http://www.abef.jp/conf/2018/common/doc/oral/H3_PR0037.pdf

⁶⁵ Cornfield, J. (2017, January 12). Survey: 41 Percent Of Americans Pay For Unexpected Expense With Savings. Retrieved November 07, 2020, from <https://www.bankrate.com/finance/consumer-index/money-pulse-0117.aspx>

⁶⁶ "Consumer Policy," 2009. <https://www.oecd.org/digital/consumer/>.

consumption, and digital media plus technology⁶⁷. Such additions should be viewed as a step forward in helping consumer decision-making and financial skills.

Recognizing the increasing importance of consumer education, the Organisation for Economic Co-operation and Development (OECD) established the Committee on Consumer Policy (CCP) in 1969. The CCP's primary objective is to address the broad range of consumer issues that societies face in addition to helping public authorities enhance the development of effective consumer policies⁶⁸. In 2008, the CCP launched a major project to examine how countries are providing consumer education. An analytic report was then prepared to evaluate the structural and institutional frameworks supporting consumer education, the role of non-governmental stakeholders, and the plethora of approaches being pursued in different countries.

Covering 27 countries, the CCP project report identified four key issues and challenges for governments: i) overall education strategies are lacking in most countries, ii) there is a need to improve the quality of education, iii) there are limited opportunities for consumer education to exist in school curriculums, iv) there is a dire need to enhance the motivation to learn about consumer policy in school⁶⁹.

Below are some of the statements concluded in the report:

- Consumer education should begin at an early age and should immediately be integrated into educational programs where appropriate.
- Consumer education should be developed in a balanced and cohesive way by considering regulatory and governmental policies.
- Consumer education programs should be varied and diverse so that there are elements that address the needs and wants of different groups, their socio-economic environments, and their demographic⁷⁰.
- The Internet should be exploited more fully to promote consumer awareness.

All in all, the Committee concluded that consumer education is an integral part of financial and economic awareness and that countries must develop more effective consumer education policies.

⁶⁷ "Consumer Policy," 2009. <https://www.oecd.org/digital/consumer/>.

⁶⁸ "Consumer Policy," 2009. <https://www.oecd.org/digital/consumer/>.

⁶⁹ "Consumer Policy," 2009. <https://www.oecd.org/digital/consumer/>.

⁷⁰ "Consumer Policy," 2009. <https://www.oecd.org/digital/consumer/>.

VI. Home Ownership

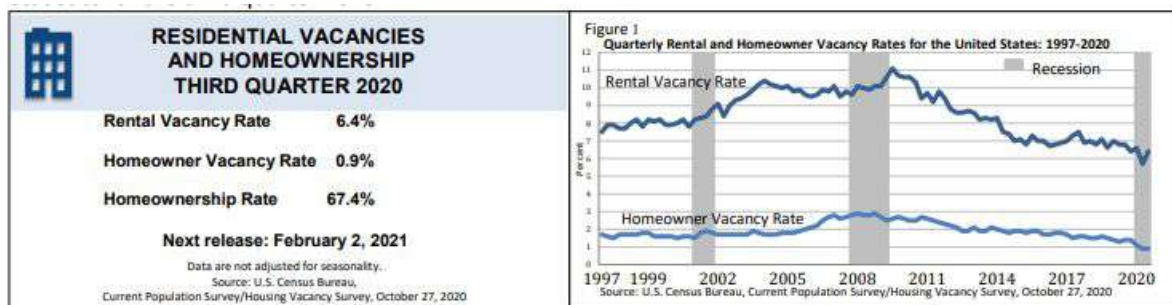


Table 1. Rental and Homeowner Vacancy Rates for the United States: 2017 to 2020

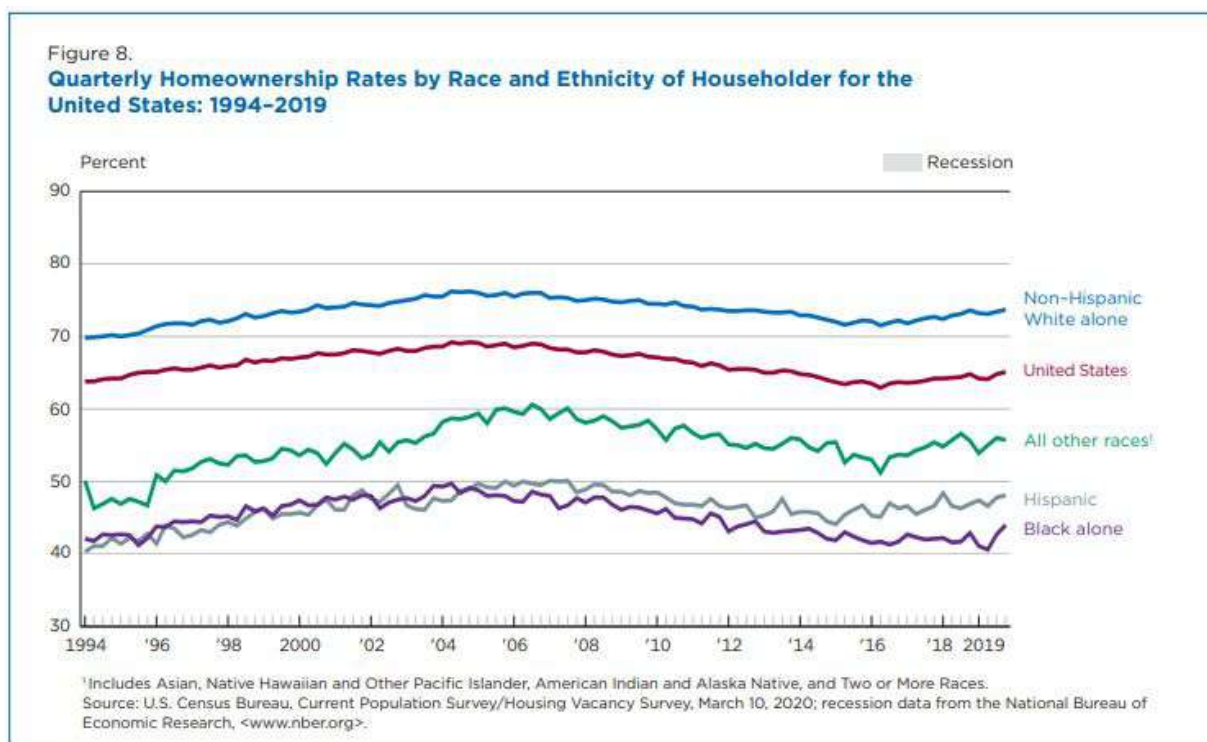
Year	Rental Vacancy Rate (percent)				Homeowner Vacancy Rate (percent)			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2020.....	6.6	5.7	6.4		1.1	0.9	0.9	
2019.....	7.0	6.8	6.8	6.4	1.4	1.3	1.4	1.4
2018.....	7.0	6.8	7.1	6.6	1.5	1.5	1.6	1.5
2017.....	7.0	7.3	7.5	6.9	1.7	1.5	1.6	1.6

All comparative statements in this report have undergone statistical testing, and unless otherwise noted, all comparisons are statistically significant at the 90 percent significance level. For an explanation of how the rates are calculated, please see the Explanatory Notes at the end of the press release. Explanations of confidence intervals and sampling variability can be found on the CPS/HVS website at: www.census.gov/housing/hvs. Source: U.S. Census Bureau, Current Population Survey/Housing Vacancy Survey, October 27, 2020.

Homeownership (owning your own home instead of renting it from a landlord) has been an important means for people to gain wealth. About 70% of American families own a home,, but when you look at different races and demographics, there are major differences. For many, owning a home becomes an important asset, and in order to build up adequate savings to buy a home, one must be financially prepared in saving money and developing creditworthiness. Many students have parents who own a home, and are able to teach them how to be financially literate and also become future homeowners. However, that is not the case for many Americans. This issue is mainly prevalent in minorities, students who completed high school or college, and anyone that does not know how to manage money properly.

There is a major gap between different races of people in the U.S. who own a home. Home ownership among white households has been at the highest rate at around 73% of whites owning a home in the second quarter of 2019. However at the same time, Hispanic and Black households are drastically lower, with Hispanic homeownership only at around 47% of hispanics owning a home and Black ownership at about 41% of blacks owning a home. Hispanic and Black homeownership are at similar rates for the most part, however Black ownership has been decreasing since 2004,

from 50%, down to 40.6% in 2019.⁷¹ Though Black ownership decreased, Hispanic home ownership shows to be increasing along with other minority groups. Native American home ownership is at about 51 percent and Asian homeownership close to 58 percent.⁷²



Courtesy of census.gov

Homeownership is a major component of one's wealth in America, and racial disparities in homeownership often play a major role in determining how wealth is distributed across different demographic groups. The gap is typically wider in cities, with only 25 percent of black families owning a home in Minneapolis compared with 76 percent of white families. This is the widest gap, in U.S. cities with more than 1 million residents, according to a study done by Redfin real estate brokerage found. This is the case in multiple areas around the entire U.S. Black people have been disproportionately hurt by racist policies for hundreds of years. One of these policies called redlining was a major factor that caused a decrease in black homeownership. The racist housing policy of redlining assigned grade levels and color codes to neighborhoods to indicate local lenders' perceived credit risk-based in large part on the residents' race and ethnicity, and it was outlawed in

⁷¹ "The 'heartbreaking' Decrease in Black Homeownership." *Washington Post*, 28 Feb. 2019, www.washingtonpost.com/news/business/wp/2019/02/28/feature/the-heartbreaking-decrease-in-black-homeownership/

⁷² "Inequality in U.S. Homeownership Rates by Race and Ethnicity -Liberty Street Economics." *Libertystreeteconomics.Newyorkfed.Gov*, 8 July 2020, libertystreeteconomics.newyorkfed.org/2020/07/inequality-in-us-homeownership-rates-by-race-and-ethnicity.html.

the 1960s.⁷³ This created segregated communities and even after it was outlawed, real estate agents often didn't give black buyers information to make buying a home easier or they would steer them away from a white, rich neighborhoods. As a result, the value of a home in an area that was redlined with mostly blacks is worth substantially lower, at 50 percent less than greenlined areas with more white people. As a result, even with a decent amount of financial education, it is five times harder for a black person that had origins in a redlined neighborhood to move to a green lined neighborhood, because the price gap was so big because of racial inequality.⁷⁴

Millenials have faced a decrease in home ownership compared to previous generations. Many millennials often stay with their parents as they get older into their twenties and thirties, and are unmotivated to get married as quick. In addition, lack of financial education, and student debt from college is hindering them from being able to afford their own home. Since their lives in a way are delayed, it takes a longer time to be able to develop an ample budget to buy a home and an affordable price.⁷⁵ 50 percent of Americans under the age of 36 have financial trouble when it comes to buying a home because of student debt. Millennials often tend to move to areas of tighter concentration. Many of them go to big cities and rent apartments, because they don't have the means to buy. As a result of not being financially educated, millennials develop bad financial habits and tend to be behind previous generations in terms of finances and way of life. This often seems to be true in poorer areas, often with people of color who tend to also lack financial education they are not taught in school or at home. Many poorer people in poor communities lack financial means so if there are generations of poor financially unstable people, the future generations mimic those patterns and stay poor, financially uneducated, and lack homeownership.⁷⁶

VII. Stock Market & Investing

The global stock market value is \$80 trillion. The stock market is currently on a record breaking 10 year bull market. Over 80% of the stock market is automated. The US represents about 40.01% of the total global stock market capitalization. And about 52% of the US adults have money in the stock market. Additionally, about 10% of US households hold international equities.⁷⁷

The Stock Market Size in 2020 based off of the entire world's stock exchanges has a capitalization of USD 80 trillion, trending up from \$25 trillion in 2009, a 320% increase. The US stock exchanges (NYSE & NASDAQ) combined makeup 39% of the entire global stock market

⁷³ Lerner, Michele. "One Home, a Lifetime of Impact." *Washington Post*, 23 July 2020, www.washingtonpost.com/business/2020/07/23/black-homeownership-gap/?arc404=true.

