Half of Americans Expect Economy to Get Worse

Most people plan cut back on household spending in the coming year

ROCHESTER, N.Y. – January 8, 2009 – As the New Year dawns, over half of all adults (56%) say that, compared to last year, they feel less secure about their financial situation while three in ten (30%) say they feel the same as last year.

These are some of the results of *The Harris Poll®*, a new nationwide survey of 2,388 U.S. adults surveyed online between December 9 and 15, 2008 by Harris Interactive®.

Other findings on economic attitudes include:

- Heading into 2008, one in five Americans (21%) felt more secure about their financial situation compared to the previous year. This year just one in ten (12%) say that;
- There aren't any quick fixes expected for the economy as half of Americans (52%) say they think the economy will get worse in the coming year and only 18% think it will get better. A year ago, a plurality of Americans (45%) thought the economy would get worse in 2008 (and, obviously, they were right);
- Looking at personal finances, attitudes are a little more positive. Two in five Americans (41%) believe their personal finances will stay the same in the coming year, one-quarter (27%) say they will get worse and one in five (22%) believe they will improve. Going into 2008, people were somewhat, but not much, more positive as 31% said they thought their personal finances would improve;
- Looking to 2009, over half of Americans (55%) say they expect to cut back on their household spending while 45% expect to pay down their level of debt and 42% say they expect to save more in the year ahead. One-quarter of Americans (24%) will get rid of one or more credit cards, 21% say they will save more for retirement and 16% say they do not expect to do anything different financially in 2009; and,
- When it comes to responsibility, over three-quarters of Americans (77%) say they themselves are extremely/very responsible for how financially secure they will feel in 2009 while just under half (48%) say Congress is extremely/very responsible and 46% say the President is extremely or very responsible.

Perceptions about the Economy by Political Affiliation

With a new Democratic President taking office this month and a new Congress with an even stronger Democratic majority than the previous one, Democrats should be feeling more optimistic about the economy. But, in reality they are not feeling any better about it than Republicans. Half of Republicans (50%) expect the economy to get worse in the coming year as do 52% of Democrats and 56% of Independents. Over one-quarter of both Republicans and Democrats (27% each) say they expect their personal finances to get worse this year. In comparison to last year, half of Republicans (52%) say they feel less secure about their financial situation compared to 61% of Democrats who feel the same way.

Perceptions about the Economy by Generation

In looking at this by generation, Echo Boomers (those aged 18-31) are the ones least concerned about the economy, but they still have concerns. Two in five Echo Boomers (39%) say they expect the economy to get worse in the coming year, compared to over half of all the other generations. This youngest group is also the most optimistic about their own personal finances this year as one-third (32%) of Echo Boomers say they will improve compared to 21% of both Gen Xers (those aged 32-43) and Baby Boomers (those aged 44-62) and only 14% of Matures (those aged 63 and older).

So What?

As Americans wait for an economic stimulus plan to be introduced, debated, and implemented there is a strong sense of unease on what the year will bring. Most people are not expecting any quick fixes and they believe that the economy will continue to get worse as the year progresses. If these attitudes become more firmly entrenched, spending will continue to decline and vulnerable industries, such as the automakers, will be in even worse shape. The new President will have a short time period in which to do something to encourage Americans to spend and bolster the economy. Otherwise, it will be another long, dark year of more bad economic news.

TABLE 1
FINANCIAL SECURITY
"Compared to last year, how secure do you feel about your financial situation?"
Base: All adults

	Total	Political Affiliation			Generation			
		Rep.	Dem.	Ind.	Echo Boomers (18-31)	Gen. X (32-43)	Baby Boomers (44-62)	Matures (63+)
	%	%	%	%	%	%	%	%
MORE SECURE (NET)	**12**	**10**	**11**	**14**	**16**	**14**	**11**	**6**
Much more secure	3	3	4	3	6	5	2	*
Somewhat more secure	9	7	7	12	11	8	9	5
Same as last year	30	35	26	28	32	30	27	32
LESS SECURE (NET)	**56**	**52**	**61**	**56**	**45**	**54**	**62**	**62**
Somewhat less secure	33	33	35	33	29	29	36	37
Much less secure	23	19	26	23	15	25	26	25
Not sure	3	3	2	2	7	2	1	*

Note: Percentages may not add up to exactly 100% due to rounding
Note: * indicates less than 0.5%

TABLE 2
FINANCIAL SECURITY - TREND
"Compared to last year, how secure do you feel about your financial situation?"
Base: All adults

	2008	2009
	%	%
MORE SECURE (NET)	**21**	**12**
Much more secure	4	3
Somewhat more secure	17	9
Same as last year	34	30
LESS SECURE (NET)	**38**	**56**
Somewhat less secure	24	33
Much less secure	14	23
Not sure	7	3

