



# HOW INFLATION HITS AMERICANS OF COLOR HARDER

Inflation affects white, Black, Hispanic, Asian American and Pacific Islander groups in America in different—but ultimately unequal—ways

An Ipsos Point of View

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GAME CHANGERS



## KEY FINDINGS:

1. Historical patterns show that previous post-inflation recessions have hit Black and Hispanic Americans the hardest
2. Most Americans are feeling crunched by inflation. But in the past few months, Hispanic Americans have been squeezed the tightest
3. Inflation is worrying many Americans, but not equally
4. Maintaining trust among Black, Hispanic, and Asian American and Pacific Islander individuals means forming policy with them in mind

In 2022, rising prices was the story that never seemed to go away. Now, after months of belt-tightening, [many economists are predicting a recession](#) in the coming months as the Federal Reserve combats inflation. Following the implosion of Silicon Valley Bank, inflation and the potential of a recession are precariously hanging in the balance.

[Inflation is regressive](#), meaning lower-income communities are often the ones who are hardest hit. But one less-talked-about impact of inflation is its effect on racial minorities. For Black and Hispanic Americans, it's a vicious cycle: First, rising prices disproportionately hit Black and Hispanic communities. Then, policies meant to solve inflation continue to hit Black and Hispanic communities the hardest. Racism [baked into the financial structures](#) of the U.S., from the housing market to the job market, [exacerbates this cycle](#).

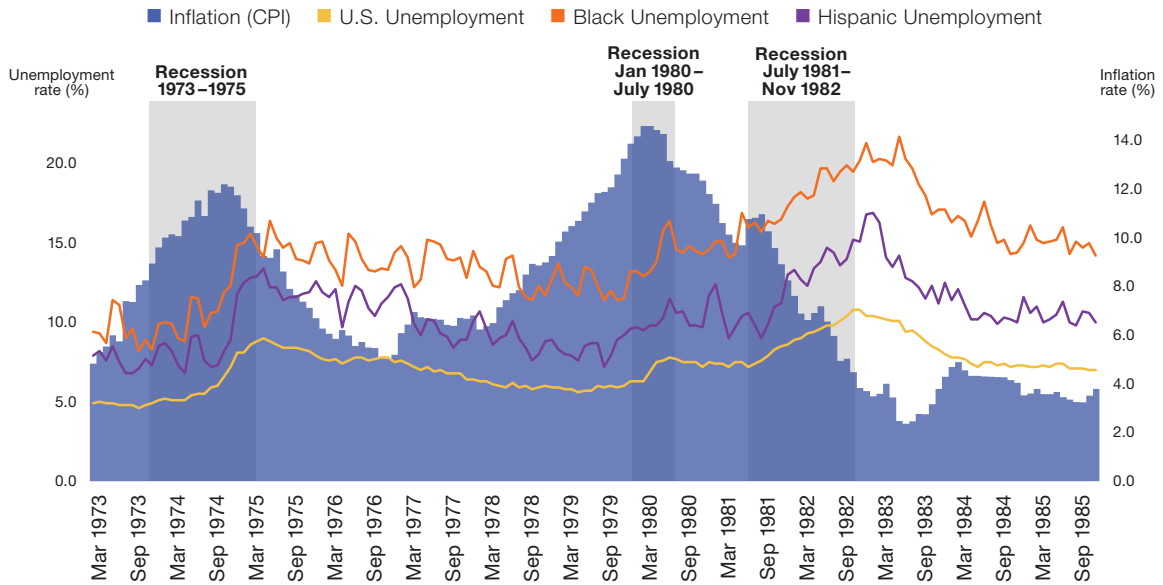
It is vital for business leaders and policymakers dealing with inflation to view their actions with the historic racial inequalities of inflation in mind. If not, they risk lost growth opportunities, challenged accountability and losing the trust of Black Americans, Hispanic Americans, and Asian American and Pacific Islander individuals.



## History shows that Black and Hispanic Americans take on the brunt of post-inflation recessions

While inflationary periods don't necessarily cause recessions, historically, policies meant to curb high levels of inflation in the past have led to recessions. In the 1970s and 1980s, for example, following high levels of inflation, the federal government's policies created periods of "stagflation," during which unemployment and inflation skyrocketed.

