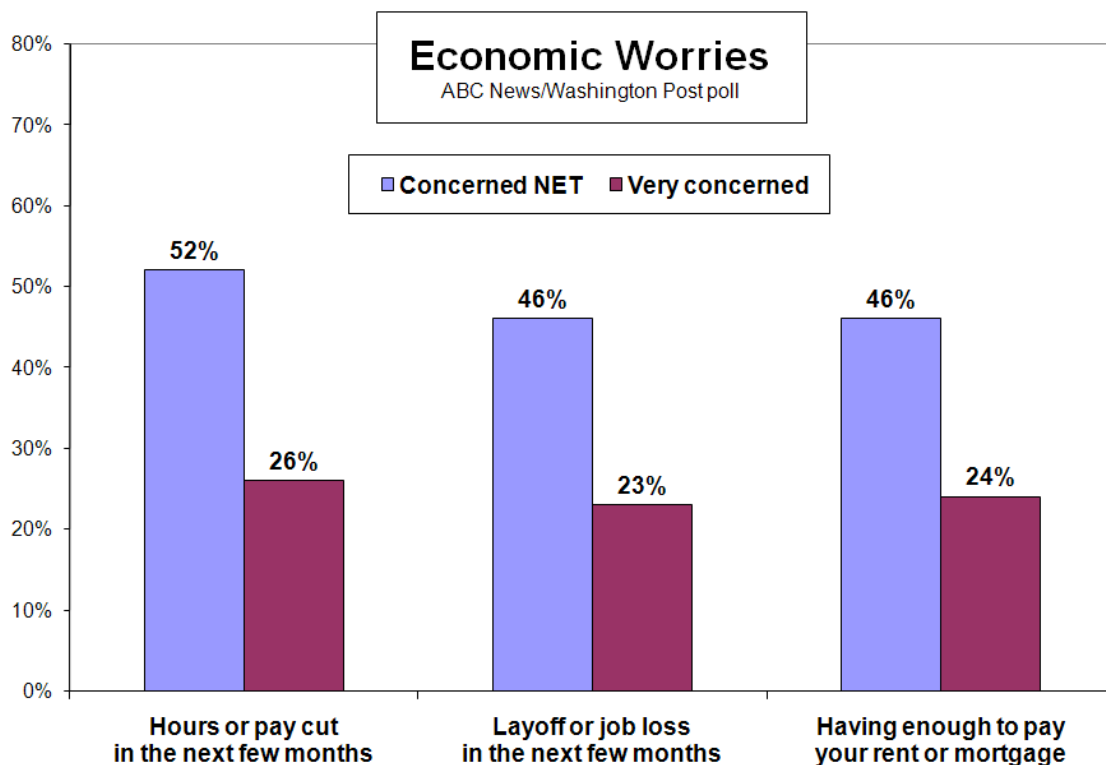


## **A Hard Reality of Job and Pay Cuts Fuels the Public’s Economic Anxiety**

A hard reality is fueling the public’s economic anxiety: One in three Americans have sustained a job loss or pay cut within their own household, and far more – three-quarters of the public – say it’s happened, if not at home, then to a close friend or family member.

Those experiences are rippling through the economy, this ABC News/Washington Post poll shows, heightening stress, sapping confidence and encouraging spending cuts – all in turn, as President Obama said Tuesday, exacerbating the very problem that caused them.



Anxiety focuses on employment and income. Nearly half of Americans, 46 percent, are worried that someone in their household will lose their job in the next few months. Even more, 52 percent, are concerned about a cut in pay or work hours.

