

To: Economic Mobility Project
From: The Mellman Group, Inc. and Public Opinion Strategies
Re: Analysis Of Our Recent Survey
Date: May 17, 2011

Even as Americans acknowledge that the country is digging itself out of recession, the economic downturn has had a severe impact on this nation's psyche—indeed it would appear that this recession's influence on public psychology has been greater than that of any economic event since the Depression. The public is more pessimistic about the future now than it has been for decades. In this climate, public demand for government action to help people through these tough times is strong, but is balanced against a clear sense that government policies are often either geared toward the wrong people or are ineffective. Citizens expect much of their government; Americans want politicians to promote job creation and quality education while reducing spending and the debt.

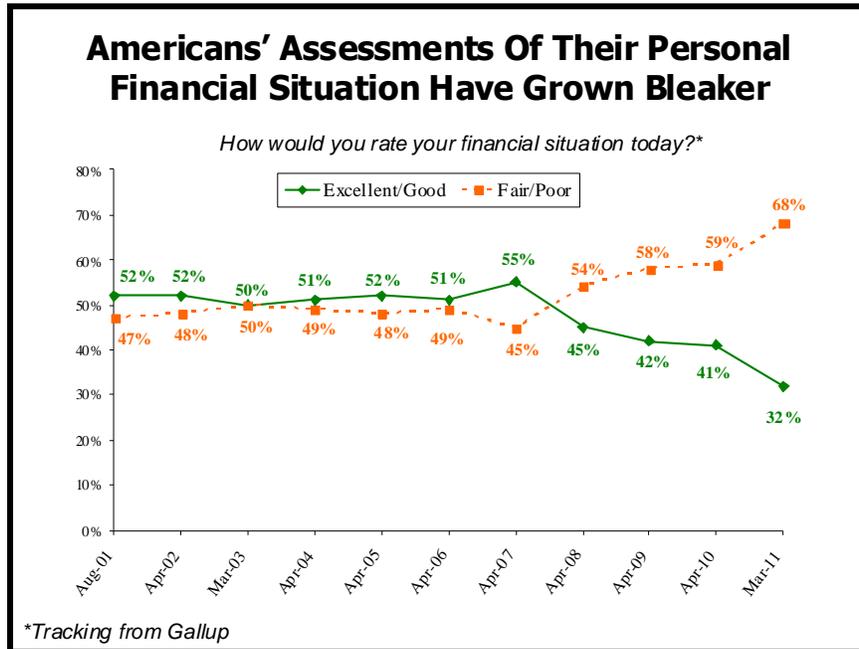
Americans Feel A Bit Better About The Nation's Economy But Worse About Their Own Fortunes

Though still deeply troubled about the economy, Americans see the national economy in less dire straits than they did at the nadir of the recession. In February 2009, 73% of Americans rated the national economy as "poor"; that figure has dropped to 55% today, though all told, 90% offer a negative assessment of the nation's economic situation. The number giving the economy a positive grade barely edged up from 6% in 2009 to 9% today.

Though feeling somewhat less bleak about the national economy, Americans have become more negative about their own finances. Today, 32% of the public report their own financial situations in positive terms ("excellent" or "good"), 9 points below Gallup's 41% in 2010 and down from 55% in 2007. More than two-thirds (68%) offer negative evaluations of their own financial situation—up 9 points over the past year. African Americans are especially unenthusiastic about their situations, with 81% providing a negative assessment. Anchoring the other end of the spectrum are Americans with post-graduate degrees, 52% of whom judge their economic circumstances to be positive.

Overall though, the public's perceptions of their circumstances are worse than in previous decades; only 54% of the public would say they are doing "alright" or "fairly well" (vs. "feeling quite pinched" and "not able to make ends meet")—a figure that was above 60% in the 1990s and the 1970s.

Undoubtedly, these negative assessments result from loss of income. A plurality (43%) says they



A plurality (43%) says they made less in 2010 than before the recession in 2007, compared to only 18% who say they have more income today. A full 81% of all Americans say that the recession hurt them (either a “great deal” or “somewhat”). As one might expect, these Americans are less sanguine than others about their current economic condition with only a quarter (26%) proffering a positive assessment, while a majority (58%) of those who say they have not been hurt by the recession evaluate their personal financial situation positively.

