

# CHAPTER 4



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Herring

# Life at the Edge: Precarity and Economic Insecurity in Illinois and the United States

By Cedric Herring

This chapter examines precarity and economic insecurity in the United States and Illinois. Precarity is a condition that exists when there is little predictability or security with respect to a person’s material well-being or psychological welfare. The author provides an overview of patterns that undergird precarity by presenting trends in economic well-being before, during and after the Great Recession.

## NEED TO KNOW

- During the recession, median income plunged to the lowest point since 1997. By September 2011, it had rebounded. Yet attitudes about economic security have gotten worse. Levels of precarity increased after the Great Recession officially ended in mid-2009.
- Americans’ outlook concerning their family financial situation has become more pessimistic. The percentage of Americans surveyed in 2011 who thought their financial situation would become worse during the following year rose to 34.8 percent, from 8.8 percent in 2006.
- Precarity is associated with several factors, including race, political affiliation, and with whom one holds responsible for the current state of the U.S. economy.
- Illinois citizens are not experiencing precarity at rates as high as the rest of the nation, or as high as their Midwestern neighbors.

Many Americans are in the midst of an historical moment where they feel that they are living on the edge. Many of those who were once solidly in the middle class or working class have either fallen into poverty or fear that they are about to do so. Millions of people have experienced a collapse of their living standards. Millions more feel they may soon slip into poverty or a substantial worsening of their lifestyles. This is the unfortunate fate of those living in these uncertain times of “precarity.”

Precarity is not a word commonly heard in the United States, but it can be defined as a condition that exists when there is little predictability or security with respect to a person’s material well-being or psychological welfare. It is, in its classic

definition, the labor conditions that arose after the transition from life-long, stable jobs common in the industrial era to temporary, insecure, low-paying jobs that have emerged with the rise of the service and financial economy. Precarity increases during times of economic uncertainty. But there can be a paradox associated with precarity: the sense of doom can become worse even as objective conditions improve.

This chapter will examine precarity and economic insecurity in Illinois and in the United States. It will provide an overview of patterns that undergird the sense of insecurity by presenting trends in economic well-being before, during, and after the Great Recession. It will also show how precarity is shaded by racial and political considerations.

Figure 1  
**Monthly Output, Jan. 2006 - June 2010, Indexed to Dec. 2007 = 100**



Source: The NBER's Business Cycle Dating Procedure

### Recessions, Precarity, and Economic Insecurity

The United States has had five major recessions since 1980. According to the National Bureau of Economic Research, the most recent—the Great Recession—began in December 2007 and ended in June 2009.<sup>1</sup> The general contours of the Great Recession are depicted in Figure 1, which presents the Stock-Watson Average of Gross Domestic Product (GDP) and Gross Domestic Income (GDI).

The Great Recession of 2007-2009 was the longest and, by most accounts, one of the worst economic crises since the Great Depression. In particular, the Census Bureau determined that real median income in 2009 fell to the lowest amount since 1997, and was the largest decline in income in a single year of any recession since at least 1967.<sup>2</sup> The Great Recession essentially wiped out more than a decade's worth of gains. But not all households experienced economic decline equally, as the downturn dealt more of a blow to middle-class and the low-income households. Households at the 50th percentile earned as little in 2009 as they did in 1996. The bottom 10 percent of households earned as little as they did in

**5** Number of major recessions in the US since 1980.

1994. In contrast, the top 10 percent of households earned as much as they did in 2002. In other words, the highest earners were better protected than others. At the same time, the Census Bureau also indicated that 15.1 percent of Americans were in poverty, the highest level since 1993.<sup>3</sup>

As unsettling as this might have been, the U.S. economy began its turnaround by the middle of

<sup>1</sup> See *The NBER's Business Cycle Dating Procedure* at [http://www.nber.org/cycles/recessions\\_faq.html](http://www.nber.org/cycles/recessions_faq.html).

