

Political Attitudes, Public Opinion, and the Great Recession

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KEY FINDINGS

- The share of Americans lacking confidence in banks and financial institutions increased sharply from about 15% in 2006 to nearly 45% in 2010. By contrast, prior recessions have not been nearly as damaging to our confidence in the financial sector, with the exception of the early-1990s recession (which featured a savings and loan crisis).
- At the immediate onset of the Great Recession, the share of Americans identifying as Democratic shot up, while the share identifying as Republican fell. But in the fall of 2009, just after the formal end of the Great Recession, the direction reversed, with Republicans gaining and Democrats losing support.
- Unlike the Great Depression, the four recessions since the 1970s produced little in the way of enduring shifts in public opinion. It is too soon to tell whether the impact of the Great Recession will be equally transitory.

Has the Great Recession altered American views about business, finance, government, opportunity, inequality, and fairness? Has it changed the public's preferences regarding the appropriate role of government in regulating the economy and helping the less fortunate? Has it shifted political orientations or party allegiances? The purpose of this recession brief is to examine whether such opinions have changed during the Great Recession and prior recessions as much as it's often assumed.

Given the very large impacts of the recession on employment, income, and wealth documented in the other recession briefs, it wouldn't be surprising to find that public opinion has shifted, maybe even in lasting ways. And there is clearly precedent for such a result: The Great Depression of the 1930s did produce lasting shifts in public attitudes, particularly toward the role of government and the Democratic and Republican parties. At the same time, the Great Depression may not be the right comparison, as it was much larger in magnitude and duration than other economic downturns, including the Great Recession.

By examining public opinion data since the early 1970s, we can speak to three competing accounts of how attitudes might change in response to economic downturns. One possibility is that the impact of economic conditions on public opinion is largely symmetric across phases of the business cycle. Downturns have an impact, but the changes they produce are offset by shifts in the opposite direction during growth periods, so

recessions have no long-term effect on public attitudes.

A second possibility is that recessions have a scarring impact that persists, but only on people in their formative years of life, perhaps in their late teens or early twenties. The attitudes created by a recession might well endure for this group, producing significant differences in opinions across cohorts. But in the absence of large differences in cohort size or a steady increase in the frequency or magnitude of economic downturns, this scarring effect will yield no noteworthy shift for the population as a whole.

A third possibility is that the impact of recession periods and growth periods is asymmetric: the effect of declining economic fortunes on public opinion is stronger or longer lasting than the effect of economic growth. This was true of the Great Depression. Even if change generated by recessions is not as strong as change during depressions, if recession-induced changes ratchet up over time they can cumulate into significant shifts.

We address these hypotheses, with a special focus on the Great Recession, by examining data from the General Social Survey (GSS) and from the Pew Research Center's "Political Values and Core Attitudes" surveys. These are nationally representative surveys of American adults. The GSS has been conducted annually or biannually since 1972, most recently in 2010. The Pew surveys have been conducted at irregular intervals since 1987.

Affixing Blame

We begin by asking whether attitudes toward business and finance soured. When bad things happen, we often look for someone to blame. In economic downturns, likely scapegoats include large firms and financial institutions. Due to their role in causing the crash, the latter are especially likely to have been targets of wrath.

Figure 1 shows that the share of Americans saying they have hardly any confidence in banks and financial institutions did jump quite sharply, from about 15 percent in 2006 to nearly 45 percent in 2010. For large companies, the share also rose, though by a smaller amount. These results are perhaps unsurprising in an economic downturn that began in the financial sector.

If one considers the other recessions in figure 1, the general pattern is that of comparatively modest effects. The main exception is that the early-1990s recession, which featured a savings and loan crisis, unsurprisingly affected confidence in banks and financial institutions, albeit only in a transitory way. There is likewise a short-lived effect in the early 1970s on confidence in major companies. This evidence of quite transitory effects is consistent with our first hypothesis about how recessions affect attitudes (although it's too early to judge whether the Great Recession effect will likewise be transitory).

