

USA TODAY Gallup Poll

Are you financially better off or worse off now than you were a year ago?



Do you expect at this time next year you will be financially better off or worse off than now?



Source: USA TODAY/Gallup Poll of 1,015 adults
May 29-31; margin of error ±3 percentage points.
By Julie Snider, USA TODAY

Despite everything, more Americans see sunny skies ahead

By Susan Page, USA TODAY

MEXICO, Missouri — Americans say they're still in a tunnel, but more are beginning to see a light at its end.

Fewer people say they've prospered over the past year than in decades, a USA TODAY/Gallup Poll finds. Over the past two months, however, expectations for the future have brightened significantly amid rising optimism about a stock market rebound and economic turnaround.

"I think the administration is going in the right direction," says Randall Sawyer, 70, retired from the pulpit at First Christian Church in this Missouri town of 11,000 souls. Sawyer, who voted for Barack Obama last year, isn't sure every part of the president's program will work but says "standing still wasn't working; something had to be done."

Even so, he adds: "I think boom time is a long time away."

Now 36% of those surveyed in the Gallup-Healthways well-being poll say the economy is getting better. That's not exactly head-over-heels exuberance, but it is double the number who felt that way at the beginning of the year and a notable spike in the nation's frame of mind. Thirty-three percent say they're satisfied with the way things are going in the United States; in January, just 13% did.

The mood of America matters when it comes to the economy's course.

A business owner who thinks the economy is turning around is less likely to lay off workers, for instance. A consumer who feels more confident about the future is more likely to buy a new car or house, which fuels growth. In recessions since World War II, five or six months of higher consumer confidence reliably signaled that a recovery was on its way.

David Neuendorf, CEO of the Audrain Medical Center, the biggest employer in town, sees the first signs of that on the hospital's balance books. Last year, the medical center recorded double-digit declines in surgeries and visits to its physician clinics as clients lost health insurance or counted their pennies. The number of bad debts that had to be written off jumped 28% in January and February over the previous year. One result: 45 jobs cut.

In April, though, there was a notable increase in elective procedures. "Only a month or two doesn't make a trend," Neuendorf says, "but at least it's positive."

Economist Allen Sinai attributes the sunnier outlook to a stock market that is climbing from its low point — people can see the value of hard-hit retirement accounts begin to rebuild — and a sense that the Obama administration is pursuing an aggressive agenda. There's relief that the country hasn't slid into a 1930s-style depression.

"The one anomaly in the puzzle is that people shouldn't be feeling better because the jobs market is so terrible and unemployment is likely to keep rising," says Sinai, CEO of Decision Economics. The jobless rate hit 9.4% last month, the highest in more than a quarter century.

If unemployment goes higher and stays there, as he and other analysts predict, that could undercut the brightening outlook — especially if coupled with a spike in gasoline prices, higher interest rates or an unexpected economic hit.

Americans say they're braced: By more than 4 to 1, those surveyed predicted unemployment would go up during the next six months. By more than 2 to 1, however, they also expected the stock market to rise and the economy to grow.

Optimism has increased more among highly educated Americans, who are the most likely to own stocks, than among those with less education, who are the most likely to be unemployed.

"I don't know if things are getting better or worse," says Lori Anderson, 27, as she watches daughter Kyriah, 3, and son Kyree, 7, take advantage of a break in days of rain to play outdoors. "I know it does take time. It doesn't happen overnight."

Her husband was laid off from his factory job in November. To pay the bills, she has started a job at Missouri Girls Town, a residential facility in nearby Kingdom City for abused and neglected girls. She has re-enrolled in the local community college with plans to become a licensed practical nurse, a job she figures will be in demand even during hard times.

At the moment, though, keeping her balance is tough. "I've got a full-time job, and I'm a full-time student and, I guess, a full-time mom" for her four young children. If and when her husband

lands a job, she'll quit hers. "I do hope the economy gets better," she says, "so I can go back to focusing on school and the kids."

Local gossip and world affairs

For close to two decades, an informal group of men in Mexico who call themselves the Manure Inn Society — it's a long story why — has been meeting for breakfast on Saturday mornings to dissect local gossip and world affairs. When he's home from Washington, Republican Sen. Kit Bond often joins them. Coin flips determine who picks up the tab of \$40 or so.

Around the big table in the middle of the Jackson Street Diner, across from the town's central square, the economy often is the subject of the day. There is growing angst over a mounting federal deficit from the \$787 billion stimulus package and bailouts for banks and automakers.