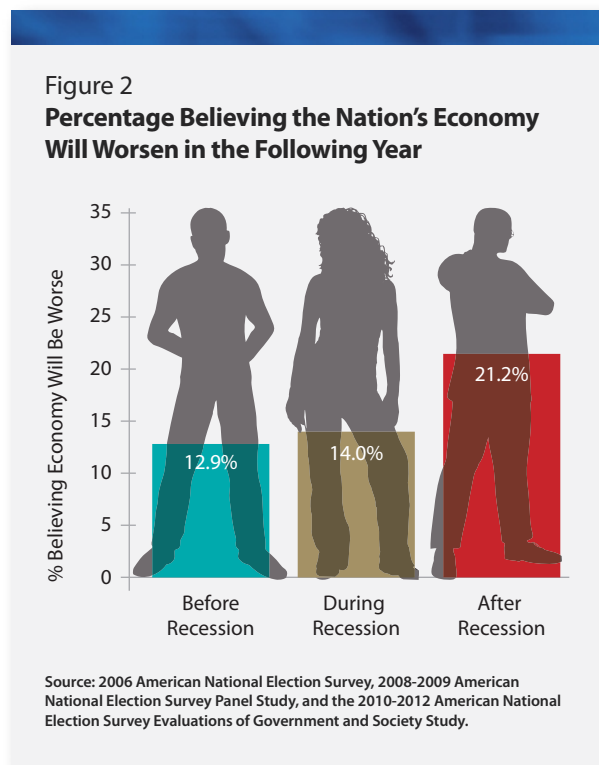
<sup>2</sup> Source: U.S. Census, Current Population Survey, 1960-2011 Annual Social and Economic Supplements.

<sup>3</sup> Source: U.S. Census, Current Population Survey, 1960-2011 Annual Social and Economic Supplements.

2009. Again, as Figure 1 shows, by the beginning of 2010, the GDP had already surpassed that of early 2007 before the Great Recession began. Median incomes rebounded as of September 2011.<sup>4</sup> Unemployment rates began to fall as of January 2010 and had fallen to pre-recession levels as of September 2012. And in 2011, the poverty rate in the U.S. had begun to decline for the first time in four years.<sup>5</sup>

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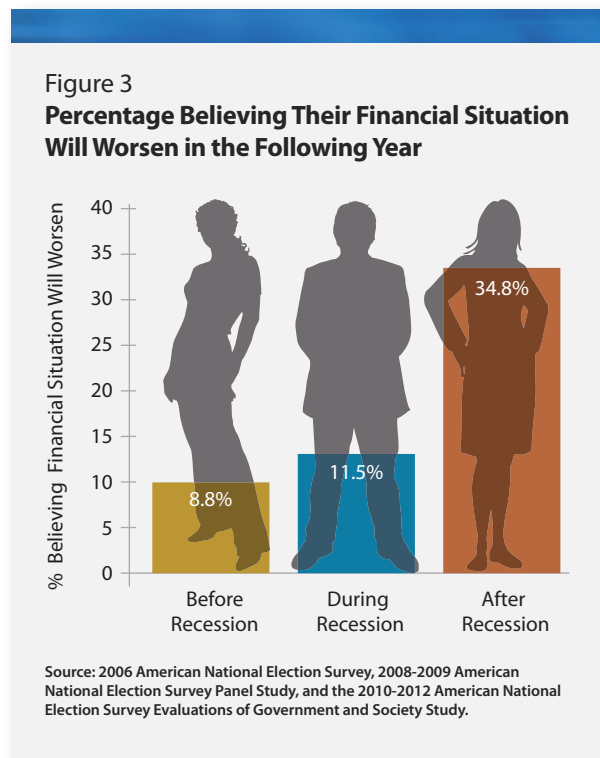
Despite these improvements in objective indicators of well-being, as Figure 2 shows, the levels of precarity have increased since the Great Recession officially ended. In particular, in 2006 (before the Great Recession), 12.9 percent of Americans believed the nation’s economy would get worse in the following year. During the Great Recession in 2008, 14 percent believed the nation’s economy would worsen in the following year. And by 2011, the level of pessimism and apprehension had increased, as



21.2 percent believed that the nation’s economy would worsen in the following year.

Similarly, Americans’ outlook concerning their family financial situation also became more pessimistic. Figure 3 shows that in 2006, 8.8 percent of Americans thought their financial situation would become worse during the following year. By 2011, it had exploded to 34.8 percent.