Pessimism About The Future Has Risen, Though A Majority Remain Personally Optimistic

The recession has deeply affected Americans’ view of the future. Whereas in 2009, a plurality of parents (46%) thought that it would be harder for their children to climb the income ladder, this percentage has leapt to 59% today. And the proportion who believe their kids’ standard of living will be better in adulthood than their own current standard of living plummeted from 62% to less than a majority (47%) in just two years. The number of workers believing they don’t now have—and won’t in the future have—enough money to lead “the kind of life you want” (28%) is at an all-time high since the question was first asked in 1992. Previously, this figure had not risen above 23%.

This increased pessimism is even more acute among those who lack financial resources. In January 1992—during the tail end of the early 1990s recession—about two-fifths (39%) of workers felt they had enough money to lead the kind of life they wanted. The figure is the same today. The real difference between then and now can be found in the view of the future advanced by struggling Americans. In 1992, a majority of those who did not have enough money to lead the kind of life they wanted (56%) were optimistic that in the future they would earn enough (and only 36% thought otherwise). This year, the numbers are split evenly: 47%) are pessimistic about their financial futures, and 46% are hopeful.

For most Americans, personal past performance is indicative of future familial success. A majority (56%) of the public believe that they are “better off financially” than their parents were “at [their] age.” About two-fifths (39%) say the opposite. These groups evaluate the current state of the national economy somewhat similarly (10% positive for the former group vs. 8% for the latter). However, these groups diverge dramatically in their predictions about the economic future of their own children. Half (50%) of those who have seen their own circumstances improve believe their children will do better than they have done, while only 22% foresee backsliding (with 23% predicting approximately a stable standard of living). By contrast, parents who have not experienced mobility in their own lives are split over whether their kids will do better (41%) or worse (39%) than they have. In short, the absence of mobility in one’s own life increases pessimistic assessments of the future mobility of one’s own children.

While pessimism has increased dramatically over the past two years, Americans have hardly given up in the face of adversity. Majorities believe that they are in control of their economic situation (68%), that they have or will achieve the American Dream (68%), will be better off 10 years from now (54%), that they earn enough or will earn enough to live the kind of life they want (61%), and that their own kids will be at least as well off as they are (68%). Rarely when queried about their personal or familial economic future do a majority of Americans respond negatively. However, 59% believe their own kids will have a harder time than they did moving up the income ladder while, only 33% expect an easier climb for their children.

A Shrinking Majority Believe They Will Reach American Dream

While the American Dream remains a realizable goal in the minds of most Americans, here too the dent in the national psyche made by the recession is evident. Relatively few believe the American Dream is “very much” alive (17%), half as many as held that view in 2003. However, a large majority (70%) express a lesser level of certainty saying it is at least “somewhat” alive.

As a nation, we see that goal as more remote. In 2009, 44% said they had already achieved the American Dream, a number that shrunk by 13 points to 31% in the latest reading. Another 37% expect they will attain this goal at some point in the future.

Most Americans who have not yet achieved the American Dream still believe they will attain it (58%), as opposed to 42% who do not. The American Dream remains particularly relevant for Hispanics, 69% of whom believe they will achieve that goal, as do 64% of African Americans. Regression analysis, which controls for characteristics such as education that might be unequally distributed across race, demonstrates that African Americans are actually more optimistic about their ability to reach the American Dream than Hispanics (both of whom are more hopeful than whites). One method of understanding the effect of race on optimism is to use age as a yardstick, since young people are generally more hopeful in their outlook. For instance, on the question of attaining the American Dream, being an African American has the same effect on optimism as subtracting 5 years from the average person’s age. Being Hispanic has less of an impact; it’s worth 1.5 years of youthful optimism.

African Americans And Hispanics Are More Optimistic About Their Future Circumstances

As in 2009 and in a recent Washington Post survey, minorities are more optimistic about their future economic success than whites. While only 48% of Caucasians believe their economic circumstances will be better in ten years, substantial majorities of African Americans (68%), Hispanics (66%), and Asian Americans (64%) foresee improved personal finances down the road.

A regression analysis finds, all others characteristics being equal, that being African American does have a meaningful independent effect on economic optimism, equivalent to knocking 20 years off one's age in terms of hopefulness.

