

Choosing The New Economy

by Mark J. Penn

Asian economies are collapsing. Brazil is near bankruptcy. Russia's economy is plunging into an abyss, with grave political and security implications for the world. The global tumult has yet to directly affect the United States' economy, but there have been disquieting tremors. In the midst of all this turbulence, many pundits and politicians — particularly those on the far right and the far left — are advocating a disengagement from global economy. But these voices don't take into account a powerful voice that argues for just the opposite: that of the American people.

According to the results of a new survey of 500 voters nationwide, conducted October 27–28, 1998, the public retains a commitment to the New Economy and a commitment to making it work for ordinary Americans.

Among our significant findings:

- 1. Americans are optimistic about the New Economy — for themselves, for the nation, and especially for their children.**
- 2. Americans understand that skills and learning are the ticket to success in the New Economy — and they are worried by a large Skills Gap that threatens the nation's progress.**
- 3. Americans look to large institutions — including government, business, and labor — to help them get the skills they know they need to thrive in the New Economy.**
- 4. The electorate of the future is defined by two groups that have been shaped by and eagerly embrace the New Economy — GenerationX and Wired Workers.**

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Full results of this poll can be found at www.dlc.org/blueprint/winter98/poll.html

1. A Fundamental Optimism

A strong majority of Americans are optimistic about the New Economy¹ and its dual catalysts—technology and trade. This positive outlook extends well beyond the simple acknowledgment that the economy is strong; it is couched in the widely-held belief that America and its citizens have benefitted from big changes in technological progress and involvement in the global economy.

By a margin of nearly three-to-one, Americans believe that the country is benefitting from the New Economy, while those who say that they have personally benefitted is double that of those who believe that they have been hurt.

Table 1

Do you think America/you are personally gaining or losing in the New Economy?		
	Gaining	Losing
America	68	24
Self	57	28

It is notable that Democrats tend to be more optimistic about the New Economy than their Republican counterparts:

Table 2

Do you think America/you are personally gaining or losing in the New Economy?								
	<u>All</u>		<u>Democrats</u>		<u>Republicans</u>		<u>Independent</u>	
	Gaining	Losing	Gaining	Losing	Gaining	Losing	Gaining	Losing
America	68	24	81	14	54	38	66	25
Self	57	28	63	22	55	32	52	30

Technology

This optimism about the New Economy also extends to public attitudes about its components — including technological change. Despite fear mongering by neo-Luddites on both political extremes, American leadership in technology is of prime importance to a majority of the public — even if this means some jobs may be at risk. It might be said that America's technological leadership of the world has become a patriotic issue for voters. A majority (57 percent) thinks it is important that America remain on the cutting edge of technological leadership *even* if that means losing some jobs in traditional industries, whereas only 35 percent believe we should concentrate on protecting traditional jobs even if it means sacrificing American leadership in technology.

¹ The New Economy was defined to the respondent as follows: The New Economy refers to the changes in our economy due to the spread of information technology and communications like the Internet, the move from assembly line processing to more team-work oriented and information intensive work, and the globalization of trade and commerce.

Table 3

Do you think it is important that America remain on the cutting edge of technological leadership even if that means losing some jobs in traditional industries, or should we concentrate on protecting traditional jobs even if it means sacrificing American leadership in technology?	
<i>Remain on cutting edge</i>	57
<i>Jobs more important</i>	35

The Global Economy

America's pro-New Economy attitude also extends to globalization. Despite the current economic turmoil, the churning impact of rapid growth in trade in recent years, and a series of landmark national debates on major pieces of trade legislation, an overwhelming majority of Americans believe we should not pull back from the global economy — and should, in fact, lead. When given a distinct choice, the public's sentiment against protectionism is clear: 85 percent think that the U.S. should be a global economic leader, while 12 percent think we should withdraw as much as possible from the global economy.

Part of this commitment to leadership in globalization stems from the fact that Americans believe that the New Economy is here to stay. In a rebuke to political leaders who are searching for an audience in favor of slowing down trade, sixty percent of Americans say that the United States is part of the global economy and could not turn away from it now, even if we wanted to. Only a little more than a third (36 percent) say that it is not too late to turn back from globalization and that the U.S. should concentrate on domestic interests.

The New Economy's effect on Americans

Perhaps this commitment to globalization stems from the fact that the forces of the New Economy are more than theoretical for voters — they are a part of their everyday lives. When it comes to the New Economy's effect on them personally, Americans who feel they have been influenced by these changes see a net positive.

Table 4

Specifically thinking about advances in technology/increasing trade and globalization, do you think this has helped you, hurt you, or not affected you personally?			
	Helped	Hurt	Not affected
<i>Technology</i>	62	6	30
<i>Trade and globalization</i>	31	16	50

The high numbers of Americans who feel that the New Economy has not touched their lives shift substantially when it comes to considering the next generation. The public believes that we are only on the cusp of the impact the New Economy will bring to the nation and they are excited for their children in this new era. Americans' optimism about the New Economy is rooted in their expectations for the future. Twice the number of Americans who believe that trade and globalization have helped them, believe these forces will help their children.