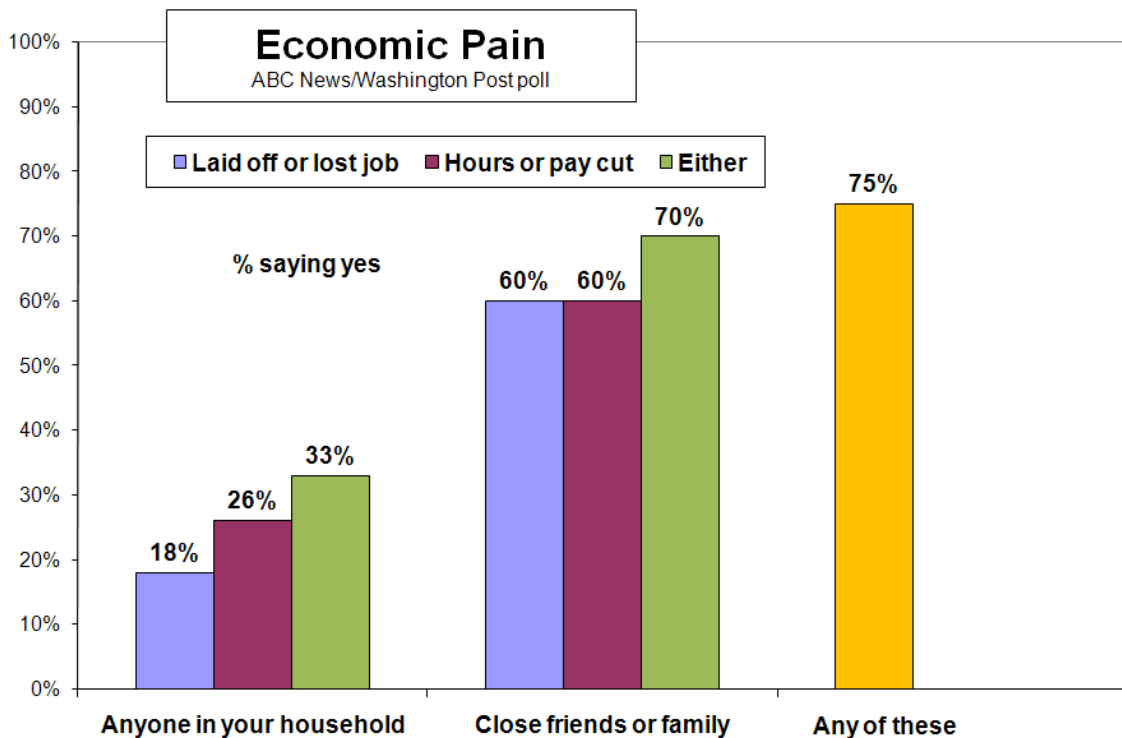
Given those fears, 67 percent say they’re cutting back on their spending, with 31 percent cutting back “sharply” – an enormous contraction in the economy’s lifeblood. Nearly half are concerned about being able to make their rent or mortgage payments, up 9 points

since December. And fewer than half are confident in their resources for retirement; nearly one in four, not confident at all.

All told, 64 percent say they've been hurt financially by this recession. And 57 percent report personal stress as a result – more than one in four, “serious” stress.

**LAYOFFS/PAY CUTS** – All these concerns are influenced by the experience of layoffs and pay cuts – and those are broad. Nearly two in 10 Americans say someone in their household has lost a job in the last few months. One in four reports cuts in pay or work hours within their household; the combined total for either pay cuts or layoffs is 33 percent. And seven in 10 say these have happened to friends or family.