The upshot is that, while figure 1 suggests a non-trivial effect of the Great Recession, we have to be open to the possibility

that it will be transitory effect, just as was the case with prior recessions. A further reason for caution is that other relevant attitude items, ones not presented here, don't show much evidence of an effect of the Great Recession. The Pew surveys suggest, for example, little change in reactions to such statements as "Business corporations generally strike a fair balance between making profits and serving the public interest."

The Role of Government

In addition to or instead of big corporations and finance, Americans might blame government for the economic crash. Alternatively, they may look more favorably upon government if they believe (or hope) it to be helpful in reversing the downturn. The question we next take on: Did attitudes toward government sour with the Great Recession?

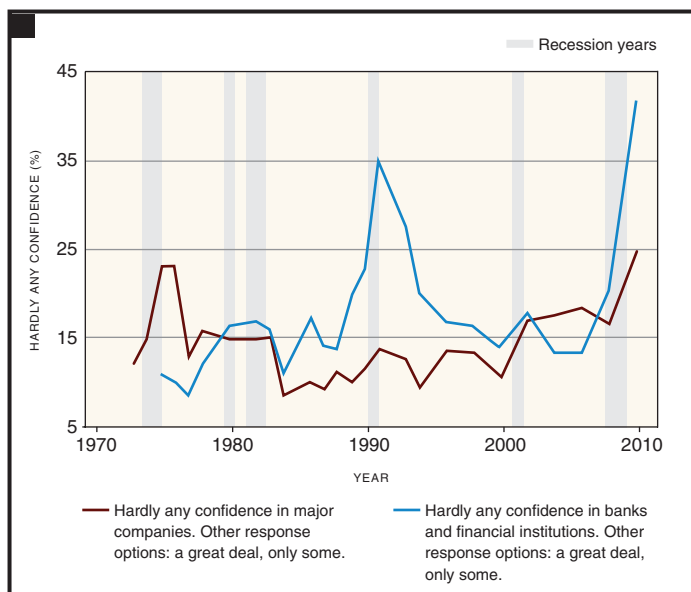
Here, too, the story is somewhat mixed. The GSS data indicate a sharp rise through the recession in the share of Americans with an unfavorable opinion of Congress, but also a very slight falloff in the share of Americans with an unfavorable opinion of the executive branch (see figure 2). We are disinclined to place too much weight on either of these shifts. The time series for opinions about Congress was already trending upward before the Great Recession and hence a simple continuation of that upward trend may not imply any true recession effect. The very subtle reversal of the corresponding trend for the executive branch item may likewise owe more to the election of Barack Obama than to any true recession effect.

If one examines the other recessions, one can find a few instances of support for the notion that views of government sour when the economy turns bad. There's a decline in confidence, for example, in the early-1970s recession, but this may have been more a product of Watergate than the economy. Moreover, when one turns to the other relevant Pew data (which aren't presented here), they indicate no recession-induced shift in opinion with respect to such statements as, "The government is really run for the benefit of all the people." The simple conclusion: Although we know that elections tend to be won or lost on the economy, the more generic measures of confidence in government would appear to be less responsive to economic forces.

Issues of Fairness

Did Americans perceive less opportunity, less fairness, and more inequality? Recessions bring poverty, inequality, opportunity, and justice into stark relief. Mass layoffs, empty store fronts, and stories in the media of lines at food banks are among the consequences of recessions that might heighten perceptions of unfairness. The rise of the Tea Party and the

FIGURE 1. Do Attitudes Toward Business and Finance Sour?



Source: GSS.

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Occupy movements indeed suggest growing frustration among Americans about fairness and opportunity.

And yet, perhaps surprisingly, we see little apparent impact of the Great Recession on the attitudes of Americans overall (see figure 3). Between late 2007 and early to mid-2009, there was virtually no change in the share of Americans who said they view hard work as a guarantee of success or who were pessimistic about their family’s likelihood of improved living standards. And between September 2007 and April 2009, the share of respondents saying American society is divided into the haves and the have-nots actually fell by nearly 15 percentage points. Although this times series has now rebounded in what appears to be a response to the Occupy movement (data not shown in figure 3), it still hasn’t returned to its pre-2008 level.