### Black and Hispanic Americans faced higher unemployment following historic periods of inflation

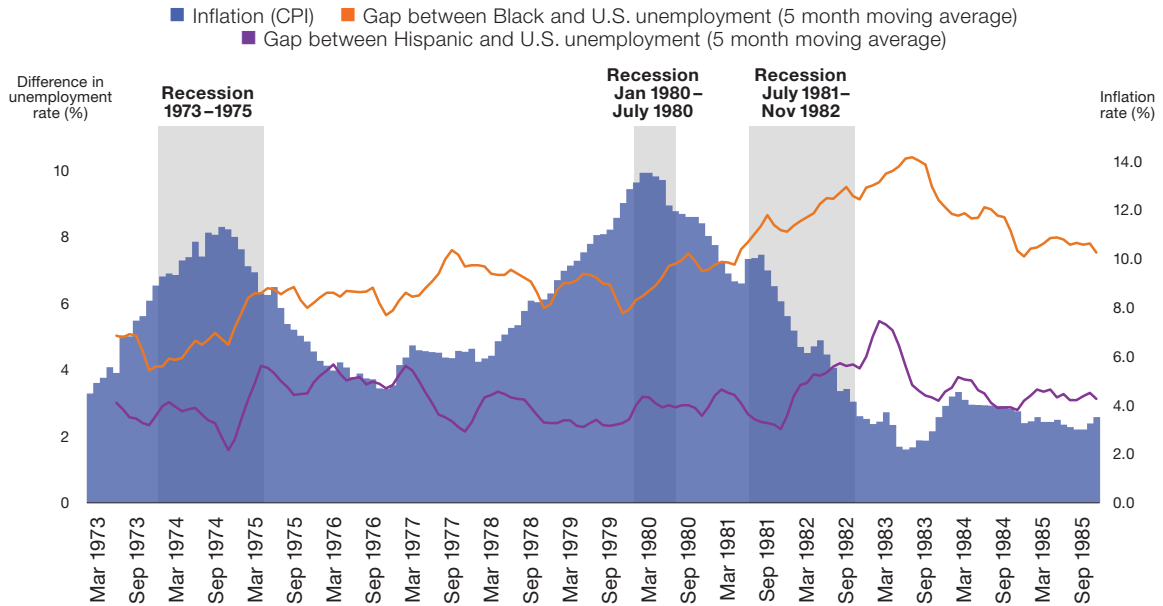


Source: Unemployment data via the Federal Reserve Bank of St. Louis. CPI data via the U.S. Bureau of Labor Statistics.



During these periods, unemployment among Black and Hispanic Americans, which was already higher than the U.S. average, spiked. The gap between U.S. unemployment and Black and Hispanic unemployment also increased, suggesting that these inflationary recessions not only perpetuate inequality—they deepen it.

### Historic periods of inflation deepened the employment gap



Source: Unemployment data via the Federal Reserve Bank of St. Louis. CPI data via the U.S. Bureau of Labor Statistics.