All of these groups were more optimistic two years ago, though optimism among Hispanics has declined more slowly (dropping 11 points from 77% to 66%, vs. an 18-point drop for the public as a whole, from 72% to 54%). Also, African Americans (71%) and Hispanics (70%) are no more likely than the general public (70%) to feel that the American Dream is at least "somewhat alive" for the country as a whole.

Americans Focus More On Financial Stability Than On Getting Ahead

The focus groups and survey demonstrate that Americans draw a clear distinction between climbing economic rungs and finding stability at their current levels. Both the focus groups and the poll data lead to the same conclusion—Americans care more about financial security than upward mobility. When focus group participants discuss the financial aspect of the American Dream, few of them primarily desire to be "wealthy" or "rich." Rather, the words "security" and "stability" arise more frequently. As one African American male in the focus groups said bluntly, "A lot of us at this table, and...I don't want to pass judgment on anyone, but we're a paycheck away from being homeless."

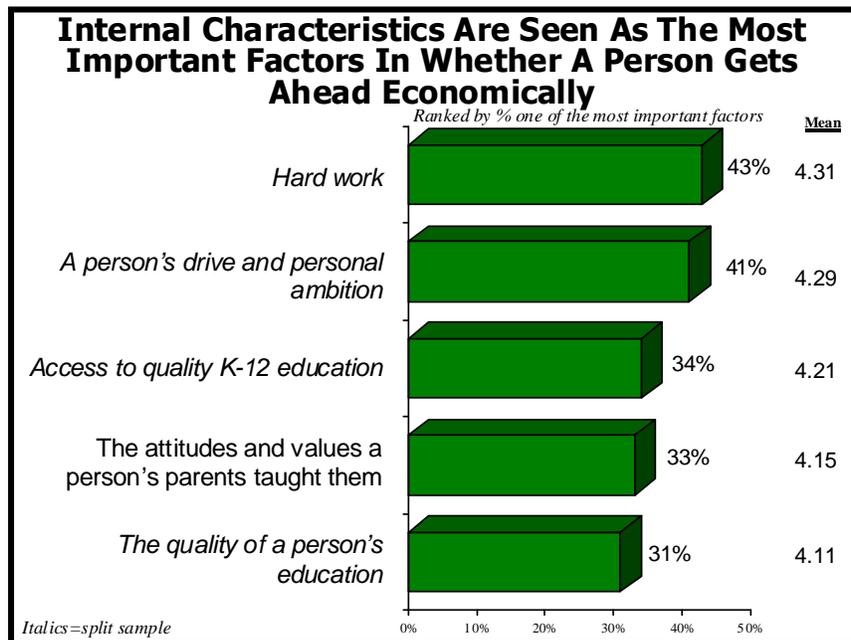
In the survey, a huge majority (85%) of the public reports that "financial stability" is personally more important to them than "moving up the income ladder" (13%). Even among those with the most potential for becoming wealthy in the future—young Americans with a post-graduate degree—the same proportion (85%) focus on stability rather than getting ahead.

Whether this is an enduring attitude or one highly conditioned by the difficult years of the Great Recession is unclear. But for now the priority is on stability rather than mobility.

The Public Believes Individual Attitudes Are More Important Than Circumstances In Determining Financial Success

Despite all the evidence suggesting Americans see themselves as current victims of an economic situation beyond their control, they nonetheless see intrinsic characteristics (e.g., “drive,” “hard work”) as more important than extrinsic circumstances (e.g., state of economy, race) in determining a person’s financial situation, and still believe they retain control over their financial futures. A majority (58%) say an individual’s personal drive and work ethic is more important than their race, gender, parents and quality of education in “get[ting] ahead economically.” Even when the “state of the economy” is specifically referenced along with “competition for jobs,” only 41% consider it more important than drive and work ethic, which is seen as the dominant factor by 55%.

Adding weight to the finding that Americans believe intrinsic personality traits are central to financial success are questions that ask Americans to make judgments about the likely futures of hypothetical young people. Hypothetical youngsters described as either having “drive and ambition” or being “talented and creative” are seen as more likely to succeed than kids from “two-parent households” and “wealthy neighborhoods” by an average margin of 75% to 17%. These questions are balanced so that young people described with advantages on intrinsic qualities have extrinsic disadvantages (and vice-versa).