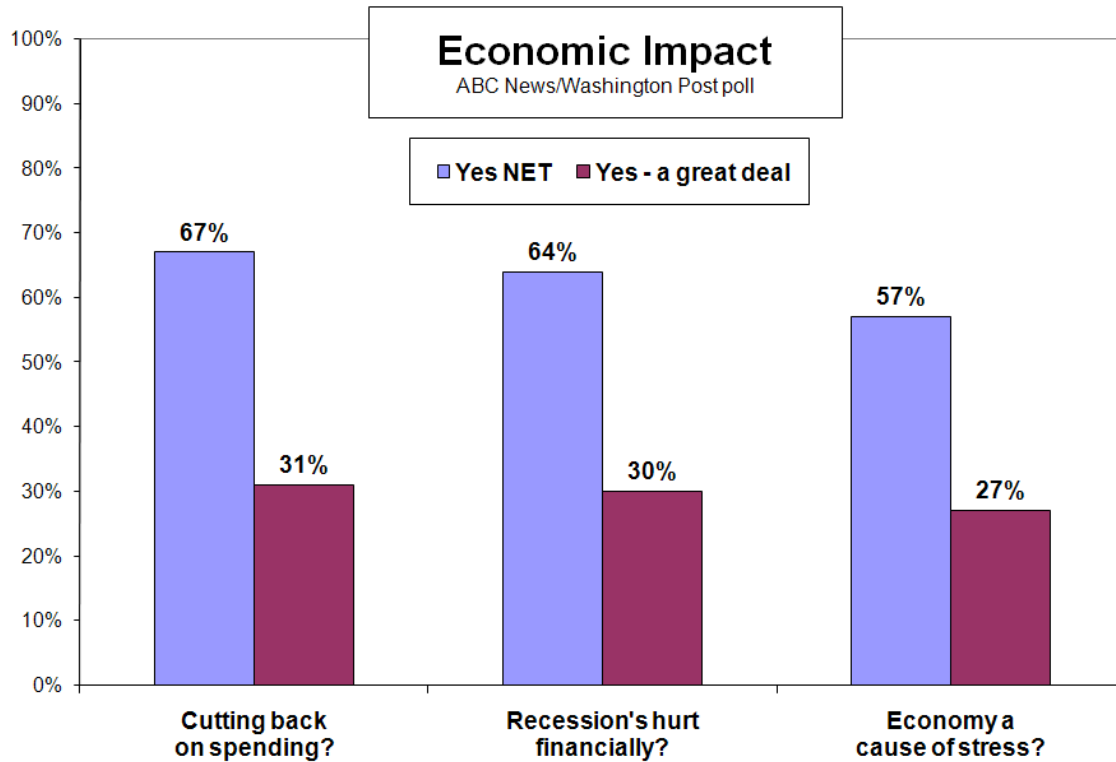
The net total is impressive: Seventy-five percent of Americans either have had a job or pay cut in their own household, or have had it happen to a close friend or family member. Just a quarter are unscathed in this most fundamental sense.



It matters. Among that quarter of Americans who've not experienced these factors, 79 percent feel financially secure. That drops to 50 percent of those who've had friends or family hit, to 37 percent of those who've had a pay cut in their own household – and to just 29 percent of those who've sustained a job loss within the home.

As these factors fuel insecurity, so does insecurity encourage cutbacks. Even among Americans who feel secure financially, 55 percent are trimming their spending (a

problem in itself) – but just 15 percent are cutting back sharply. Among financially insecure Americans, by contrast, 81 percent are cutting back – 51 percent, sharply.