These trends confirm precarity. They reflect economic insecurity and uncertain living and working conditions that working- and middle-class Americans experienced during the Great Recession. Moreover, they mirror the precarious everyday experiences of workers facing increasing changes in what they



<sup>4</sup> See *The Median Household Income Index* at [http://www.sentierresearch.com/Charts/HouseholdIncomeIndex\\_UnemploymentRate\\_08\\_2012.jpg](http://www.sentierresearch.com/Charts/HouseholdIncomeIndex_UnemploymentRate_08_2012.jpg).

<sup>5</sup> See Census Bureau report at <http://www.census.gov/hhes/www/poverty/about/overview/index.html>

thought were previously assured employment conditions, entitlement benefits, and safety net programs. These trends also affect large segments of the population who are being subjected to lower pay, intermittent income, housing problems, property loss, and deteriorating standards of living.

During the Great Recession, people of color fared worse, as many of them fell through the gaping holes in the social safety net. In particular, jobless African-Americans were more likely than their white counterparts to report that they could not afford to pay for needed food and medicine. According to data from the 2010 American National Election Survey, 56 percent of jobless African-Americans reported bankruptcies or property losses compared with 13 percent of jobless whites. Among whites, 28 percent of the jobless experienced housing problems. In comparison, 44 percent of jobless African-Americans reported housing difficulties. Similarly, the results also show that 52 percent of unemployed whites said that they were worse off financially. This compares with 81 percent of unemployed African-Americans who reported that they were worse off financially. But they were not necessarily the most likely to experience precarity.

Precarity expanded to a growing range of social sectors. Increasingly, economic insecurity also came to characterize the circumstances of young people growing up in precarity who come to be viewed by their parents' generation as underperforming because they have not secured the full-time jobs for life they were expected to receive upon graduation. As a result, many recent graduates continue living with their parents and relying on them financially for much longer than expected. Rather than getting a stable career-path job, many end up moving between different semi-self-employed positions and low-paying positions in the service sector. These Millennials are the most recent generation to enter the labor market. Many are still coming of age during this era of economic uncertainty. They have already lived through

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the Great Recession and their employment prospects look rather grim. They are concerned about how they will gain access to the job market and launch their careers, as previous generations appear to be staying on the job longer and unemployment rates remain high. They are often saddled with student loans that exceed their ability to repay. There is fear that Millennials will be the first American generation to be worse off than their parents.<sup>6</sup>

There are, however, other forces at work that drive precarity. In some real sense, these dynamics are undergirded by racial and political elements.

#### **Precarity in the Era of Obama**

Before the Great Recession, most Americans were hopeful about the future. For many, there was great optimism as the first person of African ancestry was elected President of the United States. Barack Obama’s election was hailed as marking a fundamental change in America. Many people concluded that the election of Obama was proof that America had reached the post-racial, colorblind society that so many have struggled to attain. Obama’s candidacy, as well as his electoral success, was based on the premise that the United States had undergone an enormous transformation in racial attitudes among its citizens.

But Obama’s election was not greeted the same by everyone. For some, it triggered the fear that America was headed in the wrong direction. This fear, coupled with rising joblessness during the Great Recession, led to heightened precarity among some segments of the population. Indeed, precarity in America is both racial and political.

<sup>6</sup> Winograd, Morley and Michael D. Hais. 2011. *Millennial Momentum: How a New Generation Is Remaking America*. Piscataway, NJ: Rutgers University Press.

Just how racialized was precarity? Figure 4 shows that by the end of 2011, 23.3 percent of whites feared that their financial situations would worsen in the following year. This compares with 9.7 percent of African Americans, 19.3 percent of Latinos, and 19.4 percent of Asians who held such beliefs.

Figure 5 also suggests that precarity had a political basis. In particular, it shows that 13.8 percent of Democrats believed that their financial situation would worsen in the next year. This compares with 19.9 percent of Independents, 32.0 percent of Republicans, and 44.3 percent of those supportive of the Tea Party.