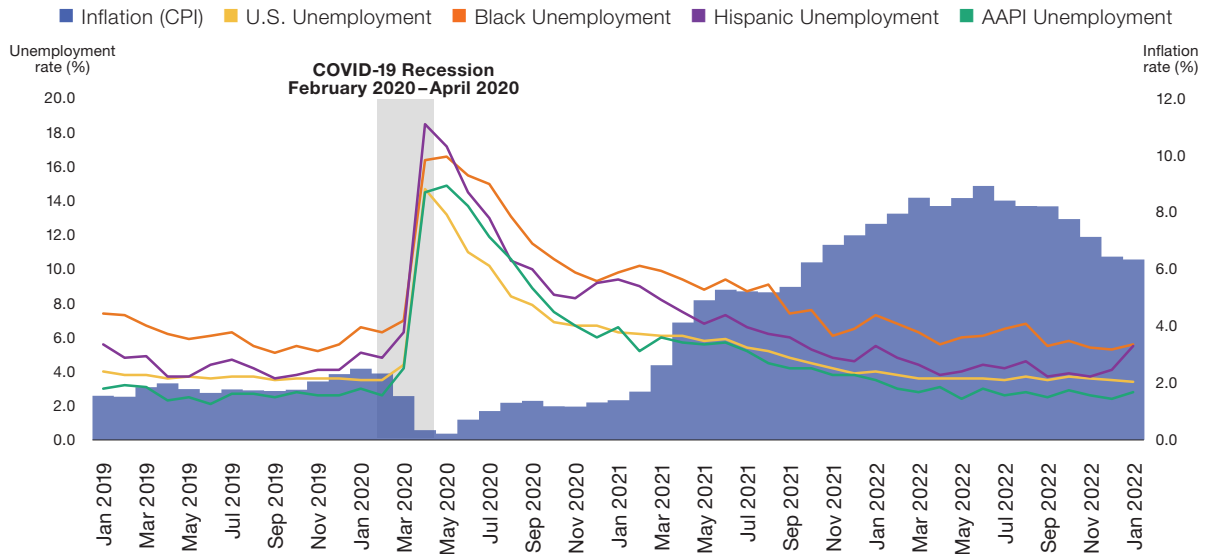




Recessions hurt all Americans. But history shows that they hurt Black and Hispanic Americans even more. The post-pandemic economy is complex, and complicating factors like the rise in interest rates make it difficult to predict the future. Amid all this uncertainty, however, it is key for decision-makers to factor in the historically inequitable impact of inflation in their decisions.

Here's what the economy looks like now. Following historic levels of inflation and amid a complex post-pandemic economy, economists have been predicting that a recession is imminent for around a year. How will this latest wave of inflation affect Americans of different backgrounds? It's hard to tell.

### Amid complex post-pandemic economy and with a potential recession, could the same happen in 2023?



Source: Unemployment data via the Federal Reserve Bank of St. Louis. CPI data via the U.S. Bureau of Labor Statistics.



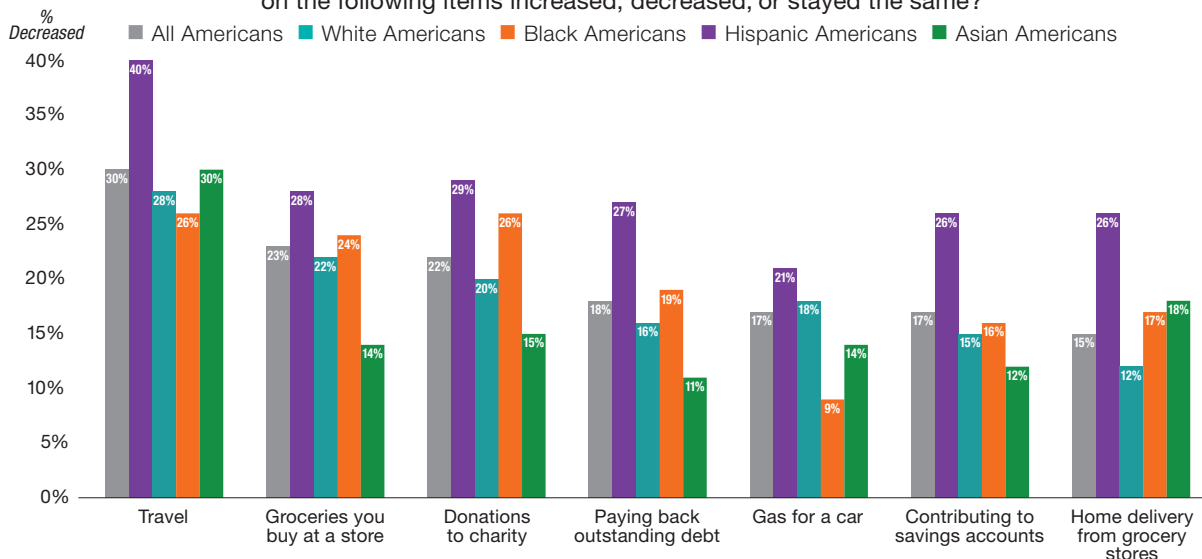
## Many Americans are feeling the crunch when it comes to inflation, but in the past few months, Hispanic Americans have had to tighten their belts the most

This past wave of inflation has left all Americans feeling the crunch. Over the last three months, a third of Americans across all races have cut back on discretionary products (36%) and the number of times they eat out at restaurants (36%).

