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To: Friends of Democracy Corps and the Economic Media Project

From: Stan Greenberg, James Carville, and Erica Seifert

## **The New American Economy**

### **“How do these jobs stack up to the cost of living?”**

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Americans are living in a new economy—one in which jobs do not pay enough to live on what they used to—and barely keep up with prices at the grocery store, student loan payments, and childcare expenses. Voters have moved to a post-recession understanding of how pay and prices balance out in their household budgets. Because their understanding of the economy is no longer situated in the temporary reductions of the recession but a seemingly permanent assessment about jobs, they now have very different assumptions about life chances, opportunity, income, and equity.

This new assessment is based on two new focus groups with working class participants in Columbus, Ohio, two groups in Orlando with young college women and Latinos, and comparisons with Economy Project findings over the last four years. The results are clear but preliminary since prior phases have affirmed these kinds of observations with in-depth interviews and national representative surveys. That is the next phase of this work.

We talked to Americans about their economic experiences throughout the recession. Their perceptions of the economy were at first temporary—devising makeshift strategies to get by in the hard years. They often blamed themselves or their neighbors for incurring too much debt and living beyond their means in the pre-recession era. As the macro-economy began to show signs of growth, they moved to anger as they heard elites talking about job growth, stock prices, and the end of the recession. Many Americans were still living in a recession, still suffering unemployment, and still fighting for the next opportunity, even if elites boasted productivity, job, and stock market growth.

Americans have now moved into a new era—shaped by strikingly new ways of living and very sophisticated understandings of the economy. Their conversations about finances and the economy are distinct from the stop-gap economics that characterized the earlier periods, when tones were angrier and strategies to get by more temporary.

This new period is shaped by five powerful dynamics:



1. **Jobs you can't live off:** They believe that jobs have been restructured in a fundamental way and that the country is now producing jobs “you can't live off.”
2. **Fear and caution:** They are very cautious and conservative. Fear and worry are the dominant terms they use to talk about the economy, even as they want to be optimistic.
3. **Getting by:** They have restructured their household finances in a more permanent way in order to keep up. For some this means sharing inter-generational housing, for others it means a routine of sacrifice—that is not about temporarily weathering the bad times, but instead a way of living.
4. **Big new expenses:** They face big new costs that previous generations did not face. While their jobs pay less, their income must pay for more. Most critically, these costs include student loans and childcare.
5. **Reduced expectations:** Their ideas about a “good” economy are radically different than they might have been in the pre-recession era. They now talk about not living paycheck-to-paycheck as a sign that things are improving for them.

As they adapt to this new economy in a more permanent way, particular solutions—personal, political, and economic—have emerged as central to rebuilding America's middle class and working families.

1. **Education.** Americans across the political spectrum view education as the most important long-term strategy for themselves personally and for the country. And they are sharply focused on the country investing in education in ways that will allow their children to compete in the future. This leads many to passionately advocate for greater investment in technology education, a solution on college affordability, and help with retraining that helps working families.
2. **Make work pay.** Income and pay are central. Education is only half of the equation, as many now talk about working in jobs outside their degree fields just to pay off student loans. Re-balancing middle class incomes, which have been declining since the late 1970s, is essential to families' ability to keep up with the bills and begin to invest in the economy again.
3. **Reframe debt and deficits.** Americans are still concerned about debt and deficits and think about the national debt through the lens of their personal experiences with debt, which still weighs them down. However, they are unwilling to cut funding for programs that they believe will grow our economy in the long-term and more important, their thinking changes when they hear our country's deficit is going down fairly dramatically.
4. **Make Washington work for working people.** They are keenly aware of economic inequality but the entry point is powerfully through political inequality. They believe the system is rigged against them and requires real solutions.



5. **Make Washington work. Period.** Americans are also very aware that Washington does not work. The government is dysfunctional and politicians are driven by partisan animosity rather than serving the people.