⁷⁴ USAFacts. "US Homeownership Rates by Race." *USAFacts*, 16 Oct. 2020, usafacts.org/articles/homeownership-rates-by-race.

⁷⁵ Hanki, Aaron. "5 Reasons Millennials Aren't Buying Homes." *Investopedia*, 1 Sept. 2020, www.investopedia.com/news/real-reasons-millennials-arent-buying-homes.

⁷⁶ Hyman, Michael. "The Impact of Financial Literacy on Homeownership." *www.Nar.Realtor*, 4 Mar. 2019, www.nar.realtor/blogs/economists-outlook/the-impact-of-financial-literacy-on-homeownership-financial-literacy-indicators.

⁷⁷ Ifa, Barry Moore CFTe Certified Financial Technician. "102 Amazing Stock Market Statistics/Trends 2020 +Infographic." *Liberated Stock Trader - Learn Stock Market Investing*, 19 Oct. 2020, www.liberatedstocktrader.com/stock-market-statistics.

value – with a market capitalization of USD 31 Trillion. The NYSE & NASDAQ combined are bigger than the next seven exchanges combined (Japan, China, Euronext, London, Hong Kong & Canada). In the last 20 Years from 1999 to 2019 – The Best Performing Major Index has Been the NASDAQ 100 with a meteoric return of 300%. The next best is the Dow Jones Industrial Average with 196%, the German DAX with 150%, and the S&P 500 with 154%. The UK FTSE has managed a dreary 36% and the Nikkei 225 a 48% return.⁷⁸

However, US companies still dominate The World's Market in 2020. For example, Microsoft Domination: Microsoft (Ticker: MSFT) is the world's largest company valued at \$1.05 Trillion. Microsoft Corp. is worth more than the entire Brazilian B3 Stock Market \$938 Billion, or the Taiwan Stock Exchange valued at \$866 Billion. Microsoft Corp. under the leadership of Satya Nadella overtook Apple Inc. in 2019. The Power of the FAANGs: The combined value of Microsoft Corp., Amazon.com Inc., Apple Inc., Alphabet Inc, Netflix, and Facebook Inc. are worth more than most stock exchanges.

The large gains made by US companies and global stock markets as a whole push the case for financial literacy even more. If the average American was properly educated on how to save money, open a brokerage account, dollar cost average, and invest into a proper index fund that represents these stock market gains, they would have capitalized greatly on this period of prosperity. If the average American were to put away 7% of his annual income every year (7% of \$63,000 as of 2020) which is \$4,410, into the stock market every year, without ever receiving a raise, then at the end of the average 40 year worklife, he or she would have \$1,002,201.25 saved in the stock market.⁷⁹ This is what learning very basic principles such as saving, dollar cost averaging, and opening up an investment account could accomplish. If simple financial education has the power to create millionaires out of almost any American, then this is a concept that should definitely be examined further.

VIII. Financial Education in School

It is evident that there is an alarming lack of financial literacy in the world's adult population. This trend of financially illiterate individuals is present not only in the specific topics discussed here—financial management, taxes, consumer policy, home ownership, and stock market and investing—but in all areas of finance; and it is a trend that continues to grow as financial matters become increasingly complex with the development of technological use in financial institutions.

⁷⁸ Mitova, Teodora. "19+ AMAZING Stock Market Statistics to Know in 2020." *SpendMeNot*, 21 June 2020, spendmenot.com/blog/stock-market-statistics/#:%7E:text=Over%2080%25%20of%20the%20stock,US%20households%20hold%20international%20equity.

⁷⁹ "Compound Interest Calculator | Investor.Gov." *www.Investor.Gov*, www.investor.gov/financial-tools-calculators/calculators/compound-interest-calculator.

The plain truth is: in all countries of the world, adults lack the adequate knowledge on how to manage their finances and thus, only a fragment can really achieve a financially stable lifestyle. A Kansas State University research study conducted for the assessment of “help-seekers” (those who seek financial guidance and education) vs “non help-seekers” exhibited that help-seekers tend to be older individuals with higher credit card debt, lower net worth, less preparation for financial emergencies, lower financial and income satisfaction and overall lower levels of financial knowledge.⁸⁰ Those who poorly manage their finances and are faced with economic emergencies, will be unable to readily handle them. As a result, they may turn to look for alternative income sources or loans, which will cause stress and even elevate levels of anxiety or depression. In short, along with the previously mentioned financial disadvantages, the need of financial literacy can even take a toll on one’s mental health.

A concerning bulk of the young adult population, whose ages range between 18-23 years old, have little to no knowledge about taxes, credit, mortgages, automobile loans, and many other essential financial concepts which will likely come into play at some point in their lives. Many go to college lacking basic financial assets such as a bank account, which is harmful to them in the future when they face college debt and loans on top of overall financial matters. In general, young adults and teenagers are as poorly educated as to lack understanding of the basic difference between a credit and debit card. Financial literacy tests administered to high school seniors have demonstrated that they have poor knowledge of basic financial concepts such as banking products, credit cards, taxes, savings and investment. Results from lower-income consumers have projected they are even more illiterate and their lack of involvement in banking along with their overall unpreparedness to enter the adult world and deal with finances makes them incapable of making sound financial decisions. The Jump\$tart Coalition for Personal Financial Literacy has conducted various surveys in which a trend of decreasing financial knowledge is visible. In 1997, 57.3% of the population “passed” the assessment of financial literacy, but in 2000 this declined to 51.9%. 2 years later, there was another drop to 50.2%. Again 2 years later, the survey yielded a slightly higher overall score to 52.3%, but even this result indicates little improvement as 65.5% of the participants still failed and of those who passed, only 6.1% achieved a grade of a C or higher. Interestingly, the American Savings Education Council (ASEC) discovered in a study it conducted on financial literacy in teenagers, that parents are not adequate educators or role models for financial education. Of the parents involved in the study, only 25% felt they were *very* suitable forms of guidance for their children. Only 32% of the students surveyed said their parents talked to them regularly about money matters.⁸¹ It is reasonable to conclude parental guidance is an insufficient source of financial literacy education. This would be in major part because again, most of the adult population does not

⁸⁰ Durband, Dorothy, and Sonya Britt. *Student Financial Literacy: Campus-Based Program Development*. 2012th ed., Springer, 2012.

⁸¹ Varcoe, K., Martin, A., Devitto, Z. and Go, C., 2005. *Using A Financial Education For Teens*. 1st ed. [PDF] Association for Financial Counseling and Planning Education. Available at: <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2255109>

have enough financial knowledge to be able to pass onto children; and that is why there is such emphasis on the implementation of financial literacy education into formal education curriculums.

The majority of financial literacy experts and educators, if not all, agree this is an issue that must be addressed prior to adulthood, in K-12 education, or before the end of a student's post-secondary (college) education. However, the development of financial literacy educational programs to be implemented in school curriculums nationwide has not been sufficiently successful. The proposal of programs for financial literacy education are in no way a new concept, but what exactly is meant by financial literacy education?

Student Financial Literacy: Campus-Based Program Development, a guide to crafting effective financial literacy programs on college campuses by Dorothy B. Durband and Sonya L. Britt, utilizes the Merriam Webster Dictionary definitions of education as “knowledge and development, resulting from an educational process” and literacy as “having knowledge or competence” to define financial literacy education itself as having “a certain level of understanding” of financial matters in companionship with “the ability to use or apply [said] knowledge.”⁸² The University of Michigan's monthly *Survey of Consumers* drew the conclusion that there is an essential distinction between providing information and providing an education of financial literacy. Financial literacy education is not simply giving students definitions and statistics; it is the use of meaningful and engaging materials and techniques to create changes in their financial management practices, so they may be better equipped to make sound money decisions in the future.⁸³ Other research studies conducted on how to make financial literacy educational programs more effective reasoned that a “culture of saving” needs to be instilled from a young age, since most adults will not feel compelled or see any real benefit to save their money. To be more specific, there is an emphasis on teaching the youth *why* it is essential to save, not just how to do so.⁸⁴

Student Financial Literacy: Campus-Based Program Development highlights two main challenges in providing programs for financial literacy education in college: identifying the appropriate office to serve as the provider of these services and the lack of holistic, professional development and training for it. It goes in depth to explain that a “student affairs” office would be best equipped to deal with the former while the need for a “centralized clearinghouse of information from which aid administrators can tap into and identify resources” could be supplemented by the development of specialized committees to study issues in professional associations and create a central portal for “resources from governments, community based organizations, religious organization, professional associations, banking and lending organizations, and educational

⁸² Durband, Dorothy, and Sonya Britt. *Student Financial Literacy: Campus-Based Program Development*. 2012th ed., Springer, 2012.

⁸³ Varcoe, K., Martin, A., Devitto, Z. and Go, C., 2005. *Using A Financial Education For Teens*. 1st ed. [PDF] Association for Financial Counseling and Planning Education. Available at: <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2255109>

⁸⁴ Toussaint-Comeau, Maude. “Policy Studies.” *Delivery of Financial Literacy Programs*, 2007, citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.196.6645&rep=rep1&type=pdf.

institutions.”⁸⁵ The book also places key emphasis on the success of financial education programs being in a school’s ability to tailor itself to the needs of it’s student body. This is a theme also presented by programs developed for junior high and high schools students. Characteristics such as race, ethnicity, culture, and socioeconomic status must all be considered. It has been found that immigrants and minorities have less trust in formal financial institutions. As a result, they are more likely to borrow money from friends or family members rather than a bank. These specific groups of people need programs that will help them foster a more positive relationship with financial institutions, so that they can have more access to credit for buying a house or a car in the future. To add on, research also shows that those who use alternative financial services (such as check cashing outlets) are of lower income urban areas, lesser education, and are usually part of a minority. They require more education focusing on consumer practices, so that they can make more cost-effective financial decisions. Lower income people have also demonstrated more need to learn about budgeting, personal finances and keeping records.⁸⁶ One specific study involving the *Money Talks: Should I be Listening?* Curriculum developed for 13-18 year olds demonstrated that hispanics needed a heavier emphasis on savings accounts as only 41% reported having one as compared to 59% of non hispanics. On a more general guide, it has been learned that “personal finance is taught most effectively to high school students if it is both interactive and relevant.”⁸⁷ Teenagers are, by nature, more interested in learning about consumer and financial issues that are most salient in their lives at the current moment; this is another important factor to consider when attempting to create programs for financial literacy education in high schools.

Thereupon the administration of financial literacy education programs, there are plenty of positive results. Almost immediately (within a couple months or less of receiving financial education), 30% of participants begin a savings program; 15% increase the amount they save; 40% gain skills on tracking spending, investments, cost of credit, and money management skills; 60% increase their knowledge of car insurance, cost of credit and investments; 59% change spending patterns; and 60% change their saving patterns. Long term, studies demonstrate a 1.5% asset accumulation amount increase later in life for those who receive financial education in high school. The rates at which people save and accumulate during their adult lives are significantly boosted.⁸⁸ On the whole, individuals who are exposed to some form of financial education at some point during junior high or high school lead much more financially fulfilling lives.

⁸⁵ Smedley, David R. “Book Review: Student Financial Literacy: Campus-Based Program Development.” *Journal of Student Financial Aid*, vol. 42, no. 2, 2012, www.academia.edu/4951399/Book_Review_Student_Financial_Literacy_Campus_Based_Program_Development_Durband_and_Britt_eds_.

⁸⁶ Toussaint-Comeau, Maude. “Policy Studies.” *Delivery of Financial Literacy Programs*, 2007, citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.196.6645&rep=rep1&type=pdf.

⁸⁷ Varcoe, K., Martin, A., Devitto, Z. and Go, C., 2005. *Using A Financial Education For Teens*. 1st ed. [PDF] Association for Financial Counseling and Planning Education. Available at: <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2255109>

⁸⁸ Davis, Kimberlee, and Dorothy Bagwell Durband. “Valuing the Implementation of Financial Literacy Education.” *Financial Counseling and Planning*, vol. 19, no. 1, 2008, poseidon01.ssrn.com/delivery.php?ID=&EXT=pdf.