Hispanic Americans, in particular, have been hard-hit: Ipsos polling conducted in February 2023 found that Hispanics are more likely than Black, white, and Asian Americans to be worried about paying their bills each month (54% vs 38%, 36%, 44% respectively). Hispanic Americans were also more likely than white and Asian Americans to have decreased payments to outstanding debt (27% vs 16%, 11%), spending on charity (29% vs 20%, 15%), and contributions to savings accounts (26% vs 15%, 12%) in the past three months.

### Inflation is affecting Hispanic households in key areas

In the past three months, has your household spending on the following items increased, decreased, or stayed the same?



Source: Ipsos. Sample size: All Americans N=1,109, White (N=689), Black (N=132), Hispanic (N=161), Asian (N=102)

One key impact of inflation: its impact on [food security](#), particularly Black and Hispanic Americans' access to food. An Ipsos poll found that roughly half of Black (46%) and Hispanic (50%) Americans are struggling to pay for everyday expenses like food because of inflation. By comparison, only one in three white (36%) Americans report the same.



# Black Americans are less worried about inflation, but that doesn't mean it's not a problem

Inflation is a top worry for all Americans. But when it comes to inflation, race and ethnicity play an important role in framing one's opinion.

Though white Americans generally report fewer issues navigating rising prices compared to other races and ethnicities, they are just as concerned about inflation as Hispanic Americans, who report taking more cost-cutting measures when reacting to inflation. At the same time, for Black Americans, concerns about inflation are on par with concerns about racial injustice and are only superseded by worries about crime and gun violence.

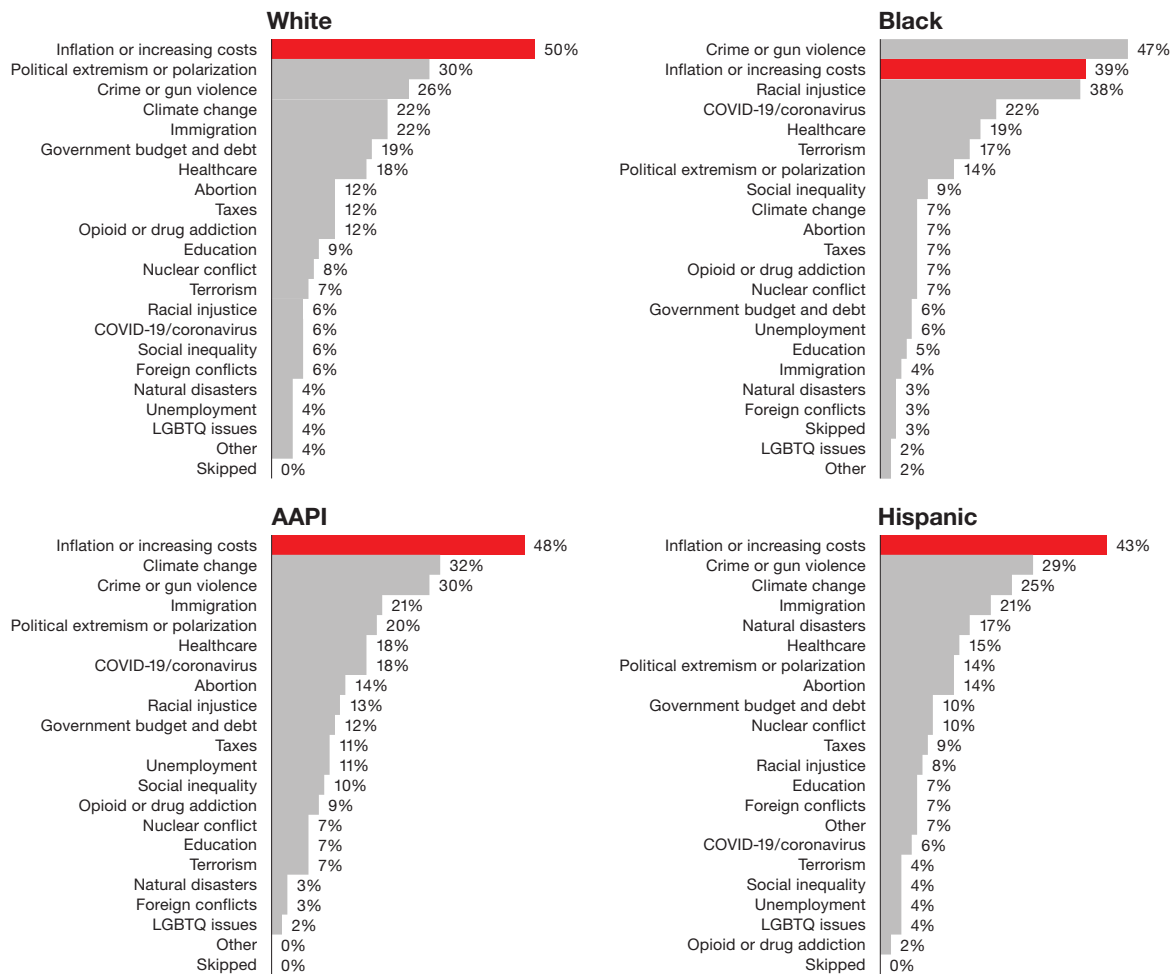
It is important for decision-makers to understand that while inflation is a major concern for most Americans, the varied experiences of people's race and ethnicity shape how they view it.