Note: Percentages may not add up to exactly 100% due to rounding

TABLE 3
DIRECTION OF OVERALL ECONOMY
"In the coming year, do you think the economy will…?"
Base: All adults

	Total	Political Affiliation			Generation			
		Rep.	Dem.	Ind.	Echo Boomers (18-31)	Gen. X (32-43)	Baby Boomers (44-62)	Matures (63+)
	%	%	%	%	%	%	%	%
Improve	18	21	18	16	24	14	17	18
Stay the same	21	21	22	19	26	22	20	13
Get worse	52	50	52	56	39	55	57	57
Not sure	9	8	9	8	11	9	6	12

Note: Percentages may not add up to exactly 100% due to rounding

TABLE 4
DIRECTION OF OVERALL ECONOMY - TREND
"In the coming year, do you think the economy will…?"
Base: All adults

	2008	2009
	%	%
Improve	15	18
Stay the same	28	21
Get worse	45	52
Not sure	12	9

Note: Percentages may not add up to exactly 100% due to rounding

TABLE 5
DIRECTION OF PERSONAL FINANCES
"In the coming year, do you think your personal finances will…?"
Base: All adults

	Total	Political Affiliation			Generation			
		Rep.	Dem.	Ind.	Echo Boomers (18-31)	Gen. X (32-43)	Baby Boomers (44-62)	Matures (63+)
	%	%	%	%	%	%	%	%
Improve	22	25	20	23	32	21	21	14
Stay the same	41	39	44	41	41	40	42	42
Get worse	27	27	27	29	16	32	30	34
Not sure	9	9	9	7	11	8	8	9

Note: Percentages may not add up to exactly 100% due to rounding

TABLE 6
DIRECTION OF PERSONAL FINANCES – TREND
"In the coming year, do you think your personal finances will…?"
Base: All adults

	2008	2009
	%	%
Improve	31	22
Stay the same	41	41
Get worse	17	27
Not sure	10	9

Note: Percentages may not add up to exactly 100% due to rounding

TABLE 7
2009 FINANCIAL EXPECTATIONS
"Which of the following do you expect to do in 2009 in regards to your finances?"
Base: All adults

	Total	Generation			
		Echo Boomers (18-31)	Gen. X (32-43)	Baby Boomers (44-62)	Matures (63+)
	%	%	%	%	%
Cut back on my household spending	55	45	58	64	51
Pay down my level of debt	45	41	52	52	31
Save more in the year ahead	42	54	41	42	28
Get rid of one or more credit cards	24	17	29	29	20
Save more for retirement	21	21	20	27	11
Undertake home improvements that increase the value of my home	14	8	12	20	15
Invest in less risky investments	9	5	9	10	13
Refinance my mortgage	5	3	8	5	5
Take out a home equity line of credit	2	1	1	2	1
Other	6	8	6	5	4
I don't expect to do anything different financially in 2009	16	17	13	11	26

Note: Multiple response question

TABLE 8
2009 FINANCIAL RESPONSIBILITY
"How responsible do you think each of the following groups or individuals is for how financially secure you will feel in 2009?"
Base: All adults

	Extremely/ Very Responsible (NET)	Extremely responsible	Very Responsible	Somewhat responsible	Not Responsible (NET)	Not Very Responsible	Not at all responsible	Not sure
	%	%	%	%	%	%	%	%
Yourself	77	55	23	11	7	3	4	4
Congress	48	27	21	24	22	11	11	6
The President	46	27	19	26	22	11	11	6
Your employer	44	22	22	21	21	5	16	15
Your family	41	18	23	22	31	15	16	6
Wall Street	40	23	17	23	30	15	15	7
State government	38	17	21	32	24	15	9	6
Large corporations	37	20	17	25	31	17	14	7
Local government	30	13	17	32	32	20	12	6

Note: Percentages may not add up to exactly 100% due to rounding

Methodology

This Harris Poll was conducted online within the United States between December 9 and 15, 2008 among 2,388 adults (aged 18 and over). Figures for age, sex, race/ethnicity, education, region and household income were weighted where necessary to bring them into line with their actual proportions in the population. Propensity score weighting was also used to adjust for respondents' propensity to be online.

All sample surveys and polls, whether or not they use probability sampling, are subject to multiple sources of error which are most often not possible to quantify or estimate, including sampling error, coverage error, error associated with nonresponse, error associated with question wording and response options, and post-survey weighting and adjustments. Therefore, Harris Interactive avoids the words "margin of error" as they are misleading. All that can be calculated are different possible sampling errors with different probabilities for pure, unweighted, random samples with 100% response rates. These are only theoretical because no published polls come close to this ideal.

Respondents for this survey were selected from among those who have agreed to participate in Harris Interactive surveys. The data have been weighted to reflect the composition of the adult population. Because the sample is based on those who agreed to participate in the Harris Interactive panel, no estimates of theoretical sampling error can be calculated.

These statements conform to the principles of disclosure of the National Council on Public Polls.

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