What does this mean? Progressive economists have been warning for decades about steady relative income decline, job security, and retirement security among middle class and working people. And even as incomes declined, big expenses have increased for these folks. More have to pay for childcare, as fewer two-parent families can afford to get by on single incomes and unmarried parents must work longer hours for fewer rewards. And the cost of education has risen exponentially—while median household income increased 10.9 percent from 1983 to 2013, the average cost of public school tuition rose 131 percent.<sup>1</sup>

All of these trends have left the middle class squeezed. While middle class people used credit to close the gap during the pre-recession years, the crash has left many unable to access credit and others wary of using it. During the recession, we heard a “hard times” narrative—the squeeze felt temporary or circumstantial—hard times are cyclical and folks recognize that.

But these trends have given way to something new altogether that will require a big national reckoning. Now, working people are beginning to see this squeeze as something permanent, rooted in the character of jobs. The way they live, plan for the future, and talk about finances has shifted. They have permanently downsized their expectations for what they get from the economy and permanently upsized their expectations about what they must put into it to reap these reduced gains. When they talk about solutions, as a result, they are not looking for temporary half-measures to momentarily boost the economy. They are very thoughtful and totally focused on the long-term. They think hard and debate what will be the best long-term solutions for themselves, their families, and the whole country.

## The New Economy: five tenets

### *1. Jobs restructured to pay less*

People believe that American jobs have been fundamentally restructured to pay less. They see more jobs available, but the jobs are paying less. They understand that there has been a real shift in what jobs pay and what they offer in security and benefits. As a result, they say the new jobs are ones “you can’t live off.”

One of the most perceptible shifts we find in these groups is a fundamental concern about the kind of jobs this country produces. This may be the biggest change in the perception of the economy and it dominates all other reactions.

For the last two years, in every focus group, we read the most recent monthly jobs report. In the past when we read reports of job gains, participants would get angry at the moderator. Where

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<sup>1</sup> Heidi Shierholz, Natalie Sabadish, and Nicholas Finio, “The Class of 2013: Young graduates still face dim job prospects.” Economic Policy Institute.



were those jobs? They talked a lot about job losses and outsourcing. Some were defensive, angry, or felt personally indicted, noting that they or members of their family were losing jobs, not gaining them.

That was not the experience in our most recent groups. When participants heard reports of the new jobs being created, they were not angry, but rather resigned, skeptical, and concerned. They knew about jobs being created because they had seen help wanted signs or had gotten new jobs themselves. But there is a deep understanding about what these new jobs are.

The discussion was totally about what those jobs pay. One participant said he had no trouble getting jobs; he had gotten five over the course of a few weeks. But none of them paid enough—these were disposable jobs. As a result, they have had to replace “one career job” with two or more jobs that pay much less.

*What type of jobs? (Latino man)*

*What's full-time and what's part-time? (Non-college-educated man)*

*The lower income jobs, those grew exponentially...a lot of them in the mid-range, you know, where most middle class people are, those really kind of stayed static in the last years. I'm actually looking for a job right now. There are lots of jobs out there in house-keeping, things like that. (Young white woman)*

*Are those jobs able to, can you live off of it? Does it balance with the cost of living? So those numbers, you know, 175,000, but how many of those are actual livable wages, wage jobs that, so the numbers can be skewed. (Latino man)*

*I always wonder how many of those jobs created are because of like what I talked about earlier where places are having two part-time workers versus one full-time worker. I think a lot of it is service industry jobs or part time jobs. I think that the ratio or the percentage of unemployment is going down because I think a lot of people are underemployed. (Non-college-educated woman)*

*It looks good, but it's not keeping up to the cost of living, so the thing is kind of hopeless optimism going on here. (Latino man)*

*They're still a lot of people...people whose wages are getting cut and so I'm, it's just kind of like an uphill battle still and it doesn't seem like it's going to change anytime soon. (Latino man)*

*My mom works for Wal-Mart and she has to work on the night because the only positions that they offer as full-time is the overnight...but that doesn't mean that it's full-time and offering benefits and everything else that people need. (Young white woman)*

The jobs don't match the cost of living and everyday expenses, especially gas and groceries. As a result, “cost of living” is one of the first things they mention when we ask about the economy.