A third piece of evidence converges on the same conclusion. Presented with a range of possible reasons that people get ahead, Americans identify intrinsic qualities, followed by education and the economy, as most important. Nearly everyone (91%) rates “hard work” as either “one of the most important” factors or a “very important” factor in determining whether people get ahead or fall behind economically; and almost a majority (43%) rate it “one of the most important.” “Drive and personal ambition,” another intrinsic quality, comes in a close second, with 41% scoring it as “one of the most important” Educational factors follow: “access to quality K-12 education,” the “quality of a person’s education” and getting at least some post-secondary education are all rated as “one of the most important” factors by about a third of the public (34%, 31%, 30%, respectively). Americans view the “attitudes and values a person’s parents taught them” (a probable precursor to a strong worth ethic) as similarly important (33%). The only other factor that approaches this level of importance is “the economy” (29%), though it is at a decidedly lower level than hard work, drive and ambition.

Here too, the attitudes of people who are at least as well off as their parents diverge from those who feel behind their predecessors, with the former much more likely to place emphasis on intrinsic qualities. When choosing between work ethic and the state of the economy as the more important factor in getting ahead economically, those who have moved past their parents on the ladder choose work ethic by a large margin (61% to 35%). But, people who are not doing as well tend to believe the economy plays a larger role (46% work ethic to 50% economy). That is, people who perceive themselves as getting ahead attribute their success to their own attitudes, while those who have not are more likely to perceive the role of systemic factors.

Situational Factors May Limit The Success Of Future Generations

Americans place less emphasis on intrinsic factors when thinking about the fate of the next generation as a whole. In fact, the public is very divided on the question of what will prevent today's kids from moving up the income ladder when they reach adulthood. A small plurality (22%) point to the fact that "too many American jobs have moved overseas." Other responses with similar levels of popularity are lack of a "good education" (18%), "the recession" (17%), lack of a "proper work ethic or values" (17%), and that the "government debt will be too large" (15%).

Americans find more of a consensus on why today's children *will* be able to move up the income ladder. By far the most popular response is that "technology will make life easier" (40%). The (distantly) second-most cited reason is also related to technology: kids learn how to "use new products" faster (17%).

Technology is likely the reason for the apparent contradiction in the 2009 survey, in which Americans on one hand thought that the American Dream would be harder for the next generation to achieve, while at the same time largely believed that future generations would have a higher standard of living. Focus group discussions indicate that technology is perceived as a double-edge sword. Technological advancements increase quality of life, but also raise the bar for "making it." As one older, non-college educated woman put it, "All these things that are a requirement now didn't even exist when my dad was first making a family, and mostly didn't exist when my kids were little. All these things, you can add two or three hundred bucks a month to your budget just getting those things that people now consider necessities."

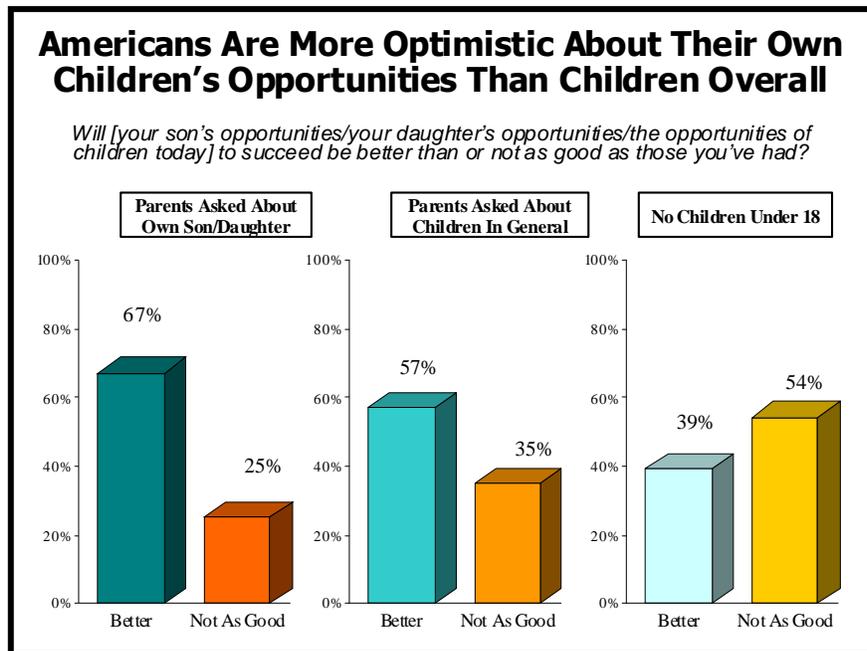
Americans Believe They Are In Control Of Their Own Financial Futures, But Others Are Not