But what about elementary level students? Is there an age that can be considered as the “too young” barrier for one to learn about finance and economics? It is particularly troublesome to determine as there is no simple way to assess children; multiple choice tests require a certain level of reading comprehension while interviews are time costly and uneasy to standardize, but research dating as far back as 1969 suggests that children certainly *can* learn financial concepts. Laney 1989 research shows that young students can learn with carefully designed instruction based more on real world examples than vicarious experiences; Suiter 2006 proved that students who were taught personal finance and economics as part of their math classes did not score worse on math tests, but did better on economics tests; Watts 2005 noted that students learn economics when their teachers understand the curriculum and incorporate high quality materials in class. In Chicago, during the 2010-11 school year, the Chicago Public Schools (CPS) organization and Money Savvy Generation Foundation joined efforts to provide financial literacy lessons from Level C of Money Savvy Kids’ financial curriculum. 2,553 pre and post tests were administered in 110+ elementary schools in Chicago, with “agree,” “unsure,” or “disagree” answer options to questions that measured the beliefs of kids about saving habits, handling money, donating, etc. A notable piece of this program was the incorporation of the “Money Savvy Pig,” a 4 slot piggy bank to aid in a visual teaching of saving, spending, investing, and donating concepts. The results of this study reflected a big positive change in attitude in the kids; they felt more positive about handling money, financial institutions, and donating.⁸⁹ The most significant conclusion drawn from these studies, however, is that financial education is possible and *effective* at all levels of education.

The reason programs like these have not been embedded as a mandatory requirement in schools nation-wide is because it is difficult to place a monetary value on their implementation. The Higher Education Opportunity Act (HEOA) was amended in 2008 to require that guarantors work with schools to make high quality education programs and materials to train students about budgeting, financial management and financial literacy available before, during and after their enrollment.⁹⁰ But these programs are usually funded by guarantor’s reduction or prevention accounts (for example, the USA Funds’ Life Skills or Texas Guaranteed). Many state governments and departments of the United States government have developed financial literacy programs and services that provide content for professional audiences and curriculum requirements for K-12. For instance, in New York State, there are financial education courses offered to students. However, because such programs are not *mandatory*, they have little success in improving financial literacy among the youth. High schoolers and first time college students have yet to learn about the harsh realities and burdens of the financial world, so they are not very likely to find such courses appealing, pressing or at all necessary during their high school education. Thus, it is crucial that

⁸⁹ Varcoe, K., Martin, A., Devitto, Z. and Go, C., 2005. *Using A Financial Education For Teens*. 1st ed. [PDF] Association for Financial Counseling and Planning Education. Available at: <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2255109>

⁹⁰ U.S. Department of Education. “Higher Education Opportunity Act - 2008.” *Www2.Ed.Gov*, 25 June 2010, www2.ed.gov/policy/highered/leg/hea08/index.html.

financial literacy education be emphasized and really *integrated* into school curriculums the way core subjects like math and english are, in order for them to be effective in improving the rate of financial literacy. In closing, to concisely stress the importance of financial literacy education in schools, the National Financial Council (as reported by the Atlantic) stated, “Financial education programs benefit 100% of students. Compare this to only 19% of need [for] high school algebra in their job.”⁹¹

IX. Conclusion

Financial Education, as we have examined throughout this paper, is undeniably beneficial. Debt continues to be one of, if not the major worry of hundreds of millions of Americans, and our research has shown that Financial Literacy Courses have the ability to not only help people control their debt, but to also help people lower their debt. Secondly, financial literacy also has the power to increase awareness about taxes, and help people avoid any costly accidents when filing their taxes. However, the benefits of financial education do not only benefit the individual, as they can also benefit the nation as examined with knowledge on consumer policy. Basic knowledge on investing has the ability to produce millions of millionaires and lift millions more out of poverty. Finally, we have found that creating just an optional financial course is not enough, and a mandatory, tested, financial class, just like algebra or english, would be the only way to guarantee all the benefits of financial literacy are fully realized.

⁹¹ “Youth Financial Literacy Statistics.” *FinancialeducatorsCouncil.Org*, 2017, www.financialeducatorsCouncil.org/youth-financial-literacy-statistics.

The Effects of Coronavirus on Trade

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I. Abstract

Trade is a very broad and immense subject that impacts every aspect of modern-day life. If you are currently reading this paper on an electronic, there's a 99% chance that the parts of your device were manufactured in a different country. In fact, it would be almost impossible for you to find an object in your room that was not at least partly manufactured in a separate country. As complex as our current trade systems are, they are very fragile. The Russian economy was heavily impacted by trade, reflecting the dire situation that many other already unstable economies currently face, after the economic shutdowns and oil price declines. In addition, many developed European nations and the United States have also suffered greatly from the decreases in trade, but the stable manufacturing bases of these nations have almost guaranteed them successful recovery in the foreseeable future. On the opposite side of the spectrum sits China, which has benefited immensely during this time, as it is the primary manufacturer of the world's healthcare products. This means that China has been able to experience massive economic growth in a year where the rest of the world suffered through a recession. This paper will go more in-depth on the impacts of the coronavirus pandemic on world trade.

II. Introduction

Trade serves as the essence for the GDP of nearly every country. Through trade, countries are able to establish their markets and regulate their commerce. However, due to the onset of the COVID-19, large corporations around the world have experienced a decrease in prosperity and are

budgeting in response. Due to their newfound economic limits, many businesses are choosing to stop product trade with different countries. With this decrease in trade, companies that relied heavily on international commerce have experienced further losses in profit. With Coronavirus lockdowns leading to a decrease in consumption and therefore trade impact, the global trade system has faced serious damage.

III. US and Competitors

The coronavirus pandemic has upended the global economy, the impacts of which have been reflected in dramatic declines in growth in national economies across the world, including those that the United States deems its leading global competitors: Russia and China.

The economic damage from COVID-19 has already been significant. By April, about half the world's population and 90 countries were under some sort of mandatory or recommended lockdown. In June, the IMF projected 2020 global economic growth to be about -5.0%. In addition to this many countries have reported even higher GDP declines relative to the economic activity that occurred in the same quarter in the previous year. GDP fell by 9.5% in the United States, and in comparison, it fell by 14.4% in the European Union, and 21.7% in the United Kingdom.

China had a decline of 6.8% in the 1st quarter, with a rebound of 3.2% in the second quarter. According to preliminary data second-quarter GDP in Russia dropped by 8.5%.

The pandemic has resulted in an increase in both the strength and number of calls from U.S. policymakers to decouple economically from China, but doing so would be enormously expensive and is unlikely to occur on a large scale or in major industries. Instead, the pandemic presents the opportunity to selectively disengage from China in the areas of highest priority to U.S. homeland and national security - communications and advanced technologies, especially those related to China's military capabilities. Ideally, this would be done in coordination with economic allies and partners.

One of the fundamental tenets of the National Security Strategy of 2017 and the National Defense Strategy of 2018 is that the United States is engaged not just in political and military competitions, but economic competitions as well. The documents hold that America's leading competitors exercise malign influence in the economic domain. According to the National Defense Strategy, China is "using predatory economics to intimidate its neighbors," and Russia "pursues veto power over the economic, diplomatic, and security decisions of its neighbors." And underlying all of these competitions is a technology competition since innovation and technology provide the basis for an advanced economy and powerful armed forces.

After several years of negative growth due to massive capital flight, the collapse of the rouble, falling oil prices, and trade sanctions imposed by the West after the Ukrainian crisis, the Russian economy has returned to modest growth since 2017, driven mainly by mineral resource

extraction and private consumption. According to the latest IMF estimates, GDP growth slowed to 1.3% in 2019 (from 2.5% in 2018), due to the fall in oil prices and the negative impact of the increase in VAT on private consumption. The economic activity is expected to be mainly supported by the increase in public infrastructure spending in the framework of national projects and by the increase in labor supply due to pension reform. Structural weaknesses, low investment levels, and weak demographic prospects would keep real GDP growth below 2% per year in the medium term. According to the updated IMF forecasts from 14th April 2020, due to the outbreak of the COVID-19, GDP growth is expected to fall to -5.5% in 2020 and pick up to 3.5% in 2021, subject to the post-pandemic global economic recovery. In addition to this, American trade with Russia has also been reaching new lows with U.S. goods exports to Russia in 2018 being \$6.7 billion, down 4.9% (\$344 million) from 2017 and down 28.7% from 2008⁹².

The Russian economy continued to grow modestly in 2019, but industrial activity slowed down due to weaker external demand, lower oil production, in line with quotas agreed with OPEC and oil-exporting countries and higher financing costs linked in part to the American sanctions introduced in 2018 (Euler Hermes, 2019)⁹³. Since the 2015-2016 recession, the government has pursued a prudent macroeconomic policy aimed at maintaining financial stability, and the central bank has carefully controlled inflation. Although they showed a decrease compared to 2018, public finances remained in surplus in 2019 (budget surplus estimated at 1% of GDP by the IMF) and should remain in surplus in 2020 (0.2% of GDP according to the IMF). Public debt has increased but remains low, representing 16.5% of GDP in 2019, the sovereign fund having been used during the recession. According to IMF forecasts, public debt should continue to increase, reaching 17.7% of GDP in 2020 and 18.3% of GDP in 2021. Inflation, estimated at 2.9% in 2018, has risen to 4.5% in 2019⁹⁴, reflecting the increase in VAT introduced in 2019. Inflation should drop to 3.1% by 2020. The current account surplus remains comfortable (above 90 billion USD). In his decree of May 2018, President Vladimir Putin committed to increasing spending on infrastructure, health and education to 1.1% of GDP per year by 2021. The 2019-2021 budget, the first to forecast a surplus since 2014, reflects the prudent strategy adopted by the authorities. The goal is to store \$ 200 billion in funds for bad days, to anticipate new sanctions or a new global crisis, and to generate a surplus of \$ 62 billion over the period. Russia faces many challenges: a large state footprint, weak government institutions, insufficient infrastructure, low levels of competitiveness, underinvestment, low production capacity, dependence on raw materials, poor economic climate, lack of structural reforms and ageing of the population.

⁹² "Russia | United States Trade Representative." *Ustr.Gov*, ustr.gov/countries-regions/europe-middle-east/russia-and-eurasia/russia#:~:text=U.S.%20goods%20and%20services%20trade.

⁹³ "Russia." *Www.EulerHermes.com*, www.eulerhermes.com/en_global/economic-research/country-reports/Russia.html.

⁹⁴ "Russia | United States Trade Representative." *Ustr.Gov*, ustr.gov/countries-regions/europe-middle-east/russia-and-eurasia/russia#:~:text=U.S.%20goods%20and%20services%20trade.

The unemployment is estimated by the IMF to be at 4.6% and still falling, but real wages have also fallen. Social inequalities remain high, especially between large cities and rural areas. Only 1% of the population owns around 70% of private assets. Despite the emergence of an urban middle class, the poverty rate remains at around 13%. A middle class protest movement calls for an end to corruption and patronage. Notwithstanding the negative economic impact of the COVID-19 pandemic, the unemployment rate should remain stable in the following years, 4.9% in 2020 and 4.8% in 2021.⁹⁵

IV. USA & China

The economic relationship between the United States and China has always been complicated. From July to September of 2018, the United States placed tariffs on Chinese products that totaled to 25% on approximately \$250 billion of imports and 7.5% on \$112 billion of imports.⁹⁶ These imports from China subject to tariffs fell by 23% from \$434.3 billion in 2018 to \$334.2 billion in 2019. In retaliation, China placed 5%-10% on \$75 billion worth U.S. goods as well as reinstating a 25% tariff on American cars and a 5% on auto parts and components.⁹⁷

The United States and China signed a trade agreement in early January meant to be the first part of many negotiations to fix trade problems between the two countries. China agreed to buy \$200 billion more United States products and services than they did in 2017. This includes a minimum of \$77.7 billion worth of more manufactured goods, \$37.9 billion more of services, \$32 billion more of agriculture and \$52.4 billion more of energy over the next two years. China has also agreed to try to buy at least \$5 billion worth of additional farm goods in both 2020 and 2021. The United States on the other hand, lowered tariffs on \$120 billion dollars worth of goods from 15% to 7.5%.⁹⁸ An important clause in the negotiations gave either side the ability to leave the agreements if they felt it necessary.