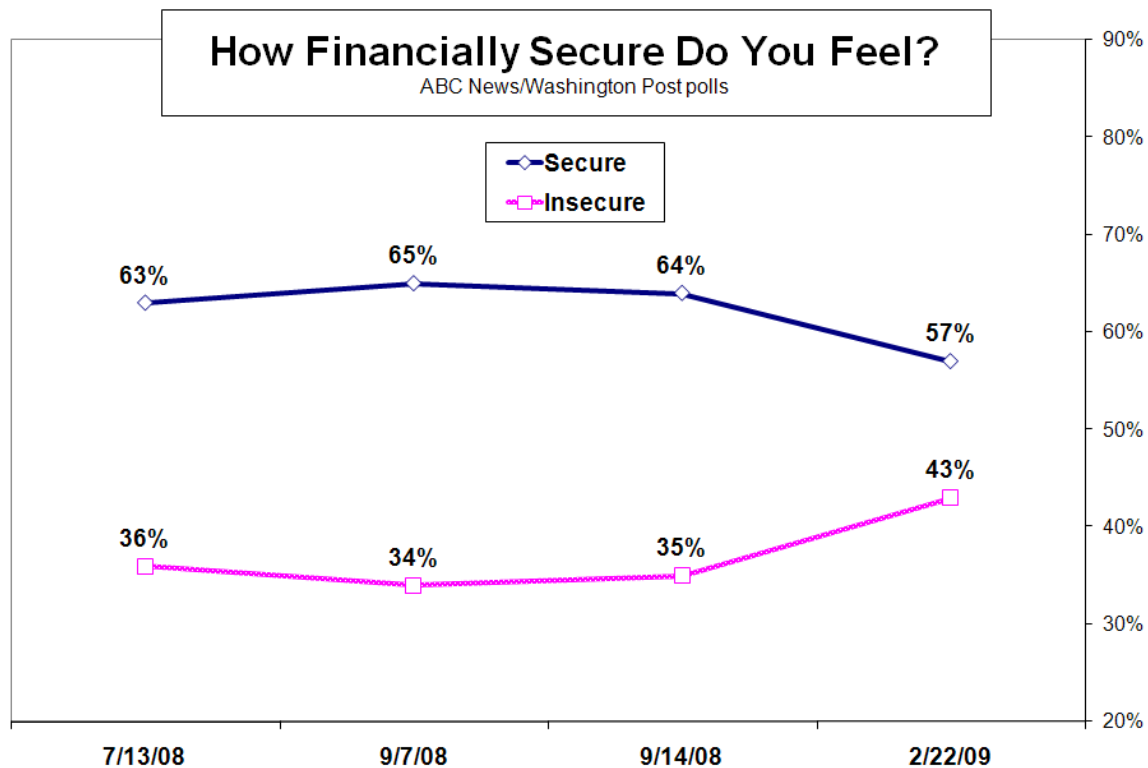


SECURE? – It could be worse: All told, 57 percent still feel secure financially. But that’s down 8 points since September, and it leaves a very substantial share of the population, 43 percent, bereft of a key element of the American dream. Moreover, a mere 12 percent now feel “very” secure, down from 21 percent as recently as last summer.

The drop in financial security has been most pronounced in a few, telling groups. This poll finds an 18-point drop since last fall in financial security among Americans age 50 to 64 – those contemplating retirement, and likely shaking their heads at their year-end 401(k) statements. In September, 67 percent in this age group felt financially secure; today, it’s 49 percent.

There’s been a similar, 17-point drop in security among higher-income Americans, those with household incomes over \$100,000 a year; they’re by far most likely to be exposed to the stock market, now down 50 percent from its peak in October 2007. Sixty-eight percent in this group still feel secure – but that’s down from 85 percent five months ago. And these are the country’s top wage-earners.

There’s likewise been a 17-point drop in financial security among Republicans and Republican-leaning independents, who, as reported earlier this week, are far less confident than Democrats in Obama’s economic stimulus plan.



Financial security also has fallen at least twice as fast in the South and West (down by 13 and 12 points, respectively) than in the East and Midwest. The South and West have seen particularly steep declines in home values and sharp increases in foreclosures.

**LENGTH AND DEPTH** – Expectations are for a long and bumpy ride. Seventy percent expect the recession to last for more than a year; that compares with just 27 percent who said the same as the far shallower recession of 2001 wound down. Indeed, among the seven in 10 who see a long recession, half think it could go on for more than two years.