## Inflation is a top concern for many, but Black Americans are more concerned with crime and racial injustice

Which three of the following topics do you find the most worrying? (Select up to three)

January 2023

■ Inflation or increasing costs



Source: NPR/Ipsos polling conducted January 6-9, 2023.

Sample size: All Americans N=1,005, White Americans N=716, Black Americans N=100, Hispanic Americans N=115, AAPI N=40



## What about Asian Americans and Pacific Islanders? It's complicated.

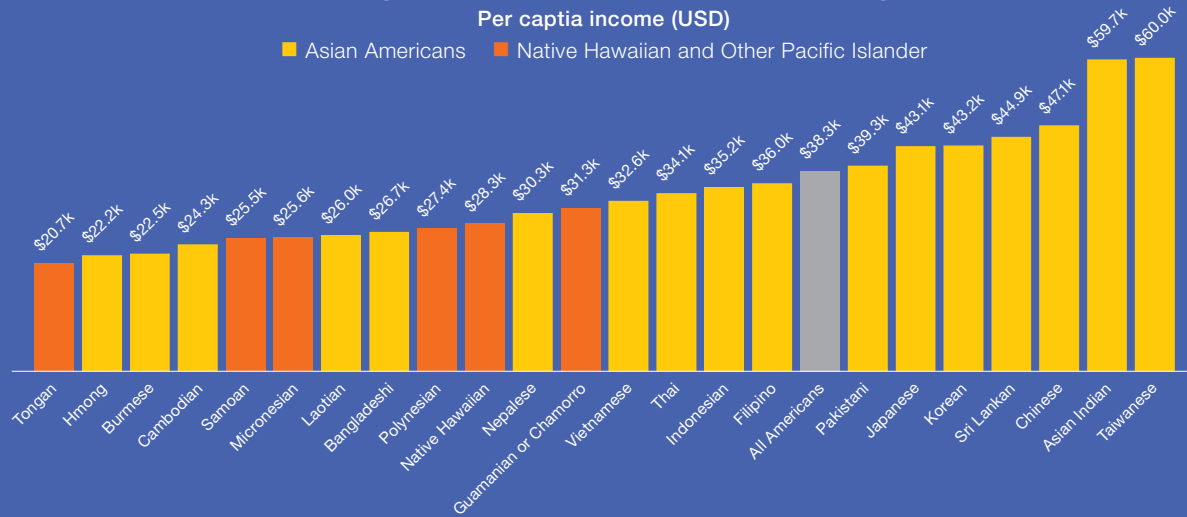
For Asian Americans and Pacific Islanders, numbers don't always tell the full story. Although no race is a monolith, Asian American and Pacific Islanders are a particularly complicated category to understand. The wide variety of subgroups makes it difficult for polling and demographic studies to highlight the particular struggles each group deals with, leaving them left out of many conversations about race and economic inequality.

According to most polling and economic metrics, the Asian American and Pacific Islander community fares close to, if not better, than the average American. But when that demographic is broken down into subgroups, the data tells a different

story. For example, many Asian American and Pacific Islander subgroups make less than the average American per capita—particularly Pacific Islander groups, according to American Community Survey data.