Table 5

Specifically thinking about advances in technology/increasing trade and globalization, do you think this will help your children, hurt your children, or will it not affect them? [Among Parents]			
	Help	Hurt	Not affect
<i>Technology</i>	75	9	14
<i>Trade and globalization</i>	65	15	13

Trade

Some of the clearest examples of economic change have come in the area of trade — the linchpin of globalization and a basic test of optimism about the New Economy. Our survey found broad support for international trade. Nearly three in four Americans (73 percent) favor efforts to expand trade with other countries around the world, with similar majorities supporting expanding trade with developed nations (78 percent) and developing countries (75 percent). Only 21 percent of American oppose efforts to expand trade. This opposition to trade stems in large part from the belief that opening our markets will export jobs.

Table 6

Of those who opposed: Why do you oppose efforts to open up markets?				
	All	Liberal	Moderate	Conservative
<i>Trade causes American jobs to move overseas.</i>	43	22	35	50
<i>Trade creates more competition in American industries.</i>	16	23	19	14
<i>Trade hurts other nations/developing nations.</i>	6	22	5	3
<i>Trade makes the U.S. more vulnerable to and dependent on the world economy.</i>	27	26	34	24

Yet, much of this opposition to trade would erode if the government did more to ensure American workers had the training necessary to win in the world arena. Of those who currently oppose expanded trade, 48 percent would support efforts to open up markets around the world if the government did more to ensure that American workers had the skills to compete in the global marketplace, while 43 percent would still remain opposed.

The Left Behind

Those voters who feel the country is gaining from the New Economy but they have personally been left behind are more likely to be blue collar, unemployed, or retired. The "left behind" are more likely to fall into the lowest income bracket (those earning less than \$20,000 per year); more likely to be black (18 percent vs. 10 percent overall); and are generally either the youngest (18–24 year olds) or oldest (over 50).

Compared to 24 percent overall, 43 percent of these respondents are less secure in their jobs as a result of the New Economy. Forty-nine percent believe they don't have the skills to succeed — twice the percentage of the population as a whole. Despite feeling left behind in the New Economy, this group does see benefits for the country as a whole and believes the country should seize the opportunities ahead. This group of voters — 10 percent of the electorate — is, in fact, more likely to support efforts to expand trade with countries around the world than are voters overall (82 percent v. 73 percent).

2. The Skills Gap

As is evident in the dramatic reduction of opposition to trade when it is combined with training programs, Americans understand the importance of continuing education and obtaining skills in the New Economy.

Almost all voters make the direct connection between economic success and education: 84 percent think the New Economy has made education more important in earning a higher income now than in the past, six percent less important, and only nine percent think it has had no impact.

Americans also believe that higher skills mean higher incomes — whether you win or lose in the New Economy is directly related to skills, according to nearly two-thirds of respondents. In fact, even a majority of low income voters, who have thus far been left behind by the New Economy, believe that wages are tied to skills.

Table 7

Which is closer to your view?							
	All	<\$20K	20-34K	35-49K	50-74K	75-99K	\$100K+
<i>The New Economy has resulted in higher wages for workers with more skills and lower wages for less skilled workers.</i>	64	59	68	61	68	65	71
<i>The New Economy has held back the wages of workers across the board.</i>	27	31	26	31	29	24	18

Overall, 74 percent of voters think they, personally, have the skills to succeed in the New Economy, while 24 percent do not. But, paradoxically, when it comes to the nation and their neighbors, the picture changes dramatically. Only 34 percent of voters think most Americans have the skills to succeed in the New Economy, while 60 percent do not.

Table 8

Do most Americans have the skills to succeed in the New Economy?							
	All	<\$20K	20-34K	35-49K	50-74K	75-99K	\$100K+
<i>Yes</i>	34	35	31	31	35	38	45
<i>No</i>	60	57	65	59	59	62	55

3. Handling the New Economy

Voters are looking towards the big institutions of American life — government, business, and labor unions — to play a new role in helping citizens acquire the skills they need to rise in the New Economy.

The public believes that skills are the ticket to success in the New Economy and that most Americans do not possess those skills. Considering this combination, it should come as no surprise that a majority of voters do not believe that the government is doing enough now to provide Americans with the training they need to succeed in the New Economy.

Table 9

Do you think the government is doing enough now to provide Americans with the skills they need to succeed in the New Economy, or not?	
<i>Yes</i>	41
<i>No</i>	53

This poor view of government action is all the more important because there is a widespread conviction that obtaining skills is the most important tool needed to seize the opportunities the New Economy has to offer. A full 58 percent of voters pick “lifelong access to education and training” as the first or second most important factor in their success in the New Economy.