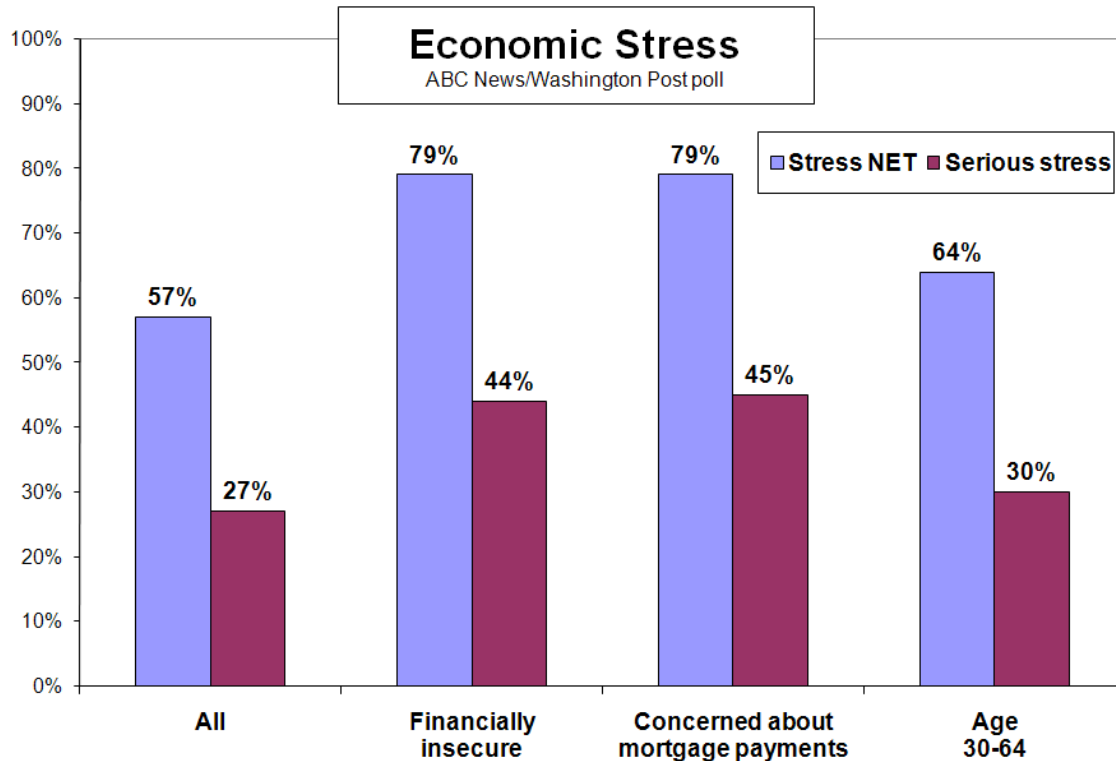
Separately, 56 percent think the country is not in a normal, cyclical economic downturn, but something far more unsettling – a “serious long-term decline.” That’s a level of gloom not seen since the last deep recession 17 years ago.

In another gauge, the ongoing ABC News Consumer Comfort Index is in the midst of its worst stretch in 23 years of weekly polls: A mere 5 percent say the national economy’s in good shape, just 24 percent call it a good time to spend money – and more than half of Americans have rated their own finances negatively for 31 weeks straight.

**STRESS** – Stress soars with economic insecurity. Even among Americans who feel secure financially, 40 percent say the situation is causing stress in their lives. But among those who feel insecure, stress skyrockets to 79 percent; if “very” insecure, 89 percent.

Indeed “serious” stress is reported by 44 percent of financially insecure Americans, and by even more, 65 percent, of those who feel very insecure.

There are other factors in stress as well. Among people who are concerned about making their mortgage or rent, stress soars to 79 percent, serious stress to 45 percent – vastly higher than it is among those unburdened with worries about the cost of housing. (In that group 37 percent report stress and 11 percent say it’s serious.)



Stress also peaks in the middle age groups, people age 30 to 64, who tend to have more financial commitments, mortgages among them. In this group 64 percent report stress from the economy, far higher than the level of economic stress among people under 30 (48 percent stressed by the economy) or 65 and older (41 percent stressed).

Stress also relates to confidence in retirement savings. Among people who are confident in their savings, just 22 percent report stress. If not confident, that soars by 50 points, to 72 percent. And “serious” stress peaks at 50 percent of people who are not at all confident they’ll have enough income and assets to last through their retirement.

