The Rich Cut Their Spending. That’s Hurt Everyone Else.

The steepest declines in spending during the coronavirus recession have come from the highest-income places, leaving little to decline to down to service workers.

By DON CLARK

April 1
First stimulus checks received
March 1

INCOME LEVEL
ZIP CODE

Top middle 25%
Top 5%
Bottom middle 25%
Bottom 5%

First stimulus checks received
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Some of the promises of change corporations have made to concretely serve the cause of social justice.

By EMILY BADGER

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Apple Plans To Break Up With Intel

By DON CLARK and JEFF BROWN

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Platforms Denounce Racism That Thrives There

By KEVIN ROOSE

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Fed Officials Underseach Serious Risks

By JENNIFER LAMONT

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I’m not expecting much. I see a lot of doom ahead.

A furloughed restaurant worker in Washington.

Patricia Namyalo, a furloughed restaurant worker, wrote, "I’m not expecting much. I see a lot of doom ahead." The service sector remains a critical part of the economy, providing jobs and a livelihood for millions. But the pandemic has hit the sector hard, with businesses closing or reducing hours in response to the need for social distancing and reduced demand. The image above shows a chart illustrating the change in employment of low-wage workers during the pandemic. The chart indicates that the service sector was particularly affected, with employment dropping significantly in many areas. This has had a ripple effect on the broader economy, as consumers have cut back on spending and businesses have had to adapt to new safety measures.

Rich Cut Their Spending, and Others Feel the Pinch

Before the pandemic, the service sector was one of the most resilient parts of the economy. In tough times, consumers typically cut back on big durable goods, like new appliances or a new car, but they may still go out to eat or have their hair cut. In this sense, the service sector often acts as a barometer of consumer confidence. However, the pandemic has put a damper on this trend, as businesses have had to close or reduces hours in response to public health concerns.

The image above shows a chart comparing the spending of different income levels during the pandemic. The chart indicates that spending has been significantly lower for those in lower-income groups, with the biggest drops occurring in the lowest-income quartiles. This has had a cascading effect, as businesses that rely on consumer spending have had to cut back on their own costs, leading to job losses and reduced wages.

The service sector is also a major employer of low-wage workers, who often lack the safety net of union protections or government benefits. This has made them particularly vulnerable to the impacts of the pandemic. The chart above shows that employment in the service sector dropped the most among low-wage workers, with an estimated 40 percent decrease in the second quarter of 2020.

In response, some businesses have been innovative in finding ways to adapt. For example, some restaurants have turned to delivery and takeout services, which have remained popular despite the pandemic. Other businesses have had to offer reduced hours or pay cuts to stay afloat.

As the economy begins to recover, businesses in the service sector are hoping to see a return to normalcy. However, the pandemic has left many businesses and workers with long-term scars, and the road to recovery will be a long one.