Although negotiations between China and the United States were supposed to continue later in 2020, they were heavily impacted by COVID-19. According to President Donald Trump, “We made a great trade deal. But as soon as the deal was done, the ink wasn’t even dry, and they hit us with the plague.” Growing distrust towards China from the United States along with the COVID-19 pandemic which caused China to fall short on their phase one trade agreements have already caused

⁹⁵ “Policy - Trade - European Commission.” *Ec.Europa.Eu*, ec.europa.eu/trade/policy/.

⁹⁶ “The Impact of COVID-19 on the US-China Trade Relationship: Perspectives & Events: Mayer Brown.” Perspectives & Events | Mayer Brown. Accessed November 11, 2020. https://www.mayerbrown.com/en/perspectives-events/publications/2020/03/the-impact-of-covid-19-on-the-us-china-trade-relationship?utm_source=Mondaq.

⁹⁷ Layton, Duane W. “The Impact Of COVID-19 On The US-China Trade Relationship - International Law - Worldwide.” Welcome to Mondaq. Mayer Brown, March 28, 2020.

<https://www.mondaq.com/unitedstates/international-trade-investment/908684/the-impact-of-covid-19-on-the-us-china-trade-relationship>.

⁹⁸ YenNee_Lee. “China’s Purchases of US Goods Will Fall Way Short of ‘Phase One’ Trade Deal Due to the Coronavirus, Says Think Tank.” CNBC. CNBC, May 11, 2020. <https://www.cnbc.com/2020/05/11/coronavirus-us-exports-to-china-to-fall-short-of-phase-one-trade-deal-says-csis.html>.

further trade negotiations with China to be delayed and are almost certain to impact future trade deals. Although exclusions for tariffs were made for items like sanitary wipes, medical gloves, face masks, surgical gowns, and other items essential to the fight against COVID-19, this does not seem to be linked to an increase in trade between the two countries overall. Although phase two trade deal negotiations were supposed to occur in late 2020, they seem very unlikely at this point and it is possible that these negotiations may never occur due to these new tensions between the two countries caused by the COVID-19 pandemic.⁹⁹

Due to improved treatments for COVID-19 and people wanting to get back to “normal”, the global economy has reopened. This is observed in China’s imports and exports beginning in September. China’s imports have increased by 13.2% in September, returning from a fall of 2.1% in the previous month¹. This rise in imports has decreased the trade surplus from \$58.93 billion in August to \$37 billion in September. Additionally, as more trading partners like the United States begin to reopen their economies, China’s exports have increased. For example, exports in September rose from 9.9% from a year earlier. In August, top United States and Chinese trade officials spoke of a Phase 1 trade deal during a telephone exchange.

As COVID restrictions are loosened globally and the economy improves, China’s domestic demand is increasing. China has bought more soybeans, grains, semiconductors, copper and steel products in September. This has also led to the Chinese yuan to rise to a 17-month high against the dollar. China’s economy has rebounded dramatically, as can also be seen with the 11.2 % annualized growth rate by the Chinese economy in the third quarter. This is one of the fastest economic recovery rates in the world during 2020.¹⁰⁰

China has a significant effect on United States unemployment rates. For example, American companies that rely on revenue from China are likely to have to cut costs and lay off employees if business from China is slowed. However, as the world economy reopens, this is likely to no longer occur because China’s domestic demand is increasing.

According to the International Monetary Fund, China will be the only major world economy to experience growth in 2020 (GDP growth of about 1.9%) This growth is attributed to the worldwide need for masks, electronics, medical equipment, and other items during the pandemic. This positive growth is a stark difference from many European countries whose growth numbers in

⁹⁹ Devlin, Kat, Laura Silver, and Christine Huang. “Amid Coronavirus Outbreak, Americans' Views of China Increasingly Negative.” Pew Research Center's Global Attitudes Project. Pew Research Center, July 31, 2020.
<https://www.pewresearch.org/global/2020/04/21/u-s-views-of-china-increasingly-negative-amid-coronavirus-outbreak/>.

¹⁰⁰ Roach, Stephen S. “China’s Economic Rebound Shows the Wisdom of Containing the Coronavirus First.” *MarketWatch*, www.marketwatch.com/story/chinas-economic-rebound-shows-the-wisdom-of-containing-the-coronavirus-first-11603892751?mod=home-page. Accessed 22 Nov. 2020.

2020 are negative. For example, the International Monetary Fund estimates the United Kingdom to have lessened by 9.8%, Germany by 6%, and France by 9.8%.¹⁰¹¹⁰²

V. Trade and India

After being a protectionist state for a long period of time, India's economy underwent liberalisation in 1991. India signed its first comprehensive bilateral free trade agreement (FTA) in 2005 with Singapore¹⁰³. Since then, India has followed a policy of regionalism in trade, because most FTAs (Free Trade Agreements) have been restricted to Asian, and to some extent, South American countries. Despite India's involvement in regional trade agreements, the exports to RTA (Regional Trade Agreement) countries have not exceeded Non-RTA countries in any form. NITI Ayog, the Indian Government policy think tank, reveals, "India's export surge could be attributed more to diversification of India's export basket both in terms of destination and commodities and favourable global conditions and less to RTAs."

India is currently the world's 18th largest product export economy¹⁰⁴. Their largest export is oil and mineral fuels which combined, amount to an annual total of \$48.6 billion, followed closely by precious stones and metals at \$39.2 billion annually. India's top export countries are: USA at \$53 billion, UAE at \$8 billion, China \$16 billion, Hong Kong at \$10.9 billion. and Saudi Arabia at \$6 billion as of FY 2019-20. Together, these countries account for 36.94%¹⁰⁵ of India's exports.

VI. The European Union

The EU is the world's largest single market area, accounting for 16% of the world's imports and exports.¹⁰⁶ Free trade among all members of the European Union was a founding principle, and it is committed to opening the world up to trade. The EU steps into creating trade policies and negotiating agreements for the member countries. The EU works to create mutually beneficial access to the European markets and the markets of their trading partners. This is to ensure EU businesses can grow their companies and more easily import raw materials. The EU partners with the World Trade Organization to set global trade rules and remove obstacles to trade.

¹⁰¹ "China's Imports, Exports Surge as Global Economy Reopens." *World Economic Forum*, www.weforum.org/agenda/2020/10/chinas-imports-exports-surge-global-economy-covid19-recovery/. Accessed 16 Dec. 2020.

¹⁰² Mirzayev, Elvin. "Impact of the Chinese Economy on the U.S. Economy in 2020." *Investopedia*, www.investopedia.com/articles/investing/072915/impact-chinese-economy-us-economy.asp. Accessed 16 Dec. 2020.

¹⁰³ "Why India Is One of World's Most Protectionist Countries." *BBC News*, 10 Apr. 2019, www.bbc.com/news/business-47857583#:~:text=India%27s%20trade%20policy%20has%20also%20come%20under%20scrutiny. Accessed 13 Nov. 2020.

¹⁰⁴ Workman, Daniel. "World's Top Export Countries." *World's Top Exports*, 3 Oct. 2019, www.worldstopexports.com/worlds-top-export-countries/.

¹⁰⁵ Workman, Daniel. "India's Top 10 Exports." *World's Top Exports*, 14 Sept. 2019, www.worldstopexports.com/indias-top-10-exports/.

¹⁰⁶ Anonymous. "Trade." *European Union*, 6 Nov. 2019, europa.eu/european-union/topics/trade_en.

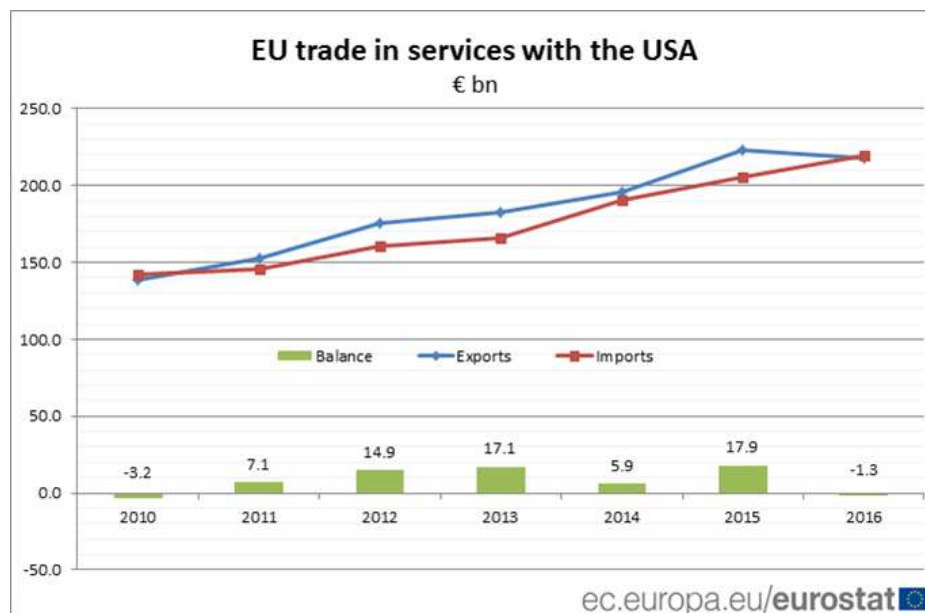
EU trade with the US

On August 21, 2020, US Trade Representative Robert Lightnizer and the former EU Trade Commissioner Phil Hogan agreed to a tariff reduction pact that would increase market accessibility for hundreds of millions of dollars in US and EU exports¹⁰⁷. Under the agreement, the EU will eliminate tariffs on imports of US live and frozen lobster products, which is very significant since US exports of these products totaled over \$111 million in 2017. The EU will begin with a five year tariff removal with further compromises to make the change permanent. Concurrently, the US will reduce tariffs on European exports by 50%, worth an average trade value of \$160 million, including things ranging from crystal glassware, propellant powders, and lighter parts.

This bilateral tariff agreement was enacted after many negotiations in Davos, Switzerland, between President Trump and European Commission President Ursula von der Leyen. These negotiations began in 2018, when President Trump met Commission President Jean-Claude Juncker in the White House. In 2019, US goods service trade with the EU totaled an estimated \$1.1 trillion and exports totaled \$468 billion, and imports totaled \$598 billion. In 2019, US exports to the EU accounted for 16.3% of overall US exports.

The top five U.S. export markets to the EU 27 in 2019 were: Germany (\$60.1 billion), Netherlands (\$51.1 billion), France (\$37.7 billion), Belgium (\$34.7 billion), and Italy (23.8 billion). The top export categories (2-digit HS) in 2019 were: aircraft (\$35.7 billion), mineral fuels (\$28.9 billion), machinery (\$26.4 billion), optical and medical instruments (\$25.8 billion), and pharmaceuticals (\$25.6 billion). U.S. goods imports from the EU 27 totaled \$452.0 billion in 2019, up 6.0 % (\$25.8 billion) from 2018, and up 93 % from 2009. U.S. imports from the EU 27 account for 18.1 % of overall U.S. imports in 2019. The top import categories (2-digit HS) in 2019 were: pharmaceuticals (\$77.0 billion), machinery (\$75.6 billion), vehicles (\$44.2 billion), optical and medical instruments (\$30.1 billion), and special other (returns) (\$27.4 billion).

¹⁰⁷ “European Union.” *United States Trade Representative*, ustr.gov/countries-regions/europe-middle-east/europe/european-union.



This image shows EU trade in service with the US¹⁰⁸

EU trade with China

Both the European Union and China are two of the biggest traders in the world. After the US, China is the EU's second biggest trading partner.¹⁰⁹ The EU is committed to free trade, but is wary of China (due to many previous debt trap arrangements China had with other nations) and aims to make sure they trade fairly. In 2013, the EU and China launched negotiations for a Comprehensive Agreement on Investment. The goal of this was to address the restrictions and prohibitions in Chinese markets that cost their companies millions.