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Even more, Figure 6 (page 46) suggests that precarity is associated with whom one holds responsible for the current state of the U.S. economy. Almost half (48.9 percent) of those who saw President Obama as being responsible for the current state of the economy thought the country’s economic situation would worsen in the following year. In contrast, only 15.8 percent of those who

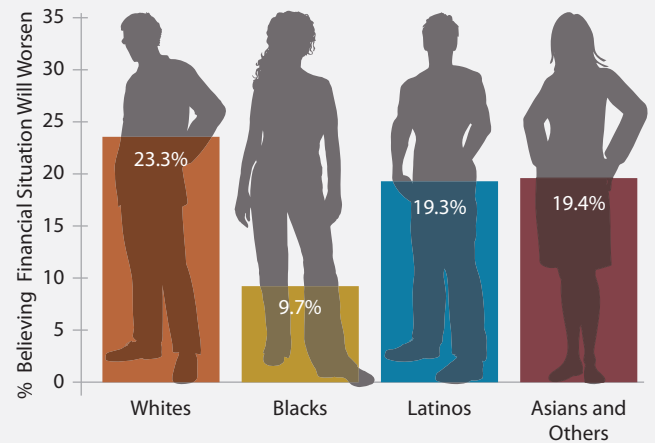
thought President Bush was mostly responsible for the current state of the economy thought the country’s economic situation would worsen in the following year. It should also be noted that 22.2 percent of those who believe that Wall Street was mostly responsible for the current state of the U.S. economy thought their financial situation would worsen in the next year.

Generally, these results suggest that precarity is a racialized, politicized, and partisan condition. In other words, it is not simply based on objective conditions.

### Precarity in Illinois

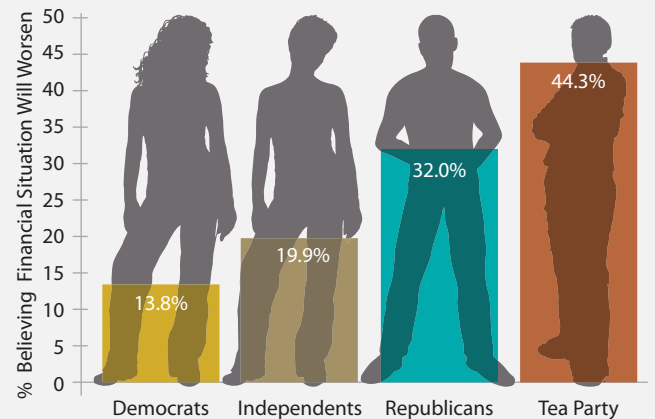
Like the rest of the nation, the Great Recession ravaged the Illinois economy. The crises in employment,

Figure 4  
Percentage Believing Their Financial Situation Will Worsen in Following Year by Race/Ethnicity



Source: The 2010-2012 American National Election Survey Evaluations of Government and Society Study.

Figure 5  
Percentage Believing Their Financial Situation Will Worsen in Following Year by Party Affiliation

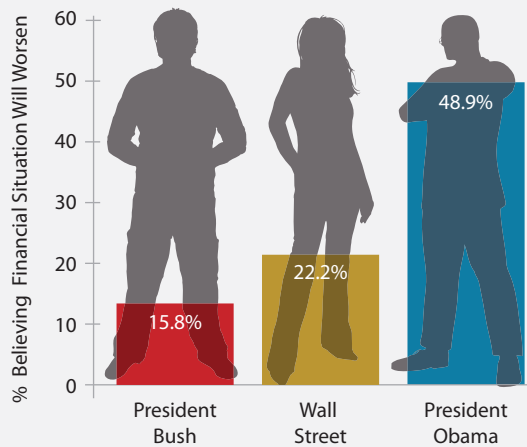


Source: The 2010-2012 American National Election Survey Evaluations of Government and Society Study.

housing, and credit markets increased the general level of insecurity. Large segments of the middle class and the working class are now experiencing precarity.

But how do residents of Illinois compare with those of other states? Figure 7 (page 46) suggests that residents of Illinois are not experiencing precarity at

**Figure 6**  
**Percentage Believing Their Financial Situation Will Worsen in Following Year by Belief About Who Is Mostly Responsible for Current Economic Conditions**



Source: The 2010-2012 American National Election Survey Evaluations of Government and Society Study.

rates as high as the rest of the nation (21.2 percent), or as high as their Midwestern neighbors. In particular, only 9.5 percent of Illinois residents believed that their financial situation would worsen in the next year. This was similar to residents of Indiana (9.6 percent). Among the Midwestern states, only the residents of Michigan were more optimistic about their future financial situations, as only 8.8 percent of them believed that their financial situations would worsen in the next year. Figure 7 shows that 31.3 percent of Iowa residents, 28 percent of Missouri residents, and 24 percent of Wisconsin residents believed that their financial situations would worsen in the next year. These results suggest that precarity is also regional.