*Cost of living; it's very depressing.* (Non-college-educated woman)

*With gas prices going up, food, everything is going up and, you know, I don't know how people do it. I really don't.* (Non-college-educated woman)

*Cost of food going up but raises aren't happening in the work place so it's going to be really hard for people to afford food.* (Non-college-educated woman)

*Raises aren't happening [but] the cost of living continues to rise, bills continue to go up.* (Non-college-educated woman)

*I think inflation, you know, you can begin to see the food prices going up. It's very difficult for families, you know.* (Non-college-educated woman)

Because jobs don't pay enough for many to make ends meet, they cobble together several jobs to make a full time income. For others, two jobs may not be enough, so one parent must work two jobs while the other works one job and cares for children.

*[I have] a job working overtime, my husband [has] one full-time job and a part-time job...and we are still just scraping by.* (Non-college-educated woman)

*Pretty much in order to survive this economy the husband and wife, 2 people in 1 household to make the ends meet. One person is hard.* (Non-college-educated woman)

*One income doesn't buy much.* (Non-college-educated woman)

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 now just given and feels more permanent.

*You have to work twice as hard to make half as much as you used to.* (Latino man)

*Back 6 years ago, 2006, 2005, you know, I was making double the income that I'm making now, you know, and every year, I just see a decline* (Latino man)

Despite this, they describe the job and income situation as a “serious problem,” not a “crisis” – suggesting they have adapted to the new economy, as we will show below.

## **2. Fear and caution**

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.” Their first reactions to the economy included these terms:

*Pretty scary.* (Non-college-educated woman)



*Worried.* (Non-college-educated men)

*Concerned.* (Latino man)

*Uncertain.* (Young woman)

*Nervous.* (Non-college-educated man)

*Unsure.* (Non-college-educated man)

*Skeptical.* (Latino man)

*Fearful.* (Young woman)

*I'm being very cautious.* (Latino man)

*I can't afford to lose right now.* (Non-college-educated woman)

*I mean, most of my family and friends are, they're making ends meet but they're struggling... They've got financial... worry in the back of their minds, you know, if something happens what am I going to do?* (Non-college-educated woman)

Many are living on the edge where fear, worry, and caution are pervasive

“ Afraid.

“ I can't afford to lose right now.

“ I'm being very cautious

“ It's pretty scary really

“ I'm being conservative... It's starting to balance out a bit, but we never know...it's a roller coaster.

“ I mean, most of my family and friends are, they're making ends meet but they're struggling so I would say they're pretty much average, just average people in the economy. They've got financial, you know, worry in the back of their minds, you know, if something happens what am I going to do?



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 them to use qualifiers when they talk about their own cautious optimism or the economic gains they hear about on the news.

*The housing market is supposed to be on an upswing again.* (Non-college-educated woman)

*You want to be optimistic for the future.* (Latino man)

*It's starting to balance out a bit, but we never know...it's a rollercoaster.* (Latino man)

When they describe their own personal financial situations, their descriptions give dark texture to the rosier economic news we hear in jobs reports, housing reports, or reports of record-breaking days on Wall Street.

This is much different than at the height of the recession when the news matched their experiences or when the pain felt both temporary and widespread.

*I think the best word to describe my household finances is "precarious."* (Non-college-educated woman)

*Two steps forward, four steps back.* (Non-college-educated woman)

*I want to leave the country.* (Non-college-educated man)

*Personally, I'm not doing great.* (Young woman)

*Me, personally, not so good; my household is getting by.* (Young woman)

*I own my own home and I don't see the home values going up. I see homes in the neighborhood selling quick but what they selling for...I don't see a great improvement.* (Latino man)

*Afraid of losing my house.* (Non-college-educated woman)

### ***3. Restructuring households and living on the edge***

There is a new permanence about the way they live, meet their bills, earn income, and look to the future. They restructured their households and families to deal with this new economy, which feels permanent, not just an adaptation during the Great Recession.