What about the other recessions? In each of the five downturns since the early 1970s, there has been an increase in the share of GSS respondents saying that people get ahead as a result of lucky breaks or help from others rather than hard work. However, this rise is always small, just 5 percentage points or less. Likewise, our item about living standards shifts during or after each of the past recessions, with the share disagreeing rising by 5 to 10 percentage points. Following the early-1990s and early-2000s recessions, however, the share

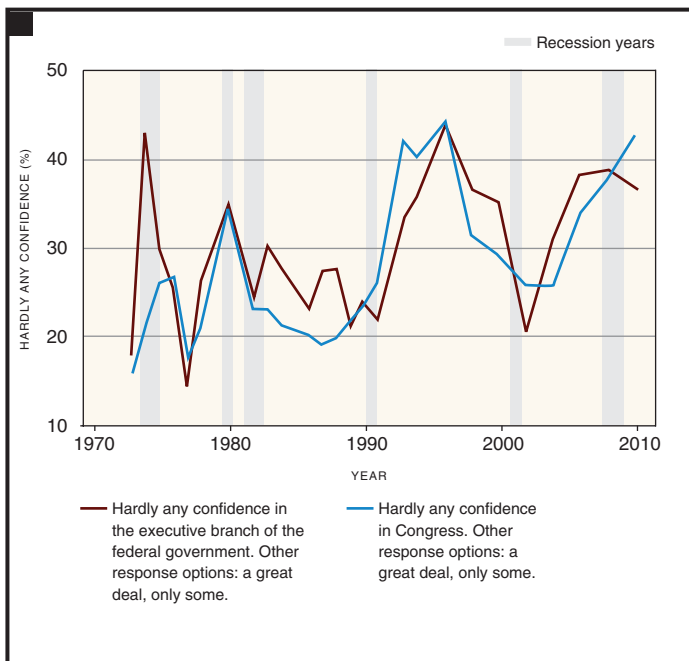
returned to essentially the pre-recession level. What the survey data suggest, then, is that there’s been little in the way of *enduring* impact on views about opportunity or fairness.

What Can and Should Government Do?

What do Americans think government can do and should do? A natural hypothesis concerning the expected role of government is that sentiment in favor of government activism, particularly to help the less fortunate, will increase during economic recessions. An alternate hypothesis is that, even if this occurs, its impact will be outweighed by self-interested reactions of middle- and upper-class taxpayers, who see their own bank accounts shrinking and therefore are less willing than usual to support government redistribution to the needy.

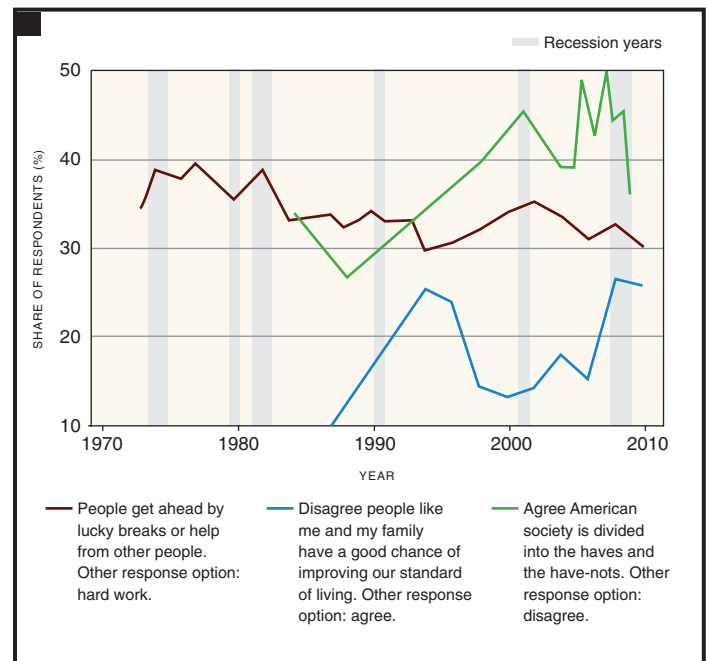
What do the data show? In examining responses to more than a dozen survey items, we have found rising support for government regulation, government intervention in daily life, and other related items (results not reported here). At the same time, there is no change in attitudes about government’s role in helping the less fortunate. Figure 4 shows that, if anything, there has been a small drop in the proportion of Americans agreeing that the government should take care of those who can’t take care of themselves or that the government should take steps to reduce income differences between the rich and the poor.