Despite the hardship of the recession, a strong majority (68%) believes they are in control of their "personal economic situation." Consistent with the 2009 survey findings and with a widespread phenomenon in public opinion we have labeled "I'm OK, but you're not," a substantially lower percentage of respondents (37%) believe that *other people* have control of their financial circumstances. Given the perception that intrinsic traits are so crucial to success, perhaps Americans do not think so highly of the drive, motivation, and talent of their fellow citizens. Certainly our focus group participants did not think much of the work ethic of the newest generation, often describing today's youth as feeling "entitled" rather than being go-getters.

Parents, on the other hand, are likely to think that their own children will succeed. A strong plurality believes that their kids' standard of living will be better than their own (47% better to 28% worse, with 21% "about the same"). Again others are more doubtful—the percentages are flipped for non-

parents asked generally about “kids today” (26% better to 45% worse, with 23% “about the same”).

Parents are both more optimistic in general and more optimistic about their own children specifically; the survey includes an interesting randomized experiment that demonstrates these patterns. If a father has at least one son or a mother has at least one daughter, we ask the parent about the child of their own gender. However, if a parent does not have a child of their gender, we ask the parent about “children today” generally. Parents report that their own sons’ and daughters’ “opportunities to succeed” will be better than the opportunities that the parents themselves have experienced by the wide margin of 67% to 25%. Parents without children of the matching gender are less optimistic—though still hopeful—about children today generally, with 57% believing the next generation will have better opportunities and 35% thinking the opposite. Non-parents, in stark contrast, are pessimistic, with only 39% looking forward to increased opportunity for today’s kids, and a majority (54%) thinking otherwise.



Regression analysis indicates that parenthood is also a driver of optimism, adding the same amount of hopefulness about the next generation as being six years younger (again, younger Americans are more optimistic about the future). Looked at differently, parenthood adds about the same level of optimism concerning future circumstances as retirement takes away.

African Americans and Hispanics, along with parents, are also more optimistic about the next generation. Nearly half of African American (47%) and 45% of Hispanic parents believe it will be “easier” for their children to “move up the income ladder.” Only 28% of whites feel the same way. We ask Americans with no children a similar question about “young people” in general. Here too, minorities are more likely to be optimistic, with 20% of African Americans and 19% of Hispanics foreseeing a positive future, contrasted with only 13% of whites.

Americans Want A Strong Role For An Effective Government In Promoting Economic Mobility For The “Right People”

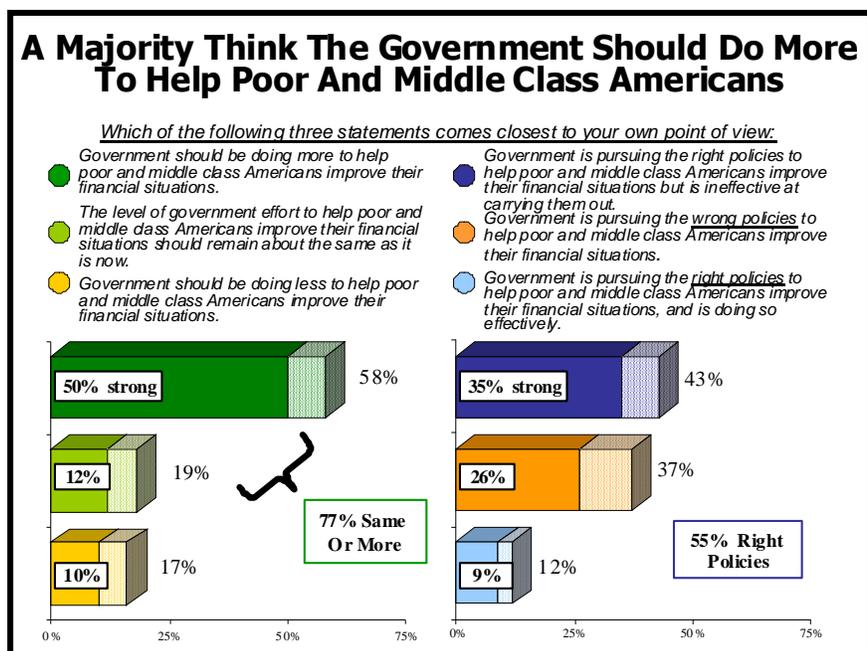
The public, including partisans of all stripes, want government to play a role in increasing economic mobility. Presented with four options for government involvement—focusing more on providing opportunities for economic advancement, focusing more on preventing people from falling behind, playing both these roles equally, or doing neither—an overwhelming 83% want the government to be involved. This feeling cuts across party lines, with 91% of Democrats, 85% of independents, and 73% of Republicans choosing one of the first three options. Just 13% overall want government uninvolved in the effort to help the poor and middle class.