Many more people talk about working full or part-time in retirement or postponing retirement.



*My sister retired in 2009 and she had to go back to work. (Non-college-educated woman)*

*I am trying to retire. I'm trying to live on my Social Security. I don't know how people do it. You know, I own my home; it's paid for. My car is paid for. I have no credit, I have no debt but it becomes increasingly discouraging that I'm going to be able to live on my Social Security. (Non-college-educated woman)*

More people have moved in with family members, sharing intergenerational housing. In the past, we heard more people talking about taking in their adult children or adult children moving back in with parents. But this now also includes 20-somethings taking in their parents who have lost jobs or fallen on hard times.

*I moved my mom in with me last month. I am currently supporting my mom; her factory shut down and she was on unemployment. (Young woman)*

With such deep concern about the cost of living, couponing and penny-pinching is given.

*Cutting back on unnecessary items at home and just paycheck-to-paycheck. (Non-college-educated woman)*

*Extreme couponing; I love my coupons. (Non-college-educated woman)*

*Looking for sales, pinching pennies. (Non-college-educated woman)*

We hear talk about neighbors and friends sharing both big and small ticket necessities like lawn mowers and clothes that are difficult to afford. They say they do not buy “extra stuff” that they don’t need, but devise new strategies to buy the things they do require.

*I know with my girlfriends and I, we trade clothes like between our kids. I mean, I haven't bought clothes for my children in a long time. (Non-college-educated woman)*

*Our neighbors are all doing the same, we're...not buying extra stuff that we don't need. We borrow each other's lawnmower...We help each other out. (Non-college-educated woman)*

And 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. (Non-college-educated woman)*

#### **4. Big new expenses: childcare and student debt**



One of the things that distinguishes the new economy is that big new expenses, most critically childcare and education, take up a significant portion of income.

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

Talk about the cost of childcare is pervasive in groups among non-college-educated women. As the May 2013 Pew report on “Breadwinner Moms” showed, just 37 percent of married mothers with children worked outside the home in 1968. That increased to 65 percent in 2011. But this is not just a long-term trend of women working outside the home—this is also a function of an economy that pays less and requires more than one income to get by. These trends are also not old. As the Pew report also noted, as early as 2007, just 20 percent of mothers said their “ideal situation” was to work full time outside the home. That increased a full 12 points—to 32 percent—by 2012.<sup>2</sup>

This leaves families with big new costs to meet on reduced incomes.

*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. (Non-college-educated woman)*

*I have 2 kids and they're in child, they have to go to child care because I have to work full-time just so that I can afford to feed them...in the summers I pay like \$1,500 dollars a month for child care for 2 kids...I mean, it's more than my mortgage payment but I can't not do it because the money that I still bring in pays for electricity and food and so it's, I mean, it's just a complete vicious circle. But at the same time, I mean, I don't have any more to give so I don't know what to do. (Non-college-educated woman)*

*We are just scraping by but child care continues to go up...[and] I have to have extended care because of my working hours. (Non-college-educated woman)*

*Raises aren't happening [but] child care continues to go up. Nobody's going to be able to do anything. (Non-college-educated woman)*

*My main consideration was for child care. I mean, it's just outrageous. (Non-college-educated woman)*

The other big new expense is student loan debt. For borrowers and parents, student loan debt has begun to feel like a “crisis.” For some, their incomes barely cover these big monthly costs. Others are working in jobs for which they did not train just to pay off the student loans or because they cannot find other jobs. In our group among young women in Orlando, Florida, we were struck by how many in the room were working outside the fields they had studied in school. For example, we talked to a massage therapist with an MBA for which she had incurred “\$100,000 in

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<sup>2</sup> Wendy Wang, Kim Parker, and Paul Taylor. “Breadwinner Moms” Pew Social Trends, May 29, 2013.



student loans” and a bartender with a BA. Both had to take the jobs they could get just to meet their bills, including their student loan debt.