FIGURE 2. Do Attitudes Toward Government Sour?



Source: GSS.

FIGURE 3. Do People Perceive Less Fairness, Less Opportunity, More Inequality?



Source: GSS, Pew.

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Why hasn't interest in helping the poor increased? Because the Great Recession hit the middle class fairly hard, especially with respect to housing values, it may be disinclined to favor a more activist stance toward helping the poor. Although there's rising support for government activism in general, that doesn't mean that the middle class, itself suffering, will favor a brand of activism that's viewed as transferring income from themselves to the less advantaged.

Political Orientations

We conclude by considering the effects of recessions on political orientations. Economic recessions should tend to reduce support for the party in power and increase support for the other party. Given the magnitude of the Great Recession and the fact that Republicans held the presidency and both houses of Congress for much of the preceding eight years, we might expect the Democrats to have benefited from this downturn.

We present the relevant evidence on this expectation in figure 5. As shown here, party identification during this period zigzagged. Initially, the share identifying as Democratic shot up, and the share identifying as Republican fell. But in the fall of 2009, just after the formal end of the Great Recession, the direction reversed, with Republicans gaining and Democrats losing support.

We likewise see significant shifts away from Democratic identification following the recessions of the early-1970s and early-1980s. Conversely, the early-1990s downturn, occurring after more than a decade of Republican occupation of

the White House, may have contributed to ending the rise in Republican identification. These changes are counter-examples to our more general story that recession effects don't persist.

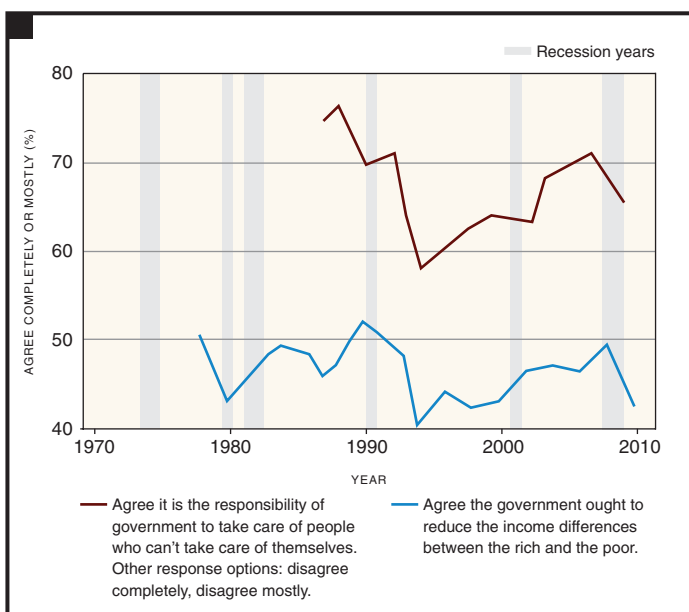
Conclusions

The public opinion surveys reviewed here suggest that in some respects attitudes have shifted in reaction to the Great Recession. But that isn't especially surprising. Nor are changes in public opinion as important in a social or moral sense as loss of jobs, income, and wealth. More interesting and consequential is the question of whether changes in public attitudes induced by the Great Recession will last. Will they endure, or will the public's views move back to prior levels once the economy gets back on its feet?

This question can only be addressed by looking to past recessions. We've found that economic recessions since the early 1970s have had real but mostly temporary effects on American attitudes toward key economic, political, and social issues. Public opinion does tend to shift during recessions, but it tends to move back during growth phases of the business cycle. Most of the trendlines in figures 1–4 suggest as much.