Republicans are about evenly divided between (a) wanting the government to play the necessarily more active role of preventing people from falling behind economically or focusing on “both” that role and providing opportunity for upward mobility equally (44%), and (b) preferring the less active “making sure the poor and middle class have the opportunity to improve their financial situation” or no involvement (52%). A similar division occurs among self-described “conservatives” (45% for falling behind or both vs. 51% for opportunities or neither). Further, only 24% of Republicans and 21% of conservatives prefer no significant role for the government in these issues.

Even though most Americans are focused more on financial stability than getting ahead, more want the government to provide opportunities for improving financial situations (33%) rather than to prevent the poor and middle class from falling down economically (16%). This desire contrasts to the earlier finding that a huge majority (85%) of the public report that “financial stability” is personally more important to them than “moving up the income ladder” (13%).

This possible inconsistency between the desire to stay afloat and maintain financial stability on the one hand, and wanting government to create opportunities to move up the ladder, on the other, is

likely explained by Americans’ aversion to hand-outs. Often in the focus groups, participants evinced the perception that some Americans live on the government dole without working hard. As one person said “I think some of our systems are not set up to help those that are willing to help themselves... There’s this kind of fine line there that people almost have to quit their job to get help.” Participants would prefer for government to act as a provider of “opportunity.” Hence, survey respondents



are likely drawn to the language in the first of the four options of “making sure the poor and middle-class *have the opportunity* to improve their financial situation.”

Even though citizens want their government’s help, they believe this help is often insufficient, ineffective, and misdirected.

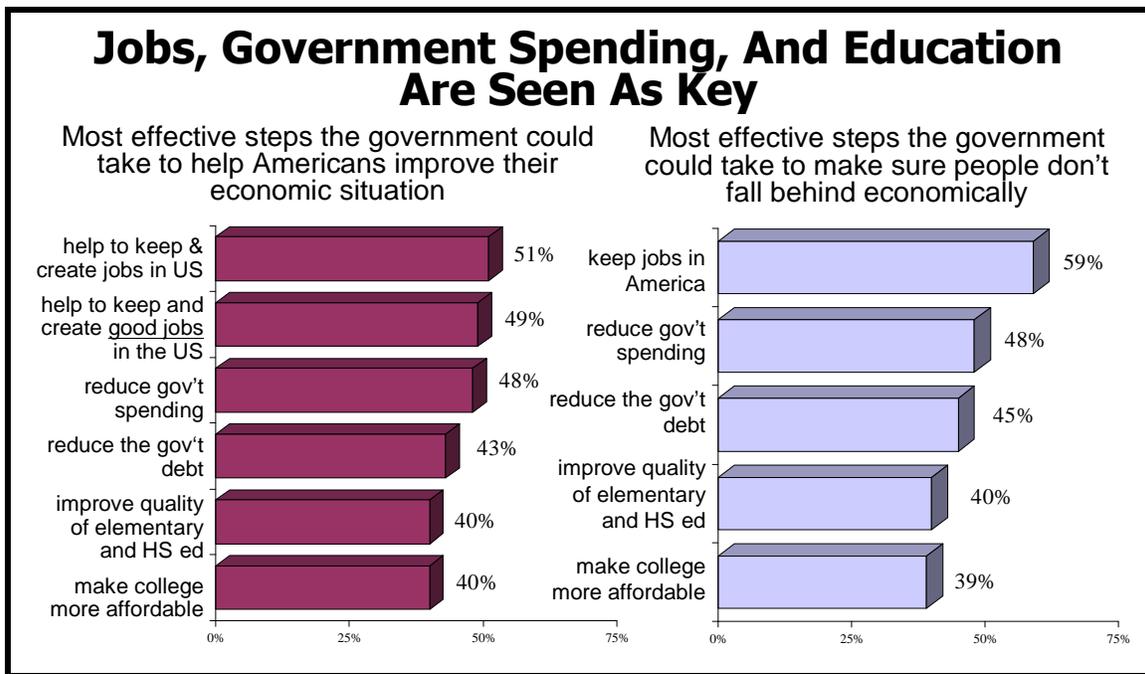
A strong majority (58%) believes that the government should be “doing more to help poor and middle class Americans improve their financial situations,” and this percentage grows to an overwhelming 77% when the portion of the public that is satisfied with the government’s current level of effort is included. Americans of all ideological stripes hold this belief: 84% of liberals, 82% of moderates, and 68% of conservatives prefer the government’s involvement be at least at the current level. A near majority of conservatives (48%) want to see *more* involvement.