*We have a student loan crisis basically where you’re getting into so much debt to get that degree, to get that better job, that that is becoming cyclical where you are working just to pay off your student loans so it’s almost, it’s a double edged sword. (Latino man)*

*When you come out of school you’re \$50 or \$100 thousand dollars in debt. You’re lucky if you’re making, you know, \$30 or \$40 thousand dollars a year. That’s paying your bills. That’s paying your rent. You’re not paying off your debt so you’re never getting ahead. (Young woman)*

*I have plenty of student loans that I’m paying. I have a degree. I’m working as a bartender not by choice; not saying I love it but I make more money doing that than any position I could get in my degree so I pay my student loans as a bartender. (Young woman)*

*People are coming out of college are getting off on the wrong foot. My husband has \$58 thousand dollars’ worth of student loans and isn’t making even close to what he needs to be making to pay it off. They’re saying that you need all this education to get these jobs to make more money but yet you come out of college with all this debt and you can’t ever catch up. (Young woman)*

*You have people who have to go back to school...they have no options...they’ve gotten a degree...but they can’t get a job in it so they have to go back and get a degree in something else... (Latino man)*

*I just think, I mean, it’s important to have an education but the cost of it is, sometimes I wonder is it worth it? (Young woman)*

And the cost of college education causes a great deal of concern about their own children’s future and the future of the American economy.

*You have people who have to go back to school...they have no options...they’ve gotten a degree...but they can’t get a job in it so they have to go back and get a degree in something else... (Young woman)*

*I mean I think our children are our future, you know, they need to be smart and well educated for...our country to get better...making college more affordable, you know, between me and my wife, we have 5 kids so... (Latino man)*

*If we don’t make college affordable we won’t have the technical people that we need and we’ll be hiring from abroad. (Young woman)*

*These students graduating with such enormous debt...it takes them years to get out of debt. (Non-college-educated woman)*



### 5. *Downsized expectations for a good economy*

Even the folks who talk about the economy beginning to pick up have downsized and adapted their expectations for a good economy. 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.” In Orlando, their perceptions and expectations are very much shaped by their experience with the tourism industry, but even there, the signs they look to are rather humble—more people able to spend \$50 dollars at Outback or right-side up on their mortgages, for example.

What does a good economy mean to you?  
“A few extra dollars after payday”

<b>Building more houses... renovating.</b>	<b>A few extra dollars after payday.</b>	<b>jobs</b>
<b>Able to save more.</b>	<b>Yearly pay raises.</b>	<b>I can pay my bills.</b>
<b>More jobs available, more companies hiring people.</b>	<b>Full-time employment.</b>	<b>Less for sale signs.</b>
	<b>People shopping more</b>	<b>People taking vacations</b>
	<b>seeing people...able to go out and have fun</b>	
	<b>Utility prices going down.</b>	<b>less people who have either personal debt or are underwater on their houses.</b>
	<b>Paying my bills.</b>	<b>a better paying job.</b>
	<b>the cost of living matches the minimum wage.</b>	
<b>People spending money not just on necessities...restaurants are the key indicator.</b>	<b>When you go out to a restaurant on a Friday night and you have to wait an hour in some places.</b>	

They talk a great deal about spending and saving because they understand how critical spending is to the economy. As one Columbus woman said, “The more money people within the country spend the economy goes up. I mean, the more you spend the economy reaps the benefits of it.” But it feels like they personally don’t have the extra money to put back into the economy.

Despite these reduced expectations, they refuse to give up on the American Dream. Many are clearly in the process of redefining what the American Dream means and what it should mean. Asked if the American Dream is still alive, they give positive, albeit sometimes cautious, re-



sponses. They are clearly in the middle of redefining the American Dream—as they know few rags-to-riches stories.