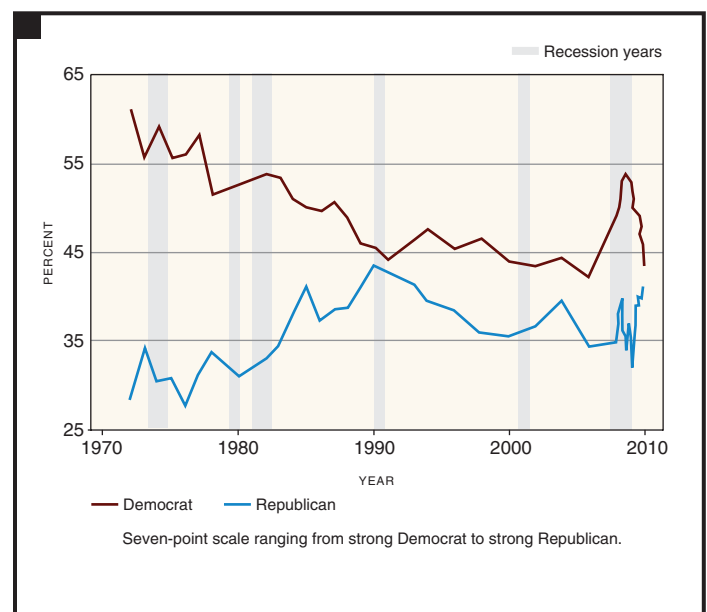
We find one notable exception. There were significant shifts from Democratic identification to Republican (see figure 5) and from liberal to conservative among Americans following the mid-1970s and early-1980s recessions. The recession of the early 1970s, coupled with the ensuing period of stagfla-

FIGURE 4. What Do Americans Think Government Can and Should Do?



Source: Pew, GSS.

FIGURE 5. Do Party Allegiances Shift?



Source: GSS for 1972–2010 and Pew for 2008–2010.

tion, seems to have contributed to growing disenchantment with the Democratic Party, which had dominated American politics since the 1930s. Republicans argued that the Democrats, and liberalism more generally, had overreached. Ronald Reagan pressed this argument as a presidential candidate in 1979–1980, and as president, he attributed the early-1980s recession to the same cause. These shifts in party identification and political orientations surely were products of a number of factors, but the recessions very likely contributed.

Why have economic recessions otherwise produced so little enduring change in the attitudes of the American public on other issues? One possibility is that public opinion has a strong tendency to stay locked into place. In this view, nothing shifts it, including recessions. Though there may be some truth in this, we can spot lasting changes in public opinion on a few of the issues we consider, such as income inequality. The same is true for some other issues we do not examine here, such as government spending on education and attitudes toward race and sexual orientation.

Instead, the lack of enduring changes in public opinion in response to recessions suggests that the shifts economic downturns do produce tend to be small and that they tend to be either period effects or cohort effects. Period effects are offset by contrasting shifts in attitudes during periods of eco-

nomical health. Cohort effects persist among those who were in their formative years during the recession, but they are offset by different attitudes held by nonrecession cohorts.

What do our findings imply for the long-run impact of the Great Recession on Americans' views about fairness, opportunity, business, finance, and government activism? If the economy returns to normalcy in the near future, the pattern of responses to the four prior downturns suggests that its impact may be limited. But the Great Recession could be different. In 2008 and 2009, employment fell more rapidly and by a larger amount than in any downturn since the Depression. And the pace of job expansion has been slower in each succeeding recession since the early 1980s. Given the depth of the Great Recession and the pattern of slow job growth following the two prior downturns, it may be some time before the labor market recovers.

If the recovery continues to be slow and feeble, the lessons of recent recessions may not hold. In the early years of the Great Depression, it wasn't clear that large changes in Americans' attitudes toward politics, fairness, and government activism were under way. But in the end, the Depression did contribute to enduring shifts. The same may yet prove true of the Great Recession. At the moment, it's still too soon to tell.

ADDITIONAL RESOURCES

For many more charts, see the web appendix to our chapter from *The Great Recession*, available at: https://www.russellsage.org/sites/all/files/greatrecession_onlineappendix.pdf

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