Policies Judged Inappropriate And Misdirected Inhibit Support For Government Action

Cutting against this desire for more government action are the beliefs that government policies are inappropriate and that its assistance is directed to the wrong people.

A majority (54%) believes the government is “generally helping the wrong people.” Less than a third (30%) feel that government assistance goes to the “right people.” This discontent stems in part from the perception that the government helps those who need it least—i.e., the rich rather than the middle class or the poor. A majority of citizens (54%) think that their government helps the rich economically “a great deal.” Much smaller percentages of the public say the same about “the poor” (16%), “the middle class” (7%), or “people like you” (6%). Among people who think the government is helping the wrong people, these percentages are even starker: 61% think the government helps the rich a great deal, versus 15% for the poor, 6% for the middle class, and 3% for “people like you.” Even many of those making over \$100,000 acknowledge that the government helps the rich “a great deal” (41%), a relatively high percentage (28%) say the same regarding the poor.

Americans agree that the government does an ineffective job of helping poor and middle class Americans (79%), but there is disagreement over whether government is pursuing the wrong policies (37%) or is pursuing the correct policies ineffectively (43%). There is ideological disagreement as well: a plurality of conservatives say government is pursuing the wrong policies (44%), while liberals tend to think the government should improve the efficacy of its current policies (48%).



Americans focus on three priorities for government action: creating good jobs, reducing government spending/debt, and improving the quality of education. The largest number cite variants of “help to keep and create [good] jobs in the U.S.” (both about 50%) as “one of the most effective” policies to help “Americans improve their economic situation.” The next most desired are reducing government “spending” (48%) and “debt” (43%). The only other policy that more than one-third of Americans regard as “one of the most effective” is promoting education; both “improving the quality of elementary and high school education” and “making college more affordable” receive this top rating from 40% of the public.

Policies that Americans believe will “make sure people don’t fall behind economically” are viewed under a similar light. Keeping jobs in America tops the list (59% one of the most effective), followed by reducing the government’s spending (48%) and debt (45%), and then improving the quality of K-12 education (40%) and reducing the cost of college (39%).

Conclusion

Despite recently living through the largest economic upheaval in about 80 years, the American public continues to view the intrinsic qualities of hard work, drive, creativity, and talent as the leading reasons that people get ahead economically. However, Americans sorely want the government to set conditions in which hard work begets success. Current government policies are perceived as focusing on the rich and other “wrong people,” while programs that do apply to the middle-class and poor are often viewed as ineffective. Americans would prefer the government focus on promoting job creation and improving education while cutting spending and the debt.

Methodology

This research reports on six focus groups and ten individual interviews conducted between February 28 and March 3, 2011 in Seattle, Detroit, and Phoenix.

Seattle: February 28, 2011

Non-college whites, age 50 and over
College educated whites, ages 25–49

Detroit: March 2, 2011

African Americans
Non-college whites, 25-49

Phoenix: March 3, 2011

College educated whites, age 50 and over
Hispanics

Quantitative findings come from a national survey of 2,000 adults, conducted between March 24 and March 29, 2011. Each interview lasted approximately 25 minutes.

Results for age, gender, region and race were weighted to known parameters based on the Census.

The survey included a base sample which employed a random digit dial sample frame. In addition, because of the growing number of people who do not own or answer a land-line telephone, the survey included a cell phone sample as well.

The 95 percent confidence interval is +/- 3.4 percent for questions where opinion is equally divided. This margin of error increases among subgroups where the sample size is smaller.