

## America Speaks Without Knowing

The organization America Speaks held 19 simultaneous meetings across the country on Saturday involving more than 3,000 participants. The meetings were 6.5 hour long sessions devoted to a discussion of the country's long-term budget problems. The meetings featured comments from experts brought in by satellite, two booklets that were prepared explicitly for the session as well as extensive discussion among the participants and professional facilitators. The organization then polled participants about a set of budget options that they were given to meet a deficit target for the year 2025.

In order to determine the extent to which this process educated participants about the problems facing the budget and the economy, the Center for Economic and Policy Research (CEPR) arranged to poll a number of the participants as they were leaving the sessions. In total, 74 participants were surveyed after leaving the sessions.

The poll found that even after this lengthy process most of the participants were poorly informed about important aspects of the budget debate. For example, the vast majority of those polled (84.2 percent) believed that the country had large budget deficits (greater than 2.0 percent of GDP) just prior to the recession began at the end of 2007. Only 10.5 percent realized that the deficit was relatively small (1.9 percent of GDP in 2006 and 1.3 percent in 2007) in the years just before the downturn. Fully 48.7 percent answered that the deficit was more than 5.0 percent in these years, which would imply a very large deficit.

The participants also seemed to have very little understanding of the underlying course of the economy. When asked how average wages would compare in 2040 to the present, almost half (46.7 Percent) answered that they would be the same or lower. Only 22.7 percent correctly answered that they are projected to be more than 15 percent higher in 2040. (The Congressional Budget Office (CBO) projects that real wages will be on average 38.8 percent higher in 2040 while the Social Security Trustees project that they will be 34.8 percent higher.) The growth path of average wages would likely have been an important piece of background information in considering some measures, such as a phased increase in the Social Security tax.

The participants were much better informed on the problem of health care in the United States. Eighty two percent correctly answered that health care costs much more in the United States than in Canada and Western European. Interestingly, participants were given no options with regard to reducing overall health care costs. The booklet prepared for the session only gave participants options for reducing public sector health care spending by cutting Medicare and other public programs.

Participants did not seem well informed about the health of the Social Security program. This is perhaps not surprising since the booklets prepared for the session never discussed the trust fund and the projections of the Social Security trustees or the CBO. The Social Security trustees project that the program will be able to pay all scheduled benefits for the next 27 years while CBO projects it can

pay all benefits for the next 33 years. Only 31.1 percent correctly answered that the program could pay benefits for more than 25 years even if no changes are made. 23.0 percent thought that the program would first run short of money in less than 15 years.

Participants were more informed about the impact of the wars in Iraq and Afghanistan on the budget deficit. In the years just before the downturn, the cost of these wars was a bit more than 1 percent of GDP, with the exact figure depending on exactly what expenses get counted. Sixty eight percent of participants answered that the costs of the war either accounted for about half of the deficit or nearly all of it in the years just before the country went into recession. Depending on the exact time frame and which costs are counted, both can be viewed as correct answers.

While participants in the America Speaks sessions clearly did leave well-informed on some issues, notably the inefficiency of the U.S. health care system and the costs of the Iraq and Afghanistan wars, they remained surprisingly uninformed about several key issues, including the underlying growth path of wages and incomes, the health of the Social Security program and the size of the underlying deficit prior to the economic crisis.

This lack of knowledge on key issues raises questions about the usefulness of the exercise. It is unusual that people have such a long period of time to devote to learning about and discussing the country's budget and economic problems. It is unfortunate that this effort was not more successful in educating the participants.

## America Speaks Survey

The survey instrument was designed with the assistance of Professor Eileen Appelbaum, the Director of the Center for Women and Work at Rutgers University and an expert on survey research. The survey was given to 74 participants as they left four of the America Speaks sites (Pasadena, CA, Augusta, ME, Chicago, IL, and Portland, OR). The confidence interval is +/- 11.2.

*I'm conducting a survey on behalf of the Center for Economic and Policy Research. Could you take a few minutes to answer 9 questions about some of the things that you learned at the discussion today?*

*1) How much do you think the average person will be earning in 2040, compared to today? Would you say it is*

- a. Much less (more than 15% less) – 16.0%
- b. A little less (5 to 15% less) – 16.0%
- c. About as much as today – 14.7%
- d. A little more (5 to 15% more) – 30.7%
- e. Much more (more than 15% more) – 22.7%

*2) If no changes are made to the Social Security program, when do you think that Social Security is likely to run out of money? Is it*

- a. in less than 5 years – 2.7%
- b. in the next 5 to 15 years – 20.3%
- c. in the next 15 to 25 years – 45.9%
- d. or, will it have enough money to pay full benefits for the next 25 years and at least 70 percent of benefits after that – 31.1%

*3) How does the cost of health care per person in the United States compare with Canada and western Europe? Would you say that this cost is*

- a. Much less – 0.0%
- b. A little less – 2.7%
- c. About the same – 6.8%
- d. A little more – 8.1%
- e. Much more – 82.4%

*4) How large was the deficit in the federal government budget in 2007, the last year before the country went into recession? Was it*

- a. No deficit – the government had a surplus – 3.9%
- b. No deficit – the budget was balanced – 1.3%
- c. A small deficit – less than 2 percent of GDP – 10.5%
- d. Between 2 and 5 percent of GDP – 35.5%
- e. More than 5 percent of GDP – 48.7%

5) *What effect do you think defense spending for the wars in Afghanistan and Iraq had on the government budget deficit in the years before the country went into recession? Would you say that spending on these wars*

- a. Did not contribute to the deficits – 0.0%
- b. Had only a small effect on the deficits – 31.9%
- c. Accounted for about half the deficit – 44.4%
- d. Accounted for nearly the entire deficit – 23.6%

*Please tell us something about yourself.*

6) *What is your gender?*

- a. Male – 51.7%
- b. Female – 49.3%

7) *What is your age?*

- a. Under 25 – 10.7%
- b. 25 to 54 – 33.3%
- c. 55+ – 56.0%

8) *What is your education level?*

- a. High school graduate – 6.8%
- b. Some college/community college/associate's degree/apprenticeship – 13.5%
- c. 4 year college degree or higher – 79.7%

9) *What is your household income?*

- a. Under \$30,000 a year – 20.5%
- b. \$30,000 to \$80,000 a year – 43.8%
- c. More than \$80,000 a year – 35.6%

*Thank you for participating in this survey.*