¹¹⁰The European Commission summarizes the Investment Agreement as such, "The Agreement would improve market access conditions for European companies beyond China's existing commitments under the World Trade Organization. The EU's key objective is to significantly improve EU investors' access to the Chinese market, in particular by eliminating quantitative restrictions, equity caps or joint venture requirements. The Agreement should also ensure that companies compete on an equal footing when operating in China, compared to Chinese and third-country companies. To that end, the EU seeks to achieve non-discriminatory treatment, prohibition of performance requirements – in other words, measures requiring investors to behave

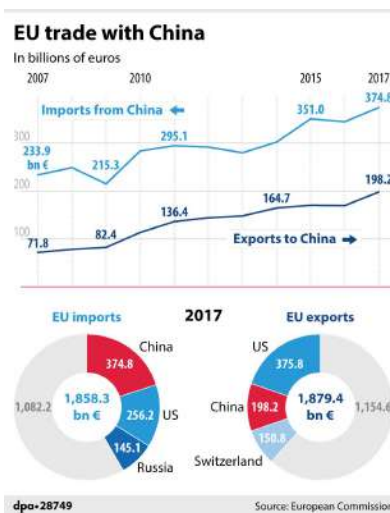
¹⁰⁸ "EU Trade in Services with the USA." Product - Eurostat, 1 Sept. 2018, ec.europa.eu/eurostat/web/products-eurostat-news/-/DDN-20180109-1.

¹⁰⁹ "European Commission Directorate-General for Trade." *China - Trade - European Commission*, ec.europa.eu/trade/policy/countries-and-regions/countries/china/.

¹¹⁰ "EU Trade News." *Trade*, trade.ec.europa.eu/doclib/press/index.cfm?id=2115.

in a certain way or to achieve certain outcomes (including those leading to forced technology transfer) – and equal participation in standard-setting work. Transparency, predictability and legal certainty of the investment environment are equally important. The agreement should ensure that European companies in China have proper access to information affecting their businesses and the opportunity to comment on relevant laws and regulations. It is also important to ensure clear, transparent and objective licensing and authorisation procedures, as well as to guarantee procedural fairness and due process. The EU has also proposed commitments disciplining the behaviour of state-owned enterprises and increasing transparency of subsidies. The agreement should also stress that sustainable development is an overarching objective of EU-China bilateral investment relations – to this end, it should include adequate commitments regarding labour and the environment. Provisions on investment protection ensure a high level of protection for European companies, while preserving governments' right to regulate.”

China is the EU's biggest source of imports and second largest export market. The two countries trade an average of over €1 billion a day. EU's main imports include machinery and consumer goods, machinery and equipment, and footwear and clothing. The EU's main exports to China are: machinery, motor vehicles, aircrafts, and chemicals. Trade between the European Union and China make up more than 10% of total trade in goods.



This image shows EU trade with China including its imports and exports¹¹¹

¹¹¹ “EU, China Move Closer to Bilateral Investment Deal after Summit.” European Data News Hub, 16 July 2018, www.ednh.news/eu-china-move-closer-to-bilateral-investment-deal-after-summit.

VII. The Middle East

Trading in the Middle East has become a controversial topic amongst some of the world's largest governments, as the flawed political system as well as the violent outbreaks have earned the region a reputation of instability. With a majority of Middle Eastern nations having little to no foreign direct investment, only a quarter of its citizens live on less than two dollars a day. On that note, there is hope for improvement, as some free trade relations have strengthened yet failed to stabilize the economy.

Lebanon, for example, has seen a host of political issues affecting its financial state. Because of domestic attacks and war involvement, the nation has failed to maintain its trade earnings. From January to April, Lebanon's trade deficit totaled approximately \$2.6 billion, compared to \$5.2 billion high in 2019.¹¹² This drop coincided with imported goods reducing by 42%, and Mineral Product exports decreasing in profit by over \$2 billion! In fact, when analyzing national exports, all of them lessened in both value and purchases. From metals to jewelry, Lebanon's biggest sources of income actually damaged its infrastructure. Blaming this lack of production on his citizens, President Michel Auon enforced stricter mining regulations, which resultantly increased labor while cutting back on safety protocols. This decision is one in a long list of detrimental issues. With the country's mortality and illiteracy rates steadily increasing, the adult population of the Middle Eastern countries seems to be moving further and further away from improvement.

After the 2003 signed U.S.-MEFTA initiative, the Gulf Cooperation Council (GCC), was established as an organization, prompting a rise in tariff-free trade. Allowing American companies access to Persian gulf ports, this council mutually agreed to better both international and interregional trade. Expecting oil and agricultural products to make way across the water, the council was not prepared for it becoming a military arms base for all. Recently, the Yemeni crisis has prompted Britain to resume the sale of arms to Saudi Arabia through this agreement. However, using trade routes to infiltrate weaponry is nothing new to the Middle East.

According to the Stockholm International Peace Research Institute (SIPRI), international transfers of major arms increased by 5.5% percent in 2015-2019 in comparison to 2010-2014, due to what has become known as the "regional arms race." Spending 4.5%¹¹³ of their GDP on weaponry, nations like Iran and Iraq have embraced their need for military advancement when competing with one another. Sold by primarily China, these Asian sellers have gone a great extent to limit defense contractors and profit above all. However, China's biggest success emerges past war, with a better focus on energy. To date partnered with fifteen Middle Eastern countries, the

¹¹² Dunne, Charles W. "The Arms Trade in the MENA Region: Drivers and Dangers" *Arab Center Washington D.C.*, 17 June 2020, <https://blog.blominvestbank.com/33883/lebanons-trade-deficit-down-by-50-yoy-at-2-59b-by-april-2020/>

¹¹³ Sabbagh, Dan. "Britain to resume sale of arms to Saudi Arabia despite Yemen fears" *The Guardian*, 7 July 2020, <https://www.theguardian.com/world/2020/jul/07/britain-to-resume-sale-of-arms-to-saudi-arabia-despite-yemen-fears>

superpower has taken advantage of the U.S. drawing away from these very same nations. The world's biggest importer of crude oil, China has paid back its debt for oil in many ways. Launching the Belt and Road Initiative in 2013¹¹⁴, the Chinese government designed this system to place them in the middle of the rising energy market, giving them a dominant role in trade plus construction infrastructure. Giving nations like Syria and Oman arms and technological development in exchange for future military plus financial incentives, China has found a way to infiltrate beyond the public eye.

On the other hand, since 2016, the U.S. has continued its rapid shift further from the MEFTA nations it once so greatly financially bolstered. Doing so, America has affected not only its own military, but global finance as well. To begin with, as the U.S. continues to push for trade reform with the EU and Middle East, it will likely boost the tariffs on U.S. imports. With automobile and machinery exports leading nations like Kuwait, this restrictive economic plan will slow down manufacturing within the Middle East. Nevertheless, some positives can arise from this. As American agricultural goods like corn and dairy become imported, cheaper prices with less inflation/other economic boost can help the well-being of common, impoverished citizens. Seeing energy and food costs lessen in the expense of manufacturing, it looks as if the U.S. is balancing Middle Eastern urbanization caused by China and the EU.¹¹⁵

All in all, trade in the Middle East certainly comes with its boundaries. Whether political or economic, these fighting nations with little infrastructure have seen very inconsistent foreign relations. Through one perspective, greater involvement from powers like China means more modernization. On the other, it serves as an excuse for a weaponry influx. Same can be said for U.S. involvement, as oil exports at the price of cheaper food come with the good and the bad. Ultimately, this region is more complex than ever, and must trust the government to ensure the betterhood of the people.

VIII. Conclusion

The Coronavirus has created massive rifts in the global trade system. This has resulted in massive economic loss for certain countries and has played to the advantage of other countries. This was exemplified by our example of China, which saw a 6.8% GDP decline in the first quarter and then saw a massive rebound of 11.2% in the third quarter as the rest of the world began to increase trade with China due to reliance on Chinese medical manufacturing. Other countries, like Russia, as examined by this paper, have seen extreme losses and have reached new economic lows. In addition to this, many of the oil-reliant states of the middle east had also reached new lows this year due to

¹¹⁴ Blominvest Bank. "Lebanon's Trade Deficit Down by 50% YOY at \$2.59B by April 2020" *The Research Blog*, 20 September 2020, http://arabcenterdc.org/policy_analyses/the-arms-trade-in-the-mena-region-drivers-and-dangers/

¹¹⁵ Davies, John. "US trade turmoil: Five impacts on the Middle East and North Africa" *Castlereagh Associates*, 17 December 2019, <https://castlereagh.net/us-trade-turmoil-five-impacts-on-the-middle-east-and-north-africa/>

the massive drop in the price of oil that occurred in the second quarter. Other organizations have also gone to great extent in order to combat this decline in trade, as the EU had slashed tariffs on imports by nearly 50%. As found by our research, the economic fallout of the coronavirus has had a massive impact on world trade.

Company Structures and the Impacts of Policy

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I. Abstract

Corporations have many unique structures, with each having its unique benefits and disadvantages. We have looked into the different value systems for corporations to see which are the best. We have found that a mixture of treating customers uniquely while also compensating employees fairly is a step in the right direction for corporate success. We have also conducted a short examination of the minimum wage and found that raising it has plenty of benefits, but in some cases, the disadvantages might outweigh these benefits. We concluded that companies that employed democracy in the workplace had overall higher survival rates and lifetimes than companies that did not do so.

II. Introduction

There exist many different structures and corporations throughout the economic world. The most common type of structure in larger corporations is a bureaucratic or mechanistic structure. It follows a chain of command system where each employee reports to someone else up to the CEO. It is usually divided into multiple departments, but most major decisions are made by those higher in the company. The system can be divided by function, product, and market. However, when referring to company structures, we are also referencing the different values corporations have in

what they do. Some corporations, especially American companies such as Amazon prioritize consumer satisfaction. However, in countries such as Germany, corporations put their employees' well-being first, such as Volkswagen, which prohibits sending emails after hours. Finally, we included a short section on minimum wage; at the end of the day, businesses are the ones that will need to pay their employees a new minimum wage.

III. Employee First vs. Consumer First

For some companies the consumer is the most important part of the business cycle, because they are the piece of the puzzle that supplies a company with the capital needed to stay alive¹¹⁶. A corporation, a sole proprietorship, or even a non-profit, cannot survive or function without revenue, which comes from customers. A company cannot pay its employees, which help it function, without money from investors, who will pull their money if they do not make profit. Successful companies always seem to treat their customers well. Companies like Amazon or eBay try hard to make it convenient and comfortable to purchase anything customers could want. Products are made specifically for the comfort and ease that consumers desire. Some of the biggest and most influential companies care most about their consumers, and treat the employees a lot worse, with Amazon being a notorious example as many employees complain of the immense stress of the job. However, there are also plenty of successful companies that put their employees first.

Putting employees first can still be a profitable business practice¹¹⁷. A lot of companies believe that employees are not necessary as they can be easily replaced¹¹⁸. However, without the specific set of skills that each employee provides, the business cannot function¹¹⁹. For example, in companies like Apple, if there was no CEO to manage the overall business decisions and control the fate of the company, it would collapse. If there was no accounting team, all the financial information that gets handed out to investors would be meaningless, and the business would collapse without money. If there were no brilliant workers to actually design and produce the technology, there would be no Apple. Evidently, employees play the most pivotal role in a company, however the way in which they are treated is not reflective nor sufficient enough of the work they produce. Rather than focusing only on customers, the employees should be respected,

¹¹⁶Quora. "Who Is More Important To A Company: Its Customers Or Its Employees?" *Forbes*, Forbes Magazine, 14 Dec. 2017, www.forbes.com/sites/quora/2017/12/14/who-is-more-important-to-a-company-its-customers-or-its-employees/?sh=902ce9d49f5e.

¹¹⁷The Smart Service Desk By Steve Stover, and Steve Stover. "Your Employee Is as Important as Your Customer." *CIO*, CIO, 27 Mar. 2018, www.cio.com/article/3266626/your-employee-is-as-important-as-your-customer.html.

¹¹⁸Boezak, Eloise. "Are Employees More Important To Your Business Than Customers?" *C*, www.coriniumintelligence.com/insights/are-employees-more-important-to-your-business-than-customers.loyees/?sh=902ce9d49f5e.