**OPTIMISM/PESSIMISM** – Through these negatives, a dogged optimism does show through. Despite their concerns about the future, 66 percent of Americans say they remain optimistic overall about their family’s financial situation in the year ahead; 48 percent say they’re optimistic about the national economy overall.

But these are well down from their recent peaks in late 2006, when 82 percent were optimistic about their personal finances, 64 percent about the national economy.

Personal optimism is at risk, moreover, since to some extent it hinges on feelings of financial security. Among people who feel financially secure, 78 percent are optimistic; among the insecure that drops to 50 percent; among the “very” insecure, 42 percent.

Optimism about the national economy, for its part, is subject to a different variable, political affiliation. With Obama now in the White House, 63 percent of Democrats are optimistic about the national economy’s prospects. Far fewer independents (43 percent) and about half as many Republicans (33 percent) agree.

LAYOFFS – Another result underscores those who are most personally vulnerable to the economy’s contraction. Two groups are most likely to have experienced a job loss in their household: young adults and lower-income Americans.

Specifically, among adults under age 30, 29 percent report a layoff; among those 40 and older, by contrast, far fewer report the loss of a job in the household, 12 percent.

Likewise, among those with more than \$100,000 incomes, 8 percent report a layoff in their household. Among those with less than \$35,000 in household incomes, it’s 26 percent. Those hit hardest, it seems, include those who can least afford it.

METHODOLOGY – This ABC News/Washington Post poll was conducted by telephone Feb. 19-22, 2009, among a random national sample of 1,001 adults including both landline and cell phone-only respondents. Results for the full sample have a 3-point error margin; click [here](#) for a detailed description of sampling error. Sampling, data collection and tabulation by TNS of Horsham, PA.

Analysis by Gary Langer.

ABC News polls can be found at ABCNEWS.com at <http://abcnews.com/pollingunit>

Media contact: Cathie Levine, (212) 456-4934.

Full results follow (\*= less than 0.5 percent).

1-24 previously released.

25. Just your best guess - do you think the economy (is in a normal downturn that will correct itself before too long), or do you think the economy (has moved into a serious long-term decline)?

	Normal downturn	Serious decline	Neither (vol.)	No opinion
2/22/09	42	56	2	1
9/22/08	44	52	2	3
5/2/93	48	45	4	3
10/4/92	37	56	4	3

26. All in all, how financially secure do you feel?

----- Secure -----      ----- Insecure -----      No

	NET	Very	Somewhat	NET	Somewhat	Very	opinion
2/22/09	57	12	45	43	28	15	*
9/14/08	64	16	48	35	22	12	1
9/7/08 RV	65	20	44	34	24	11	1
7/13/08	63	21	42	36	21	15	1

27. Would you say this recession has hurt you financially, or not? IF YES: Is that a great deal or only somewhat?

	----- Hurt -----				
	NET	Great deal	Somewhat	Not hurt	No opinion
2/22/09	64	30	34	35	1
1/16/09	68	37	32	32	*
12/14/08	63	30	34	36	*
6/2/91	53	16	37	46	1

28. Thinking about the next 12 months, would you say you feel (optimistic) or (pessimistic) about [ITEM]?

2/22/09 - Summary Table

	Optimistic	Pessimistic	No opinion
a. the state of the national economy	48	50	2
b. your own family's financial situation	66	31	3

Trend:

a. the state of the national economy

	Optimistic	Pessimistic	No opinion
2/22/09	48	50	2
12/14/08	48	50	3
9/29/08 RV	43	53	4
4/13/08	40	58	2
2/1/08	45	51	4
12/9/07	45	52	3
12/11/06	64	33	3
5/15/06	52	46	1
12/18/05	55	44	1
9/11/05	51	46	2
6/5/05	59	40	1
12/19/04	58	40	2
6/20/04	64	34	2
1/18/04	63	35	2

b. your own family's financial situation

	Optimistic	Pessimistic	No opinion
2/22/09	66	31	3
12/14/08	68	29	2
9/29/08 RV	61	34	5
4/13/08	66	31	3
2/1/08	67	30	3
12/9/07	72	25	3
12/11/06	82	16	2
5/15/06	79	20	1
12/18/05	73	26	1
12/19/04	75	23	2

29. Have you been cutting back on your spending lately, spending at about your usual level, or spending more than usual? (IF CUTTING BACK) Have you cut back sharply, or somewhat?