"My concern is how we're going to pay for it," says retired banker John Cline — although he also boasts that construction is about to begin on the new MU Plant Science Research Center, slated to receive \$2.5 million in federal stimulus money. It will explore alternative energy and other uses for crops such as soybeans that flourish on the farmland surrounding the town.

Dan Botts, a real estate agent who serves on the City Council, worries about the government bailing out banks and automakers. "I'm more of a free-market type person," he says.

He has felt the downturn's sting. "I went from a four-office company to a no-office company in 12 months," he says ruefully. Housing prices dropped 5-10% last year in the area and foreclosures rose. His Coldwell Banker franchise folded. He's now working in the local Century 21 office.

The recession, the longest economic downturn in the United States since the 1930s, has shaken some basic American precepts. Now, 24% of those surveyed say they are "very satisfied" that there is the opportunity for a person in America to get ahead by working hard. That's a decline of one-third since January 2008 and the lowest level in at least eight years.

"This backdrop of the 'American dream' is an important context," says Mark Rank, a professor of social work at Washington University in St. Louis. "Americans typically are kind of an optimistic group, so we think that traditionally the future will be better than the current situation. It will be interesting to see how long this recession goes on and the impact it has on people's perceptions."

Satisfaction with the overall quality of life in the United States and with the country's "moral and ethical climate" has eroded. So has faith in the system of government and how well it works.

On some measures, a sharp partisan divide has emerged — presumably a reaction to Obama's election and the policies pursued by the White House and Democratic-controlled Congress. Satisfaction among Republicans in "the size and power of the federal government" has plunged to 15% from 51% over the past year. Among Democrats, it has risen to 55% from 41%.

Democrats are much more optimistic about the prospects for an economic turnaround for the country and in their own lives. Sixty-one percent of Democrats but only 36% of Republicans predicted the economy would grow over the next six months. Three-fourths of Democrats but only half of Republicans said they expected to be financially better off a year from now.

After three years of planning and effort, Frank Cordie has managed to line up the financing he needs to resume production of the bricks that once defined Mexico as the "fire brick capital of the world." Assuming his request for a federal loan guarantee comes through, he plans to take ownership within three months of part of a former A.P. Green Company factory that shut operations in 2002 and restart production of bricks for houses next year.

"We're obviously in the throes of a severe recession, and I'm not sure what the timing is going to be to get out of it," the 56-year-old engineer says as he gives a tour of the complex. Weeds flourish on the walkways but the carts that carry bricks through the kilns remain on their tracks, ready to go.

His ability to get a loan and the outlook for housing that would use bricks are better now than they were a few months ago, Cordie says, adding: "Hopefully we have bottomed out and are ready to start recovery."

'Keeping their fingers crossed'

When it comes to the economy, there is more faith in Obama as a leader than approval for his policies. In the poll, 61% approved of the job he's doing as president, but a 51% majority disapproved of the job he has done in controlling federal spending.

"Americans are keeping their fingers crossed," Democratic pollster Stan Greenberg says. "There's a lot of confidence in Obama."

That personal investment carries some risk for the president, he says, especially if Americans' lives don't improve as quickly as they expect. In a book published this year about his work for five charismatic politicians, from former president Bill Clinton to former British prime minister Tony Blair, Greenberg found they all disappointed their followers at some point when hard times persisted.

"All the leaders at some point have a disconnect on the economy," he says. "They falter on that critical turn, when the economy is beginning to turn up in macro terms but people are lagging behind." For Obama, that could happen if the economic growth picks up but unemployment stays high.

David Reetz, 49, owner of the Mexico Music store off the town square, is optimistic that the nation will work through the downturn now, just as it did during the Great Depression that his parents survived. "When things get hard, it's actually good for a person," he says. "You work harder and build muscle or whatever — if we keep a good attitude, and know there's always an answer."

Concern about the recession was one reason he decided to take a full-time job last fall as the music teacher in the rural Madison School District, where he does everything from play songs on the banjo for kindergarteners to direct the high school choir.

In recent weeks, he has also launched a community Dixieland band. He plays trombone; his wife is on bass; others play the banjo, trumpet and drums. They're trying to recruit a clarinetist. A week ago, the fledging Audrain Liberty Jazz Band debuted in the back room of Coach's Pizza World for an hour and then spilled onto the sidewalk to continue in the middle of town, drawing a small crowd for renditions of *When the Saints Go Marching In* and *This Little Light of Mine*.

Courtesy of JB Goodwin