¹¹⁹Ryan, Liz. "Five Reasons Employees Are More Important Than Customers." *Forbes*, Forbes Magazine, 1 Nov. 2016, www.forbes.com/sites/lizryan/2016/11/01/five-reasons-employees-are-more-important-than-customers/?sh=758e7e77db3e.

have fair working conditions, and fair compensation. Worker morale is undervalued, as happy workers design and produce better products and work more efficiently. Subsequently, this allows for the reinforcement of customer loyalty and ultimately, increased company profits. Employees are even more likely to innovate something and meet the needs of the ever changing society. Employees bring more to the table than any customer or shareholder could.

Although views are changing, some companies still think of shareholders as the priority. Shareholders and investors are usually the main source of startup money that allow the company to grow and profit in exchange for a part of the company's ownership¹²⁰. Shareholders provide both an indirect and direct role in operations in the company. They directly appoint officials in the company like the CEO and CFO, both of whom play an important part and indirectly support the company through shares in the stock market. The shareholders are usually part of the most important discussions with higher-ups in the company and the board of directors, allowing them to influence major company decisions.

IV. Different Corporate Structures

There are five basic types of business structures. Each structure changes the amount of profit that a business will earn, as well as the liability and risk of the business operator. The five business types are the following:

Sole proprietorship: This is a business in which one person has complete control over his or her business. This comes with benefits such as being a low-risk option to new entrepreneurs and the ability to receive a trade name. However, cons to this kind of structure are that it is difficult for the business to generate profit, as sole proprietorships are unable to sell stocks and banks are often hesitant to lend money.¹²¹

Partnership: A partnership is a structure in which two or more people “co-own” a business. There are different types of partnerships: limited partnerships (LP) and limited liability partnerships (LLP); the only difference between these two partnerships is that an LP has one main partner who has unlimited liability, whereas an LLP restricts each partner to limited control over the company. In any partnership, “profits are passed through tax returns.”¹²² In the LP, however, the general partner also pays self-employment tax. This type of structure is beneficial to those who are looking to start a business with others while still keeping a formal yet low-risk business.

¹²⁰ Kokemuller, Neil. “Are Customers and Employees More Important Than Shareholders?” *Small Business - Chron.com*, Chron.com, 26 Oct. 2016, smallbusiness.chron.com/customers-employees-important-shareholders-19405.html.

¹²¹ Irs.gov. 2020. *Sole Proprietorships* | Internal Revenue Service. [online] Available at: <https://www.irs.gov/businesses/small-businesses-self-employed/sole-proprietorships> [Accessed 11 November 2020].

¹²² “Choose a Business Structure.” *Choose a Business Structure*, U.S. Small Business Administration, www.sba.gov/business-guide/launch-your-business/choose-business-structure.

Limited Liability Company (LLC): There are two forms of LLC's, a single-member LLC and a multi-member LLC. In a single-member LLC, there is one owner whereas a multi-member LLC has a group of owners. However, in an LLC structure, all members have protection over personal assets and liabilities, in the case of bankruptcy or a lawsuit. There are states that have regulations on situations in which a member joins or leaves an LLC, which includes dissolving and re-forming the membership. LLC's are higher-risk business options for those who are concerned with the protection of personal assets and for those who are avoiding corporate taxes.

Corporation: A corporation, arguably the most well-known and profitable business structure, has many different forms. There is a C-corp, which is the form that is most discussed, S-corps, B-corps, close corporations, and non-profit corporations. The most well-known corporation, a C-corp, can make the highest profit. Its structure offers strong protections to its owners over personal liability, and grows completely separately from the shareholders, meaning if one were to leave or sell the corporation, the c-corp would run the same. Though the benefits of a corporation are extensive, corporations are taxed higher than any other structure, with a corporate tax as well as the generic state and federal taxes. Another important factor to corporations is that they often require a more detailed and strict record-keeping and reporting system.

Cooperative (COOP): A COOP is a business that operates through a multitude of shareholders. The employees themselves run the business while receiving all the benefits of their service¹²³. Typically, there is a board of directors that run the business however, each member choosing to work for the coop is called a user-owner. A common example of a COOP is a consumer cooperative; an example of this is a grocery store that requires the buyers to work a certain number of hours for which they receive the benefits of the high-quality produce for a low price.

Each of these structures has both positive and negative aspects. Where one may provide high profit and strong personal asset protection, the tax rates are astronomical. On the other hand, a business in which the owner has full control over and does not need to pay corporate taxes faces risk in liability as well as low profit.

V. Worker Compensation vs. Productivity

For as long as businesses have existed, the secret formula for bigger profits has always been to decrease costs and increase sales. For most companies throughout history, lower costs and increased profits have been achieved through keeping wages as stagnant as possible while increasing worker productivity. However, much has changed since the early industrial days of

¹²³ Mandell, L., 2020. *What Is A Co-Op? A Home You Don't Technically Own*. [online] Real Estate News and Advice | Realtor.com®. Available at: <<https://www.realtor.com/advice/buy/what-is-a-co-op/>> [Accessed 11 November 2020].

textile mills in the 1800s. Today, many modern companies are flipping this way of thinking on its head. Many modern companies have found that increasing costs by increasing worker salaries has actually resulted in greater worker productivity, and most importantly, increased profits as well. The following are examples of correlation between salaries and revenue for 4 different industries and the largest companies in those industries.

Burger King makes \$55,000¹²⁴ per employee in revenue and pays around \$9 an hour on average¹²⁵. McDonalds pays an average of \$10.31 per hour to their employees¹²⁶ and generates around \$100,000 per employee¹²⁷. *(Disclosure: this information only accounts for full time employees as information for part time employees is hard to find. A possible observation from this correlation is that McDonalds paying its workers 12% more on average than burger king results in higher profits for the company.)*

In-n-out burgers is on the extreme side of the spectrum with the highest paid workers in the fast-food industry, making at least \$13 an hour, and with managers making \$160,000 on average per year¹²⁸ (vs. McDonalds managers who make \$51,000 a year). In addition to this, the company generates an average of \$57,000 in revenue per employee¹²⁹. This clearly shows how the burger enterprise is capable of remaining very profitable, and still pay their workers more than anyone in the nation.

Let us look at another two companies in the same industry: Snapchat and Facebook. Snapchat pays its employees an average of \$106,000 a year¹³⁰. Facebook pays its employees an average of \$145,000 a year¹³¹. Both companies paid their employees incredibly hefty sums but Facebook clearly outpaid its employees by a wide margin. Snapchat generated an average of \$430,000¹³²¹³³ in revenue per employee but facebook made an average of \$1,365,400¹³⁴¹³⁵ in revenue per employee. This shows how the company that is oftentimes ranked as the best employer in the US (Facebook), is going to see some of the best profits in the US.

¹²⁴“Burger King Corporation Hourly Pay | PayScale.” *Www.Payscale.com*, www.payscale.com/research/US/Employer=Burger_King_Corporation/Hourly_Rate. Accessed 11 Nov. 2020.

¹²⁵ “Burger King Revenue 2004-2018 | Statista.” *Statista*, Statista, 2018, www.statista.com/statistics/266462/burger-king-revenue/.

¹²⁶ “McDonald’s: Number of Employees 2006-2019 | MCD.” *MacroTrends.net*, 2019, www.macroTrends.net/stocks/charts/MCD/mcdonalds/number-of-employees.

¹²⁷ “McDonald’s Revenue 2006-2019 | MCD.” *MacroTrends.net*, 2019, www.macroTrends.net/stocks/charts/MCD/mcdonalds/revenue.

¹²⁸ Robinson, Melia. “In-N-Out Employees Can Work Their Way up to \$160,000 a Year with No Degree or Previous Experience.” *Business Insider*, www.businessinsider.com/in-n-out-employee-pay-2018-1#:~:text=Close%20icon%20Two%20crossed%20lines%20that%20form%20an. Accessed 11 Nov. 2020.

¹²⁹ “In-N-Out Burger.” *Forbes*, www.forbes.com/companies/in-n-out-burger/?sh=65d828b02e8c. Accessed 11 Nov. 2020.

¹³⁰ “Average Snapchat Salary | PayScale.” *Www.Payscale.com*, www.payscale.com/research/US/Employer=Snapchat/Salary. Accessed 11 Nov. 2020.

¹³¹ “Facebook Salaries, Average Salary & Jobs Pay.” *Www.Salarylist.com*, www.salarylist.com/company/Facebook-Salary.htm#:~:text=Facebook%20average%20salary%20is%20%24146%2C940%2C%20median%20salary%20is. Accessed 11 Nov. 2020.

¹³² “Snapchat Revenue and Usage Statistics (2019).” *Business of Apps*, 8 Aug. 2017, www.businessofapps.com/data/snapchat-statistics/.

¹³³ “Snap Inc.” *www.Craft.co*, <https://craft.co/snap>. Accessed 11 Nov. 2020.

¹³⁴ “Facebook Revenue 2009-2019 | FB.” *MacroTrends.net*, 2009, www.macroTrends.net/stocks/charts/FB/facebook/revenue.

¹³⁵ salman.aslam.mughal. “• Facebook by the Numbers (2019): Stats, Demographics & Fun Facts.” *Omnicoagency.com*, 6 Jan. 2019, www.omnicoagency.com/facebook-statistics/.

Another two tech giants you can compare are Google and Yahoo. The average employee at Yahoo Inc makes \$118,000¹³⁶ vs the average American Google employee who makes \$133,000¹³⁷. Yahoo had a revenue per employee figure of around \$646,000¹³⁸ vs Google's \$1,350,000¹³⁹ per employee. The trend that the companies who pay their employees the most, are oftentimes the companies that make the largest profits.

We also see this in the retail space, one of the largest employing industries in the US. Walmart pays their employees an average of \$13.10¹⁴⁰ per hour while Costco pays its employees an average of \$17.70¹⁴¹ per hour. Once again, a disparity can be seen when comparing the revenue per employee of these two companies. Walmart, the largest US employer, has an average revenue per employee in the US of \$233,000¹⁴²¹⁴³ vs Costco's \$640,000¹⁴⁴¹⁴⁵ per employee.

There are countless more examples like those aforementioned, but the trend is clear: higher wages result in higher productivity. This trend can also be seen in the following chart which reflects full time worker compensation vs domestic output for these workers. This further proves that as compensation increases so does productivity. The most accepted reason for why this happens is that higher compensation incentivizes workers to work harder since a higher wage would mean more is expected from them¹⁴⁶.

¹³⁶ "Yahoo Employee Salary | PayScale." *Wwww.Payscale.com*, https://www.payscale.com/research/US/Employer=Yahoo!_Inc./Salary.

¹³⁷ "Are You Paid Enough, or Is It Time to Make Your Move?" *Wwww.Emolument.com*, www.emolument.com/salary-reports/companies/google/10555.

¹³⁸ "Yahoo" *www.Craft.co*, <https://craft.co/yahoo>. Accessed 11 Nov. 2020.

¹³⁹ "Number of Google Employees 2017 | Statista." *Statista*, Statista, 2017,

www.statista.com/statistics/273744/number-of-full-time-google-employees/.

¹⁴⁰ "Walmart.com Hourly Pay | PayScale." *Payscale.com*, 2019, www.payscale.com/research/US/Employer=Walmart.com/Hourly_Rate.

¹⁴¹ "Costco Wholesale Company Hourly Pay | PayScale." *Wwww.Payscale.com*,

www.payscale.com/research/US/Employer=Costco_Wholesale_Company/Hourly_Rate. Accessed 11 Nov. 2020.

¹⁴² Team, Trefis. "Is The Revenue Contribution Of Walmart International Significant To The Company?" *Forbes*, www.forbes.com/sites/greatspeculations/2019/08/28/is-the-revenue-contribution-of-walmart-international-significant-to-the-company/?sh=6be4937926c8. Accessed 11 Nov. 2020.