**Conclusions**

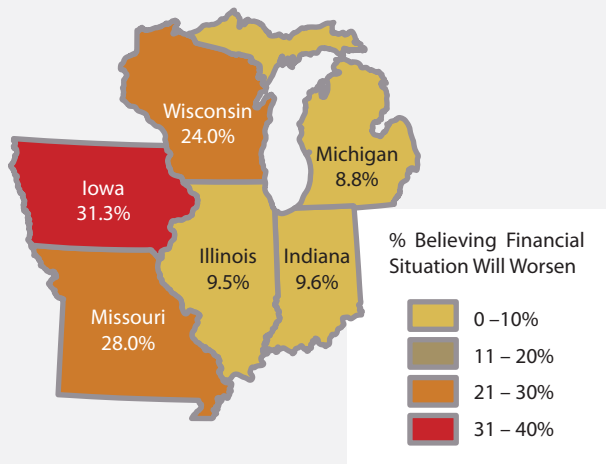
The Great Recession had a human toll that went beyond the worsening financial status of families. It sapped many Americans of their hope and optimism about the future. It took from them the idea that they could achieve the American Dream. The realities of economic crisis dashed the dreams of millions. It led people to be afraid, angry, worried, and even outraged. It made people feel as if they were living on the edge. In short, it has led to precarity.

Precarity has far-reaching social effects. One of these is the decline in the feeling of being part of the national social collective. Another is that it decomposes social bonds. The decline of secure employment has also produced terrified reactions from those who fear that values such as trust, community spirit, and the importance of work are collapsing.

Of course, there are also psychological and emotional effects of precarity. Anxiety about slipping in status becomes a general social condition. Another effect is psychological over-arousal or a sense of relative deprivation. And a final invisible effect of precarity is widespread psychological pain.

There are also demographic and social effects of precarity. For example, people are less likely to have children when their finances and relationships are

**Figure 7**  
**Percentage Believing Their Financial Situation Will Worsen in Following Year for Illinois and Other Midwestern States**



Source: The 2010-2012 American National Election Survey Evaluations of Government and Society Study.



insecure. Young adults are less likely to leave the homes of their parents. And, perhaps people are less likely to take reasonable risks that could improve their lives.

It is also possible that feelings of insecurity, unease and precariousness have also been channeled into fear of difference. Prejudice and xenophobia are not causes of precarity, nor are they reasons for its spread. Often, however, they are effects of precarity. At times, racial and ethnic minorities and recent immigrants are scapegoated as the reason for precarity.

As the analysis above demonstrates, precarity is a racialized, politicized, and partisan condition that is also linked to geography. During the presidency of Barack Obama, for example, African Americans have been more optimistic than have other racial and ethnic groups about their financial futures. Similarly, Democrats have been much more upbeat than Republicans and Tea Party sympathizers about their financial futures. It also appears that whom one holds responsible for current economic conditions has a bearing on how optimistic or pessimistic one is about the future. Finally, residents of Illinois are not experiencing precarity at rates as high as the rest of the nation, or as high as their Midwestern neighbors.

Current perceptions of insecurity are complex and cannot be traced to a single source such as precarity at work, the volatility of financial markets, or fear of terrorism. At the existential level, such experiences come together to create a general feeling of unease. So, what can be done to reduce levels of precarity? Results from this analysis suggest that

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precarity has real and consequential effects. The problem of economic insecurity provides some formidable challenges to policymakers concerned with reducing the waste of human capabilities. Many policies to expand the social safety net or to stimulate growth in the economy or to reduce unemployment—such as public jobs programs or the direct intervention of government in the economy and the private labor market—are politically unpopular, especially as governments seek to cut their budgets. Many fiscal conservatives suggest that budget-cutting measures will grow the economy, reduce debt, and enforce greater self-reliance. Unfortunately, these laissez-faire policies do not appear to address several forms of this prob-

lem. Ultimately, the only true solution for precarity is sustained, vigorous economic growth with fairness for all, but how to get there and to get people to believe that such growth is real and sustainable remains a challenge. ■