**Commentaries on Translational Impact: Psychologically Wise Policies
Targeting Inequality Require Acknowledgement of Scarcity
Mindsets, Mobility Beliefs, and Class Privilege Justifications**

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Abstract

High and rising economic inequality has prompted concerns about the consequences for opportunity and mobility for those from less advantaged backgrounds. I propose that an appreciation of three psychological phenomena—(1) how scarcity affects decision-making, and how (2) the belief in upward mobility and (3) the justification of class privilege help legitimize and maintain economic inequality—is critical to the development of *psychologically wise policies* targeting inequality—policies that acknowledge and address specific psychological processes that are known to help sustain and perpetuate inequality. I highlight the implications of expanding consumer choice for individuals facing scarcity, and the effects of people’s tendency to overestimate mobility rates on support for policies designed to reduce inequality.

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High and rising economic inequality has prompted concerns about the consequences for opportunity and mobility for those from less advantaged backgrounds. Fittingly, Ryan, Singh, Hentschke, and Bullock (2018) provide a timely review of research on and the implications of three relevant psychological phenomena: (1) how the experience of scarcity affects decision-making, and how (2) the belief in upward mobility and (3) the justification of class privilege help legitimize and maintain economic inequality. I contend that these phenomena are critical to the development of *psychologically wise policies* targeting inequality—policies that acknowledge and address specific psychological processes that are known to help sustain and perpetuate inequality.

Acknowledging the role of scarcity in decision-making is critical to the development of psychologically wise policies regarding the expansion of choice. In the U.S., for example, recent policy initiatives have focused on increasing “consumer” choice in important domains like health insurance (e.g., Trump, 2017) and education (e.g., DeVos, 2017). However, making informed choices on complex, long-term issues like these requires careful comparison of the available options. This requires cognitive capacity; without it, people often base their decisions on easily digestible information (e.g., a healthcare plan being heavily advertised as low-cost) than on more important but complex information (e.g., lengthy documents detailing that the plan provides little coverage), and thus make sub-optimal decisions that are harmful in the long run (Robertson & Yokum, 2014; Shafir, 2017). A consideration of the effects of scarcity on cognitive capacity and associated decision-making is therefore critical when evaluating how proposed policies will affect chronically disadvantaged members of society.

Furthermore, policy decisions regarding social safety net programs must be wise to people's tendencies to overestimate upward mobility and legitimize class privilege. As Ryan and colleagues (2018) discuss, Americans frequently overestimate the extent to which upward mobility is attainable through hard work in their country (Davidai & Gilovich, 2015; Kraus & Tan, 2015), which promotes the mindset that both wealth and poverty are deserved and thus policies like taxation and redistribution are unfair (Alesina, Stantcheva, & Teso, 2018; Day & Fiske, 2017; Shariff, Wiwad, & Aknin, 2016). This is critical, as many policy initiatives in recent decades have weaponized these misperceptions to justify cutting or restricting access to safety net programs (Sethi, 2010). For example, speaking about the need for such cuts, a chairman of the Senate Committee on Finance recently stated, "I have rough time wanting to spend... trillions of dollars to help people who won't help themselves, won't lift a finger... [to take advantage of] the opportunities that this great country grants them" (C-SPAN, 2017). The belief that "opportunities" to success and mobility are available to anyone willing to "help themselves" thus enables people to justify class privilege and oppose policies that challenge it, which ultimately helps to maintain inequality. While there are positives to believing that mobility is possible and can be fairly earned (Browman, Destin, Carswell, & Svoboda, 2017; Laurin, Fitzsimons, & Kay, 2011; for review, see Browman, Destin, Kearney, & Levine, 2019), efforts to increase support for inequality-reducing policies should begin by educating people about both the current improbability of experiencing mobility (e.g., Chetty et al., 2017) and the notable contribution of external factors to both wealth and poverty (e.g., Adermon, Lindahl, & Waldenström, 2018).

Ryan and colleagues (2018) contend that "'minding the gap' requires translating psychological research into action" (p. 195). The present examples support this notion that an appreciation of psychological phenomena—including scarcity mindsets, mobility beliefs, and

class privilege justifications—is indeed essential to the creation of policies that are wise to the otherwise hidden factors that help maintain inequality.

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