For decision-makers, it is key to understand that many Asian American and Pacific Islander subcommunities are invisible to those looking at surface-level data. Ipsos research shows that lower income groups are hit hardest by inflation; when thinking about Asian American and Pacific Islander subcommunities executives should consider how race, ethnicity, and class intersect to shape different experiences with inflation.

### Some AAPI subgroups make less than the average American



Source: American Community Survey. Data for all races is for each race alone and in combination with other races.

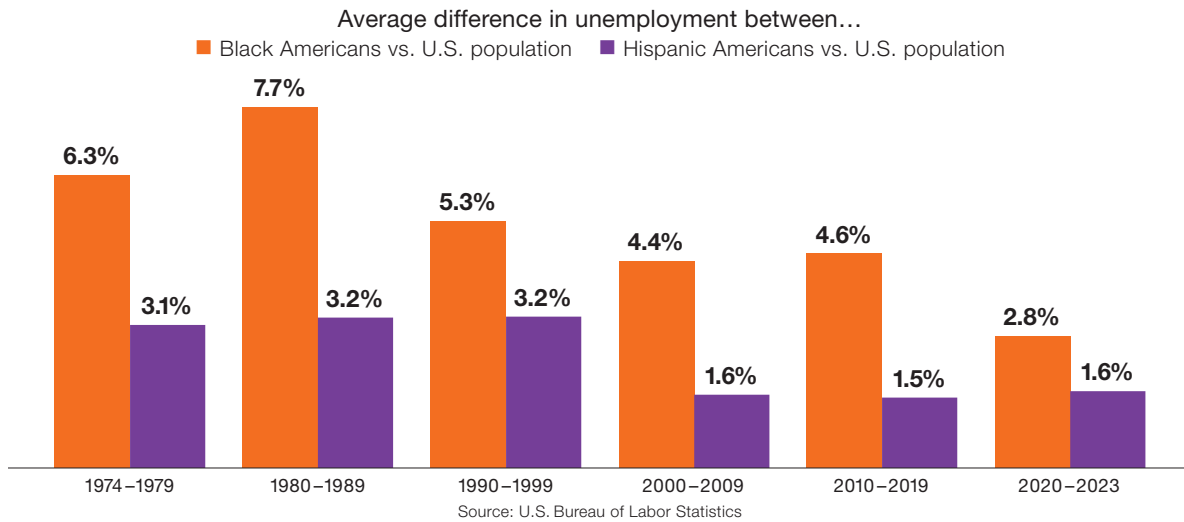




## The unemployment gap has decreased for Hispanic and Black Americans. Could a recession reopen the gap and jeopardize public trust?

The employment gap for both Hispanic and Black Americans has decreased dramatically since the historic inflation of the late 1970s and early 1980s. But how would a recession today affect the unemployment gap? Decision-makers and policymakers should continually ask themselves this question and evaluate their policies with anti-racism in mind.

### Unemployment gap for Black, Hispanic Americans is declining



A potential recession could also leave Americans of color more distrustful of financial institutions, especially if their policies end up deepening inequality. Just under half of all Americans trust the information, news, or guidance they receive from the Federal Reserve, levels that are similar across white (46%), Black (48%), and Hispanic (44%) Americans. In fact, when asked if the Federal Reserve works for the best interest of the public, about half of white (49%) and Black (48%) Americans agree. But only 37% of Hispanic Americans, those who are feeling the most pressure from inflation, think that the Federal Reserve works for the best interest of the public.

For those making decisions about inflation-related policy, maintaining trust within Black, Hispanic, and Asian American and Pacific Islander communities means forming policy with them in mind.

Ultimately, recessions and periods of inflation are pressure periods for just about everybody, regardless of race. But by taking-in the historically inequitable impact of these periods into account, decision-makers, business leaders, and businesses can follow through on the promises to racial equity.



## WHAT'S NEXT:

- Now is a great opportunity to demonstrate a brand's commitment to underserved communities. Action during these times says everything.
- Organizations should talk directly to people within underserved communities to build empathy and to be able to make decisions with them in mind. Look for ways to partner with local communities.
- Even through difficult periods, it is vital to recognize and bypass hidden biases within an organization. For instance, be careful of last in-first out severance policies or other policies that may disproportionately affect some groups.

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## About Ipsos

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