	-----	Cutting back	-----	Usual	Spending more	No
	NET	Sharply	Somewhat	level	than usual	opinion
2/22/09	67	31	36	30	3	1

30. Is the current economic situation a cause of stress in your life, or not? (IF YES) Is it a cause of serious stress, or stress, but not serious?

	---	Yes, cause of stress	--	Not a cause	No
	NET	Serious	Not serious	of stress	opinion
2/22/09	57	27	30	43	0

31. In the last few months have you or has anyone living in your household [ITEM]?

2/22/09 - Summary Table

	Yes	No	No opinion
a. been laid off or lost their job	18	82	*
b. had work hours or pay cut	26	73	*

Trend:

a. been laid off or lost their job

	Yes	No	No opinion
2/22/09	18	82	*
12/14/08	18	82	*

b. had work hours or pay cut

2/22/09	26	73	*
12/14/08	27	73	*

32. Thinking beyond your own household, do you have any close friends or immediate family members who have [ITEM]?

2/22/09 - Summary Table

	Yes	No	No opinion
a. been laid off or lost their job	60	40	1
b. had work hours or pay cut	60	38	1

33. (ASKED IF SOMEONE IN HOUSEHOLD IS EMPLOYED) How concerned are you that you or someone else in your household [ITEM] in the next few months - very concerned, somewhat concerned, not so concerned or not concerned at all?

2/22/09 - Summary Table

	----	Concerned	---	---	Not concerned	---	No
	NET	Very	Smwht	NET	Not so	At all	opinion
a. will be laid off or lose their job	46	23	24	53	21	33	*
b. will have work hours or pay cut	52	26	27	47	16	31	*



34. How concerned are you, if at all, about not having enough money to pay your rent or mortgage - very concerned, somewhat concerned, not too concerned, or not at all concerned about this?

	--- Concerned ---			--- Not concerned ---			Not apply (vol.)	No opinion
	NET	Very	Smwt	NET	Not so	At all		
2/22/09	46	24	22	51	17	33	4	0
12/14/08	37	21	16	57	16	41	5	*

35. How confident are you that you will retire with enough income and assets to last for the rest of your life - would you say you're very confident, somewhat confident, not so confident or not confident at all?

	----- Confident -----			----- Not confident -----			Retired (vol.)	No opin.
	NET	Very	Somewhat	NET	Not so	Not at all		
2/22/09	48	14	35	48	25	23	3	*
12/14/08	46	15	31	48	22	26	6	*
10/11/08	44	10	34	49	25	24	7	1
10/16/05	69	30	39	28	16	13	2	*
7/15/02	55	18	37	40	21	18	5	0
7/15/01	68	33	35	23	10	12	7	2
7/4/99	54	21	33	39	21	18	6	0
7/21/96	45	16	29	47	25	21	7	1

36. How much longer do you think the country's current economic recession will last - a few more months, up to six months, up to a year, up to two years, or longer than that?

	----- Year or less -----				-- More than a year--			Not in one (vol.)	No opin.
	NET	Few months	Up to 6 months	Up to year	NET	Up to 2 years	Longer		
2/22/09	28	1	3	24	70	36	34	0	2
1/27/02	69	9	22	39	27	13	14	*	3
5/3/92	56	8	17	31	37	15	22	2	5
12/1/91	52	3	14	35	39	21	18	1	9
3/10/91	66	11	28	27	28	10	18	NA	6
2/2/91*	67	10	25	32	26	13	13	NA	7

\*Gallup

37-41 held for release.

42 previously released.

\*\*\*END\*\*\*