¹⁴³ Bose, Nandita. "Half of Walmart's Workforce Are Part-Time Workers: Labor Group." *Reuters*, 25 May 2018,

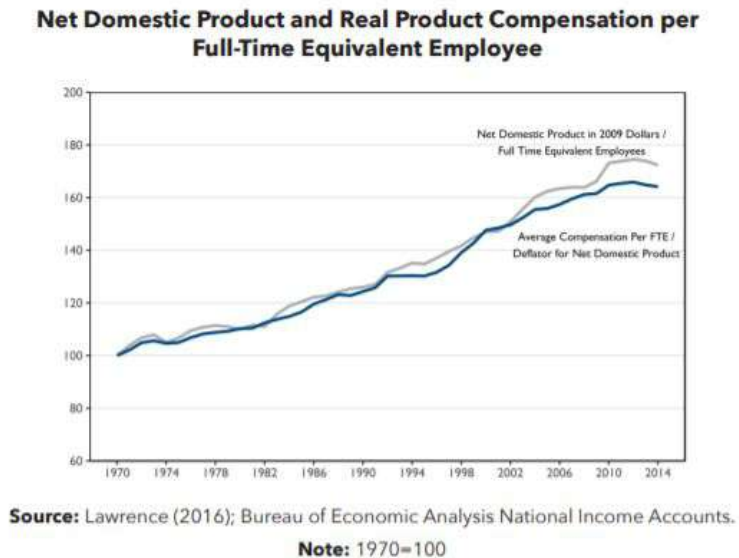
www.reuters.com/article/us-walmart-workers-idUSKCN11Q295.

¹⁴⁴ "Costco: Number of Employees 2006-2020 | COST." *Wwww.MacroTrends.net*,

www.macroTrends.net/stocks/charts/COST/costco/number-of-employees.

¹⁴⁵ "Costco Revenue 2006-2019 | COST." *MacroTrends.net*, 2019, www.macroTrends.net/stocks/charts/COST/costco/revenue.

¹⁴⁶ Boitnott, John. "7 Reasons You Should Pay Your Employees Above-Average Salaries." *Inc.com*, Inc., 18 June 2018, www.inc.com/john-boitnott/7-reasons-you-should-pay-your-employees-above-average-salaries.html.



This chart shows a direct correlation between worker output and compensation in the US¹⁴⁷

VI. Minimum Wage by Countries

Many countries solely rely on trade unions as a means of using collective bargaining to set a minimum wage. They do not rely on government regulation, and, several countries across the Scandinavian region have absolutely no government regulated minimum wage. These countries are still able to maintain low unemployment rates and similar working conditions to those of other countries.

One such country is Sweden, where the minimum wage is 60-70% of the average wage and nearly all workers belong to one of 60 trade unions or 50 employers organizations. Furthermore, workers are limited to 40 hour work weeks¹⁴⁸, which is equal to that of the United States, however workers have 25 vacation days and 16 holidays, which is much greater than the average 10 vacation days and 6 holidays of the US.¹⁴⁹

¹⁴⁷ Strain, Michael. *The Link Between Wages and Productivity Is Strong* AUTHOR.

<https://assets.aspeninstitute.org/content/uploads/2019/01/3.2-Pgs.-168-179-The-Link-Between-Wages-and-Productivity-is-Strong.pdf>
Accessed 11 Nov. 2020

¹⁴⁸ Boyte-White, Claire. "5 Developed Countries without Minimum Wages." *Investopedia*, Investopedia, 28 Aug. 2020, www.investopedia.com/articles/investing/080515/5-developed-countries-without-minimum-wages.asp.

¹⁴⁹ Min, Sarah. "1 In 4 Workers in U.S. Don't Get Any Paid Vacation Time or Holidays." *CBS News*, CBS Interactive, 24 May 2019, www.cbsnews.com/news/one-in-four-workers-in-us-dont-get-any-paid-vacation-time-or-holidays/.

Another example is Denmark, which has one of the largest numbers of workers covered by unions in the world with 67.3% of the workforce belonging to one or more of these organizations. Denmark has over 100 trade unions and employer organizations with a total of over 2.77 million members¹⁵⁰. The minimum wage in Denmark varies depending on the industry and skill required, but the average minimum wage is equivalent to \$20 per hour, which is far more than the highest minimum wage in most other parts of the world.

The most prominent example of the effectiveness of trade unions is in Iceland, where workers are automatically enrolled into a union. Iceland has relied on trade unions since 1916¹⁵¹ and these unions remain effective in the modern day, with the unions passing a new agreement to increase the monthly wage to \$2,233 by 2020 and eventually up to \$2,676.36 by 2022.¹⁵² The country continues to remain a wonderful place to live, and citizens experience low crime rates and a high average wages.¹⁵³

The work force in Norway is largely defined by the difficulty of labor determining the minimum wage. Most unskilled labor wages vary from \$16 to \$21 per hour, which includes industries such as agriculture, construction, freight transport, and cleaning.²⁸ Additionally, these unions remain successful in ensuring job security, healthy wages, and substantial vacation time.

A country outside of the Scandinavian region that does not rely on government mandated minimum wage is Switzerland. In 2014, the labor unions of Switzerland rejected a government proposition to make the minimum wage \$25, and relied on the previous collective bartering system being used. Nevertheless, 90% of workers currently earn more than the proposed minimum wage and work 41 hour work weeks on average, although the legal limit ranges between 45-50 hours depending on the sector¹⁵⁴.

VII. Minimum Wage Laws

Minimum wage is a type of price control set on wages. As a price floor, it establishes the lowest legal wage that workers can accept to sell their labor, or equivalently, the lowest wage that employers may offer.¹⁵⁵ (Raising the federal minimum wage can stimulate consumer demand, improve the functionality of corporations, and develop the economy. A small rise in pay will increase the productivity of employees and decrease employee turnover and absenteeism. It would also boost the overall economy by generating increased consumer demand. A \$2.55 increase in the minimum wage would increase the profits of low-wage workers by \$40 billion which could result

¹⁵⁰ Cleverway. "Trade Unions." *Worker Participation*., www.worker-participation.eu/National-Industrial-Relations/Countries/Denmark/Trade-Unions.

¹⁵¹ "Unions." *Island.is*, vefur.island.is/en/business_and_industry/employees/unions/.

¹⁵² "Wage Contracts and Quality of Life Deal Signed." *Mbl.is*, icelandmonitor.mbl.is/news/politics_and_society/2019/04/04/wage_contracts_and_quality_of_life_deal_signed/.

¹⁵³ "Um Félagið." *Efning*, efling.is/um-felagid/?lang=en.

¹⁵⁴ *National Labour Law Profile: The Swiss Confederation*, ILO, www.ilo.org/ifpdial/information-resources/national-labour-law-profiles/WCMS_158921/lang--en/index.htm.

¹⁵⁵ Wikipedia contributors. "Minimum Wage." *Wikipedia*, 11 Nov. 2020, en.wikipedia.org/wiki/Minimum_wage.

in a significant increase in GDP and employment. According to the Economic Policy Institute, this modest increase would give nearly 35 million workers a raise (28 million directly and 7 million indirectly)¹⁵⁶ and lift approximately 4.5 million people out of poverty. Another potential benefit is a projected reduction in the need for federal and state government expenditures, directed towards financial aid for low-income individuals.

Among the drawbacks of raising the minimum wage is the possible effect of increasing interest rates for banks, thus fueling inflation. Opponents of an enhanced minimum wage policy claim that raising the minimum wage would lead to unsustainable wages and salaries, thus dramatically increasing company operating expenses, which would result in the fall of many businesses, leading to many people becoming unemployed. However, these effects can be canceled out if the business raises the price of goods and services to offset their higher labor costs. Increased rates suggest a general cost of living rise that could essentially offset any value lost from employees earning more. Possible employment losses are another expected issue that may result from an increased minimum wage. Many analysts and business executives point out that labor is a major cost of doing business, concluding that to preserve profitability, corporations would be forced to slash jobs. In support of such, the CBO study for 2019 reported that raising the minimum wage to \$15 an hour by 2025 would result in the loss of around 1.3 million jobs.¹⁵⁷

One other less apparent negative impact of minimum wage is the possibility that a higher minimum wage would result in increased labor market competition for minimum wage jobs. This would signify the net outcome of an increased minimum wage might be a large number of overqualified workers taking minimum wage positions that would ordinarily go to young or otherwise inexperienced workers. This would impede younger, less experienced entrants to the job market from obtaining work and gaining experience to move their careers forward.¹⁵⁸

¹⁵⁶ *House Committee on Education and Labor*. (2016). Mea Glass.

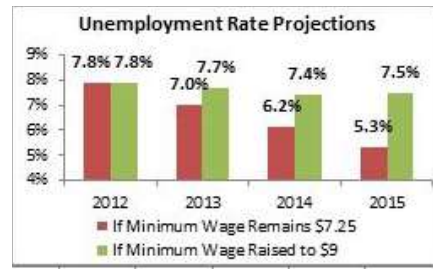
<https://edlabor.house.gov/download/fact-sheet-raising-the-minimum-wage-is-good-for-workers-business-and-the-economy-#:~:text=Raising%20the%20minimum%20wage%20increases%20consumer%20spending%20and%20boosts%20the,increase%20in%20GDP%20and%20employment>.

¹⁵⁷ *NPR Choice page*. (2019, July 8). Alina Selyukh.

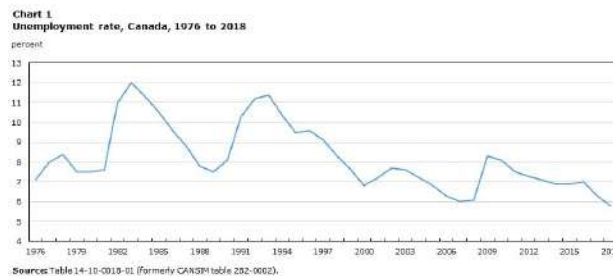
<https://choice.npr.org/index.html?origin=https://www.npr.org/2019/07/08/739607964/-15-minimum-wage-would-boost-17-million-workers-cut-1-3-million-jobs-cbo-says#:~:text=Live%20Sessions-,CBO%3A%20%2415%20Minimum%20Wage%20Would%20Boost%2017%20Million%20Workers%2C%20Cut,to%20lift%20the%20federal%20minimum>.

¹⁵⁸ *What Are the Pros and Cons of Raising the Minimum Wage?* (2020, November 10). Investopedia.

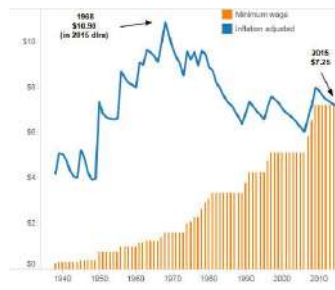
<https://www.investopedia.com/articles/markets-economy/090516/what-are-pros-and-cons-raising-minimum-wage.asp>



This image shows the unemployment rate in the US when minimum wage changes, and the higher the minimum wage, the higher the unemployment rate.¹⁵⁹



This image shows the Canada unemployment rate from year 1976 to 2018¹⁶⁰



This graph shows the change in minimum wage in Canada from 1940 to 2010.¹⁶¹

These two graphs show minimum wage and unemployment over time in Canada and whenever there was a spike in minimum wage (inflation adjusted), there was also an increase in the

¹⁵⁹ Sheng Lu, V. A. P. B. (2016, July 24). *Minimum Wage and Unemployment*. FASH455 Global Apparel & Textile Trade and Sourcing. <https://shenglufashion.com/2013/03/07/minimum-wage-and-unemployment/>

¹⁶⁰ *Annual review of the labour market, 2018*. (2019, April 16). Martha Patterson. <https://www150.statcan.gc.ca/n1/pub/75-004-m/75-004-m2019002-eng.htm>

¹⁶¹ Rogers, K. (2016, July 25). Adjusted for inflation, the federal minimum wage is worth less than 50 years ago. CNBC. <https://www.cnn.com/2016/07/21/adjusted-for-inflation-the-federal-minimum-wage-is-worth-less-than-50-years-ago.html>

unemployment rate. This proves the inverse relationship between unemployment rate and minimum wage in first world countries such as USA and Canada

VIII. Employing Democracy in Economic Structures

Democracy has been incorporated in everyone's daily lives even if it goes unnoticed. Democracy, a form of government in which the people have the authority to choose their governing legislation.¹⁶² One example of democracy being assimilated into one's everyday life is in the workplace. To start off with the general definition, a "workplace democracy" is the implementation of democratic practices and concepts that may include ideas such as voting, public debate, and systems of appeal. It has been a big field of study for many decades now and even includes several distinct forms. One form that's even considered "increasingly popular" is employee ownership. Employee ownership involves employees gaining the equity share of a specific business and, due to their equity share, have a great say in the establishment's success and voting rights.¹⁶³ Additionally, the organization of this entire concept associates with the concept being carried out within unions. Most unions do have democratic structures/organizations; however, if a workplace lacks a union it doesn't necessarily suggest that it further lacks democracy overall.