*Yes, I just think it needs to be altered a little bit, maybe brought back down.* (Young woman)

*You can still live the American Dream but you have to reassess your priorities.* (Young woman)

*I think sometimes we need to reorganize our dreams and make them a little bit more realistic.* (Young woman)

*Well, yeah, it could be.* (Non-college-educated woman)

*It's not like it used to be.* (Non-college-educated woman)

*Well, people are still losing houses and the American Dream is to have your family grow up in a neighborhood and your grandchildren come back to that same house...but with no jobs how do you pay for it?* (Non-college-educated woman)

*What is the American dream?* (Latino man)

*Well, to me, I mean, say back in World War II the American Dream was, you know, to have a nice house, 2 kids and a new car and that sort of thing. To me, I don't necessarily think that, you know, the idea of affording a new house is realistic for a couple of generations maybe.* (Non-college-educated man)

*It depends on what your idea of the American Dream is.* (Non-college-educated man)

### **The New Economy: Solutions**

Participants in these groups were very clear about the problems the country most needs to address—the cost of health care, reforming politics, investing in education for the future, and making work pay for families—clearly rose to the top as the biggest priorities for participants.



*Below is a list of problems that we could be doing more of as a country. Please read this list and then circle the THREE that would be most important to happen.*

Implement but greatly improve the health care reforms so people, families and businesses have more affordable health care.	15
Reform government by radically cutting special interest spending and subsidies and limiting big money donations.	14
Make work pay for families – including making sure women get equal pay, expanding paid family, maternity, and sick leave for families, and making childcare available and affordable.	12
Invest in math and science education, job training updated to new jobs, and make college more affordable.	9

**1. Education**

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 one of the most important investments we can make in our economy.

*Without technology and education we're doomed. We have to increase those. (Non-college-educated man)*

*I think our children are our future, they need to be smart and well educated for our country to get better. (Latino man)*

*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. (Latino man)*

*I would like to see them focus on these students graduating with such enormous debt. I think if they could figure out something because it takes them years to get out of debt. It's unbelievable. (Non-college-educated woman)*

*It needs to be more affordable. I mean, we need to make sure that we're investing in our future, like education is our future. You know, like our kids and, you know, teenagers and stuff, they are going to be taking care of us when we're old. (Young woman)*

*We can't compete against countries like China and India when we're not even doing, like, updated training. We're not focusing on math and science, you know, those are the fields that we really need to put an emphasis on. (Latino man)*

This is simultaneously a personal strategy, as the women in particular pursue education in order to improve their incomes and job chances.



These results loom even bigger in the survey that we just conducted for WWV Action Fund and Democracy Corps, which showed surprisingly robust support for the following policy as part of a Women's Agenda: "Expand access to scholarships so working women and parents can continue their education and train for jobs that are available now and in the future." This ranked among the top policy options for unmarried women, women generally and moms – along with raising wages so women get equal pay at work.

## **2. Making work pay**

Making work pay is central to their ideas about improving the economy for the future. 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. They see this as central to their personal economies but also to improving the broader economy.

*I know several people who are staying at home with the kids...because it's not worth them going back to work but in turn they're struggling...they're not spending money, they're not helping out the economy in that way and I think that if it was more available for women to be able to go back to work...they would be doing better money-wise. They'd be able to put more into the economy and they wouldn't be struggling. (Young woman)*

## **3. Addressing debt and long-term solutions**

With families restructured and weighted down by debt, people remain responsive to conservative arguments on debt and spending. Their framework for talking about debt and deficits is totally personal and based on household and personal level experiences with debt.

*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. (Young woman)*

*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. (Non-college-educated man)*

*It freaks me out so like to think that our country is completely in the red is scary because if I were completely in debt I would be scared for myself so I can't imagine that we shouldn't be scared for the country. (Young woman)*

The result is a country still divided on investment to grow versus austerity. That debate is not yet won, regrettably.



