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To: Friends of Democracy Corps and the Economic Media Project

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The New American Economy

Emerging tenets from the Economic Media Project's June focus groups

There are emerging perceptions and understandings about how the economy now operates that can be fairly described as a New American Economy – with very different assumptions about life chances and equity. These conclusions are very tentative, based on two working class groups in Columbus, Ohio, and two groups in Orlando with young college women and Latino voters. This is the summary of a longer report, which we will distribute soon, but we wanted to circulate this material now.

The New Economy: 5 Tenets

- 1. People believe that American jobs have been fundamentally restructured to pay less; America is producing jobs “you can’t live off.”**
 - This may be the biggest change in the perception of the economy and it dominates all other reactions. In the past, people talked about jobs paying “less” as a consequence of the Great Recession, but this change in the character of jobs is just given.
 - When they heard reports of the new jobs being created, the discussion was totally about what those jobs pay: they have had to replace “one career job” with two or more “disposable jobs”; “you have to work twice as hard to make half as much as you used to”; “how do these jobs stack up to the cost of living?”
 - Sacrifice has become part of the routine: “After we pay our bills we make sure that our children eat but there’s times my husband and I can’t afford it and we eat peanut butter, potatoes, or rice. We make sure our children are eating 4 food groups but we can’t.”
 - Because jobs don’t allow you to make ends meet, you have to cobble together several jobs to make a full time income; two jobs may not be enough, so one parent must work two jobs while the other works one job and cares for children.
 - The pay leaves them on the edge: one woman says, “I can’t afford to lose right now” because she is right at the edge.



2. People sense there is a macro recovery under way and things are getting better. However, they universally describe the economy as “uncertain” and their feelings as “concerned” and “worried.”

- People know of others who have gotten jobs or sold a house, and they have heard credible reports of the economy improving. That produces less anger in reaction to elites over-interpreting positive economic news, like the monthly jobs number.
- Nonetheless, the improvements have not reached them yet, which leads to this kind of qualifier: “the housing market is *supposed* to be on an upswing again.”; “you *want* to be optimistic for the future.”
- Their first reactions to the economy included these terms: “pretty scary”; “worried”; “concerned”; “not good”; “it’s starting to balance out a bit, *but* we never know...it’s a roller coaster.”

3. They have restructured their households and families to deal with this new economy, which feels permanent, not just an adaptation during the Great Recession.

- People talk about working full or part-time in retirement or postponing retirement.
- More people have moved in with family members, sharing intergenerational housing. This includes parents taking in adult children, but also 20-somethings taking in their parents who have lost jobs or fallen on hard times.
- Couponing and penny-pinching is given, but there is also some talk about neighbors sharing big-ticket necessities like lawn mowers that are difficult for one family to afford.

4. With their households on the edge, they are consumed by the costs of childcare and student debt. Both of these reactions seem to have a new intensity – from women moving totally into the labor force as jobs pay less and as young people have turned to college as an economic strategy.

- **Childcare:** “[childcare is] more than my mortgage payment but I can’t not do it because the money that I bring in pays for electricity and food...it’s...just a complete vicious circle.”; “If we want...to keep the American Dream alive and have a middle class America then we have to do something to make child care more affordable.”
- **Working just to pay off student debt:** “You are working just to pay off your student loans so it’s almost, it’s a double edged sword.”; “That’s paying your bills. That’s paying your rent... you’re never getting ahead.”; “I’m working as a bartender not by choice... I make more money doing that than any position I could get in my degree so I pay my student loans as a bartender.”



5. They have downsized and adapted their expectations for a good economy – now just means having “a few extra dollars after payday.”

- The new signs of an improving economy are humble. They say they will know they are doing better when they are “able to save more” or get “yearly pay raises” or when “I can pay my bills.”
- They describe the job and income situation as a “serious problem,” not a “crisis” – suggesting they have adapted to the new economy.
- They refuse to give up on the American Dream, but there are few rags to riches discussions.

Solutions

1. Education has become more important in this new economy – as a personal strategy and as a macro strategy to produce a stronger economy. This includes investing in math and science education, job training, and making education more affordable.

- There was near universal agreement that education is the most important investment we can make in our economy: “Without technology and education we’re doomed. We have to increase those.”; “I think our children are our future, they need to be smart and well educated for our country to get better.”; “I feel like if they... put more money into education, that it will benefit the country as a whole more. We’ll be able to compete more for jobs with other countries.”
- This is simultaneously a personal strategy, as the women in particular pursue education.

2. Making work pay has emerged more central as a policy response. There was very strong support for a make work pay package—including making sure women get equal pay, expanding paid family, maternity, and sick leave for families, and making childcare available and affordable.

3. With families restructured and weighted down by debt, people remain responsive to conservative arguments on debt and spending.

- “When you’re in debt you owe lots of money to people they’re going to come to collect it... like, the government’s in that much debt.” And, “what happens when we spend more than we’ll ever pay back? If I borrowed or charged us 450 million dollars on my credit card I’m going to lose my house, my car, everything. Is China going to repossess our country and then move their overpopulated people here? Where will we go? They own us.”



4. **But information about rapidly falling deficits stops them and allows a shift to jobs and growth.** This is the statement that shifted the debate: *In May of this year, the non-partisan Congressional Budget Office reported that the federal budget deficit is declining this year compared to the last few years. The deficit has been reduced by 60 percent over the past two years and will be cut in half again over the next two years, which economists consider a normal level.*

5. **Addressing inequality is critical, but the starting point and emotion is on *political inequality á la Stiglitz and Reich*.** People are consumed by the lack of jobs that pay and the fate of the middle class, but they look right at the top when focused on the rigged political battle that favors the rich and connected. They are animated about the political inequality – the use of lobbyists and money to rig the game for those at the top. That is the entry point to making change.
 - “[The top 2 percent are] holding us hostage and then they’ve got the money to buy the politicians to get what they want.”
 - “The general concept of our elected officials being there to support their constituents and the people that have elected to put them in office and unfortunately I think the reality is that too many times they’re placing their votes with people that line their pockets from special interest groups.”
 - “The problem is you have corruption on these high levels where you have these people who are, you know, laundering money or they’re giving themselves these multi-million dollar annual bonuses and they’re cutting wages or they’re cutting jobs or they’re outsourcing jobs.”

6. **People desperate for an end to political dysfunction.** People are very conscious of the political dysfunction in Washington that keeps government from doing anything to address the country’s problems – indeed, making it harder. That is not unrelated to calling people to use government to effect change. Their postcards at the end of the group were very revealing:
 - *“We are not as divided in our opinions as our elected representatives! 2. With good old American political compromises our problems are solvable. 3. America’s citizens are often more patriotic than congress.”*
 - *“I think the government needs to work together to get things accomplished that benefit America and not special interests.”*
 - *“If both political parties could work together, we might actually be able to accomplish something.”*