There have been many reports and recorded statistics of advantages and disadvantages regarding democracy in the workplace. Statistics display that employees seem to be more engaged in their work in a democratic environment. Lacking in the modern workplace, interest in jobs helps boost individuals' cooperation and productivity. A survey in 2008 by the Workplace Democracy Association established that 25% of individuals likened their workplace to "a dictatorship", while simultaneously records show that 33% of workers felt that their bosses would not take valid criticism appropriately. Additionally, the entirety of the practice of a "workplace democracy" holds a major impact on important factors of a business such as business longevity, productivity, and the behavior of the workers.¹⁶⁴ Reports and research further display that democratic businesses show higher productivity rates throughout the workers and the overall establishment. Productivity rates have increased by 9-19% in a democratic workplace. Even a 1995 study involving a timber industry in the United States established that the workers' productivity increased from 6% to 14%. Other benefits of a workplace democracy include a 45% lower turnover rate and the workers' income increasing by approximately 70-80%.

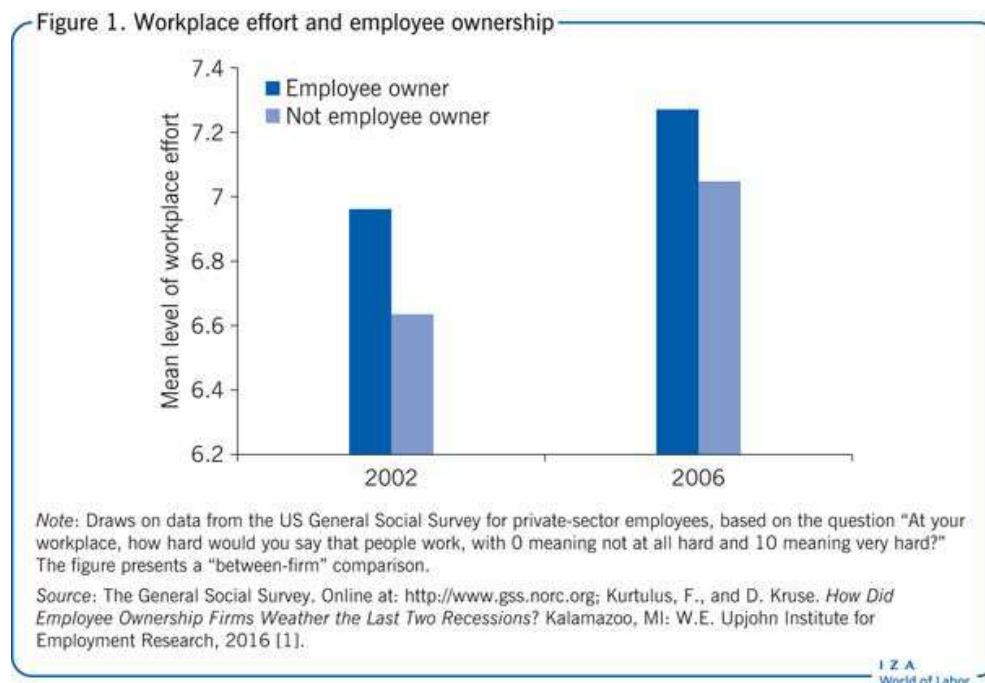
If a business is new and begins to practice democracy in the workplace, they are 30% less likely to fail within the first few years. Workplace democracy has reportedly been effective in countries all around the world. In Italy, businesses that do not have a democratic organization have

¹⁶² "Democracy." *Wikipedia*, Wikimedia Foundation, 8 Nov. 2020, en.wikipedia.org/wiki/Democracy.

¹⁶³ "What Is Workplace Democracy?" *HRZone*, 29 July 2013, www.hrzone.com/hr-glossary/what-is-workplace-democracy.

¹⁶⁴ Zarpentine November 23rd, Bryan, et al. "12 Ways To Accomplish Workplace Democracy - CakeHR Blog." *CakeHR Blog | Easy to Implement HR Tips!*, 7 Apr. 2020, blog.cake.hr/12-ways-accomplish-workplace-democracy/.

a “survival rate” for their first 3 years after the opening of 48%; whereas businesses with democracy have an 87% chance to stay open after their first few years in work. Other countries such as France also have a survival rate of approximately 80%-90% with a democratic organization in the business compared to the 66% survival rate for a general business without the democratic atmosphere. Regarding workplace behavior, workers in a 2012 study of three Italian towns showed that with democratic workplaces, civilians were in better condition concerning health and overall physical shape. They would reportedly live longer lives that’ll include fewer risks of heart attack and stroke. Additionally, due to less crime and violence in the town, individuals felt that they were more secure and safer on the streets, at home, and at their place of business.¹⁶⁵



IX. Marketing in the 21st Century

Any successful businessman knows that marketing is absolutely crucial. Marketing has truly evolved and behind all the math (figuring out if it is profitable), it lays a form of creativity that must succumb to time standards to prosper. But, this doesn’t always hold true. Marketing is a company’s way to stand out. However, understanding the times is just as important, so choosing to market through an ad in a newspaper is not the best idea for most businesses of the modern world. According to smallbizgenius.net, social media advertising budgets have nearly doubled worldwide,

¹⁶⁵ “Workplace Democracy.” *Wikipedia*, Wikimedia Foundation, 21 Aug. 2020, en.wikipedia.org/wiki/Workplace_democracy.

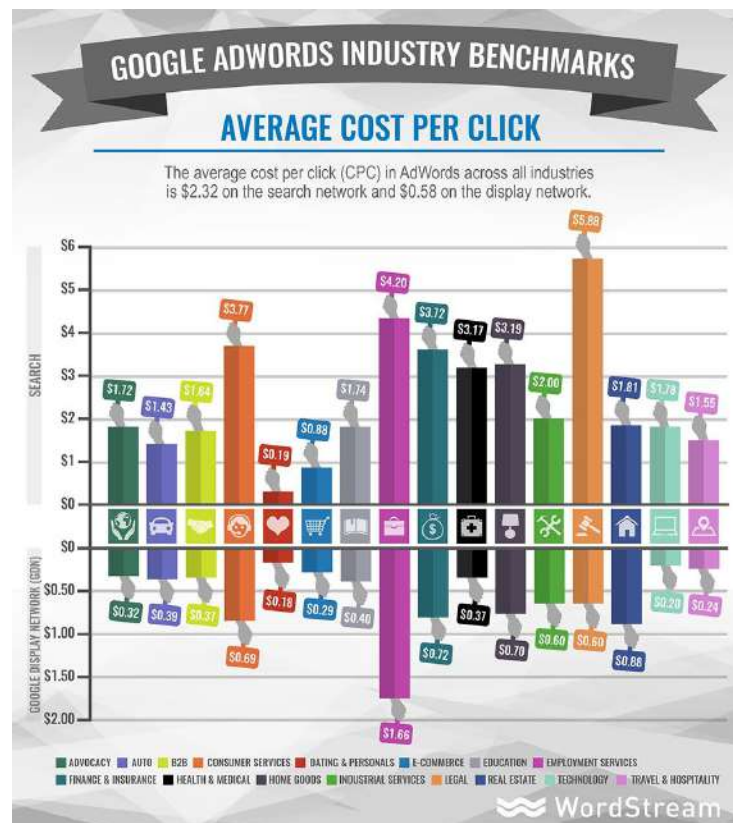
from \$16 billion in 2014 to \$31 billion in 2016.¹⁶⁶ This should not come as a surprise as Review42 has reported that the number of social media users increased by more than 10.5% (over 376 million new users) between July 2019 and July 2020, reaching a total of 3.96 billion.¹⁶⁷ This equals about 51% of the world population and 83.36% of internet users. Therefore, online marketing in simple terms is, “What is the most creative way I can get into peoples’ heads, that will result in the highest profit for my company.”

What is so special about vast marketing in the 21st century? The answer, like everything in current times, ties back to technology. Social media marketing is huge not only because of ads, but also because of demand. Research shows 1 in 3 online users search the web for products they desire. According to GlobalWebIndex, 54% use social media to research products. 49% of consumers say they depend on recommendations from social media influencers to help with their purchasing decision. 71% of consumers who have had a positive experience with a brand on social media are likely to recommend it to their friends and family. Some interesting television marketing tactics include a technique called “affective condition” - placing the product next to positive things. An example is, detergent being sold on T.V. next to babies and flowers that have absolutely no connection to the use of the product. Psychological studies have shown that children are wired to need more intense visual stimulation. Because of this, advertisers who market to children may make their ads bigger, more colorful or, in the case of TV ads, even noisier and faster. For example, when Heinz sold EZ Squirt ketchup for kids, it made the TV ads for that product extremely colorful and edited them to move from one shot to another very fast. Small businesses can imitate this by making sure that ads for children's products have eye-catching graphics.¹⁶⁸ But the question that remains is, is TV still the way to go? Studies have shown that 81% of Twitter users claim that Twitter impacts their purchasing decisions more than TV. Teens and millennials watch 40% less traditional TV than they did five years ago. 70% of small business followers retweet content. 72% of brand followers are likely to make a purchase in the future. 53% of Twitter users say they bought a product they first saw on the platform. Promoted tweets boost offline sales by 29%. Tactical thinking and behavioral science usage through social media highly contribute to current marketing tools by companies. The real reason for marketing is to put your company out there, but one thing you may ask is, what is the cost? Small businesses earn an average of \$3 in revenue for every \$1.60 they spend on Google AdWords. Small businesses that use Google Ads spend between \$9,000 and \$10,000 per month on PPC.

¹⁶⁶ “The 45 Most Important Advertising Statistics Of 2020.” *SmallBizGenius*, 2 Sept. 2020, www.smallbizgenius.net/by-the-numbers/advertising-statistics/.

¹⁶⁷ “Latest Social Media Marketing Statistics in 2020 [Updated].” *Review42*, 16 Sept. 2020, review42.com/social-media-marketing-statistics/.

¹⁶⁸ Dwilson, Stephanie Dube. “Examples of Psychology in Advertising.” *Small Business - Chron.com*, Chron.com, 21 Nov. 2017, smallbusiness.chron.com/examples-psychology-advertising-69400.html.



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In the graph above, one can see different advertising costs through various outlets for marketing. Marketing is a key component to any business, and the way it has evolved over time allows small businesses to prosper and participate globally. The way a company structures its marketing will directly influence profits and success. Branding, ads, positive reviews, and spreading your business is required for a successful company.

X. Conclusion

All policies regarding company structures have displayed advantages and disadvantages; however, it is important to understand and see their huge impacts on the economy and even society, currently and in the future. The five basic business structures provide different advantages and disadvantages to entrepreneurs. Each designed for its own specific purpose such as how Co-ops are better for Real Estate ventures and how corporations are better for established, publicly traded, companies. With each corporate structure there is a certain level of profit. Indeed, a sole proprietorship would not make the profits of a Limited Liability Company, due to not being able to

¹⁶⁹ "The Comprehensive Guide to Online Advertising Costs." *WordStream*, www.wordstream.com/blog/ws/2017/07/05/online-advertising-costs.

sell stocks. We have also seen a strong positive correlation between worker compensation and company productivity as proven through our examination of 4 different industries. In addition to this, we found that companies that show great care towards their employees can also expect to perform just as well as companies that go to any length to satisfy their customers. Our research has also proven that minimum wage increases also have very mixed benefits and should be treated differently based on the nations they are implemented in. We have seen how minimum wage increases often cause large short term jumps in unemployment. In addition to this, an examination of implementing democracy in different companies has also almost always resulted in increased productivity for that company. Overall, our examination into different corporate structures and employee-side policies has shown that every system and policy is extremely complicated, however, many things could be done differently that would benefit all.