We read participants two sets of statements—one emphasizing that we need to invest now in the economy versus cutting spending now to reduce the deficit—and another emphasizing that investing in the economy is a long-term solution that will also reduce the debt versus reducing spending and long-term deficits. These were the counts, though it is no substitute for a real statistically significant number from a national survey.

Given where our economy is, we should invest now in infrastructure, education and technology, and re-hiring teachers and firefighters to get people back to work to make our country stronger in the long-term.	14
Given where our economy is, we should cut government spending and reduce the federal deficit that weighs down our economy and give confidence to businesses to invest and create jobs.	17
We should avoid immediate drastic cuts in spending, and instead, we need serious investments that create jobs and make us more prosperous in the long term that will reduce our debt, too.	17
The only way to restore prosperity and market confidence is to dramatically reduce government spending and our long-term deficits.	14

As they debated the two options, they kept coming back to “which is more long-term?” And they fully recognized that both reducing the deficit and growing the economy were equally important— so they debated which one might cause the other.

*I feel like this is long-term. I feel like that’s a temporary fix and until we get the government spending and get all that down that it’s not going to go anywhere. (Young woman)*

*I feel like it’d be great to patch things up quickly but I feel like we have to look long-term because when Clinton left we were not in a deficit. It took, you know, 9 or 10 years to get into that deficit with all these wars so it took that long to get in, to get under; it’s going to take a long time to get back up. And obviously, I mean, like I said you have to take money to make money. (Young woman)*

*We invest in creating jobs...for everybody with the long term, it will help reduce our debt. That’s kind of like...reducing government spending and our long term deficits, I think we have more jobs and the economy would get better. I think the deficit will get lower. (Latino man)*

*Just being able to make sure everything goes to the, you know, for the future, you know, and in the right place. You want to invest in stuff that is going to sustain ourselves in the future, you know, you don’t necessarily want to have to rely on other countries in the future, you know, on oil and all that kind of good stuff. (Latino man)*

*You have to spend money to make money. (Non-college-educated man)*

*We are investing in our future so that’s something positive. (Latino man)*



*I think that to do away with the things that we depend on, such as teachers and firefighters, is doing a disservice to the people that we have now and cutting government spending and reducing the federal deficit isn't going to help if everybody's on welfare. (Non-college-educated woman)*

*It has a ripple effect where the economy gets stronger, infrastructure gets stronger and then you just, you have a lot more self-contained growth. (Latino man)*

*Invest in our future; for future growth. How are we supposed to compete if we don't invest in ourselves? (Latino man)*

However, the conversation changes when they are given information about rapidly falling deficits over the last two years and two years to come. This is what we read:

***“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.”***

Many were surprised to hear this because they are used to thinking automatically about government debt as a crisis. It is what they hear on the news, from their friends, and during the campaign. It may be a far-away crisis, but for many the sheer size of the debt and their own experiences with debt push them into crisis mode. Hearing the positive facts about the falling deficit allows them to turn to addressing the issues raised in this report.

#### ***4. Addressing inequality, starting with political inequality.***

Participants are well aware of inequality, but their starting point and emotion is on political inequality à 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 wealthy and well-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. (Non-college-educated man)*

*The best way to put it unfortunately is 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. (Non-college-educated man)*

*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. (Young woman)*

*Congress, these bank owners, bank people, you know, the finance, they need to have a cap on their income so if they make money it means the prices are going to go up in order for them to get their raises. (Non-college-educated woman)*

*I think the disparity between the rich and the rest of us is getting greater. The rich are getting richer and everybody else is getting poorer. (Non-college-educated woman)*

### **5. End political dysfunction**

People are desperate for an end to political dysfunction. They 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.

*1. 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."*

*I think the turmoil and fighting amongst lawmakers. The people who are running the economy in the country, they can't even come together on the real issues. They're fighting over what seems like the most ridiculous stuff...rather than coming together and fixing the problem... they're not helping us.*