Interestingly, the two factors Americans consider least important for success in the New Economy are “stronger labor unions” and “protection from global competition.” The American workforce is evidently confident that, given the necessary tools and skills, they can take on the competition — and win.

Table 10

Which of the following is most important to your success in the New Economy:	
	(1st and 2nd choices)
<i>Lifelong access to education and training</i>	58
<i>Personal control over pension and healthcare benefits</i>	56
<i>A tax cut</i>	34
<i>A chance to own stock in your workplace</i>	21
<i>Stronger labor unions</i>	14
<i>Protection from global competition</i>	10

Similarly, looking beyond themselves, Americans rate a well-educated and trained workforce as far and away the most vital component for national success in the New Economy:

Table 11

Which of the following do you think the United States' success in the New Economy depends on most?	
	(1st and 2nd choices)
<i>Having a well educated and trained workforce</i>	59
<i>Maintaining a balanced budget and fiscal discipline</i>	39
<i>Having a low tax burden for all citizens</i>	32
<i>Being a leader in technology</i>	29
<i>Making sure our goods have access to foreign markets</i>	19
<i>Having an economic structure with less regulations</i>	14

Americans are clear in their belief that this government involvement in skills training and education should not take the form of "Great Society" style hand-outs and big programs. At the same time, they reject the notion that government involvement should be minimal. Instead, Americans want their government to provide opportunities and leadership so that individuals can help themselves.

Table 12

Following are some things people have said about the role of government in the New Economy. Which is closest to your view?				
	All	Democrat	Republican	Independent
<i>The government should expand the social safety net to provide more security for Americans.</i>	19	24	9	20
<i>The government should provide Americans with the tools and opportunities necessary to succeed in the New Economy.</i>	55	62	46	56
<i>The best way to help Americans succeed in the New Economy is for the government to do as little as possible.</i>	24	12	42	21

Consistent with this worldview, Americans don't rely solely on government action for the help they see as vital in the New Economy. They believe business' major responsibility is in helping their employees get the education and training they need.

Table 13

Following are some things people have said about the role of private companies in the New Economy, Which is closest to your view?				
	All	Democrat	Republican	Independent
<i>Companies should protect workers from layoffs.</i>	22	29	15	22
<i>Companies should invest in the skills and productivity of their workers.</i>	66	63	70	69
<i>Companies should maximize profits for the benefit of shareholders.</i>	8	7	11	6

Another institution Americans are looking to for help in adjusting to the New Economy is labor unions. While most Americans (56 percent) continue to see labor unions as relevant in the New Economy, 40 percent say labor unions are a thing of the past. This opinion is not fixed, however. If labor unions take the necessary steps, nearly three in four voters believe they can remain active, successful institutions in the future. This point is even more prevalent among respondents from union households and union members themselves.

Table 14

Do you think if labor unions adopted new strategies to help workers get the benefits and training they need, they would be more relevant in the New Economy, or do you think they are outdated no matter what they do?		
	All	Labor Union Households
<i>Could be more relevant</i>	72	84
<i>Outdated no matter what</i>	25	14

An Agenda for the New Economy

Our poll shows that Americans want government to take a leading role in ensuring that workers are equipped for the challenges of a New Economy and a new millennium. We found that a variety of proposals to increase worker opportunities for Americans receive strong support. The most popular of these proposals would increase the availability of, and access to, training and educational services — not through a hand-out, but by using market forces and individual empowerment.

Table 15

	<u>Strongly Support</u>	<u>Support/Oppose</u>			
		All	Dem.	Rep.	Ind.
<i>Require employers who get a tax break for training to provide training to all workers, not just executives</i>	68	89/9	93/5	85/12	88/10
<i>Help workers get loans with low interest rates to use to get training whenever they need it throughout their careers</i>	64	86/10	88/8	81/17	89/8
<i>Encourage companies to give workers more of a share in the future of the company</i>	63	87/9	90/5	83/15	90/7
<i>Establish wage insurance that will temporarily limit income loss for laid-off workers who are forced to take lower paying job.</i>	39	67/27	73/22	60/36	73/24

4. The New Economy electorate

As in our poll in the last volume of **Blueprint**, the views of two particularly important voting blocs, GenXers and Wired Workers, provide insight into the future of American politics — both because they are becoming an increasingly large share of the electorate and because they are on the leading edge of Americans facing the changes of the New Economy.

Most striking about the views of these two groups is that not only are they much more optimistic about the impact of technology and trade on the country and on their personal situation, but that they overwhelmingly support New Democrat strategies of equipping Americans to deal with the New Economy. More than other groups, these voters see education and training as the most important factor in their success — and see both government and business as responsible for providing access to that training.

The youngest voters — the 18–33 year old GenXers — are the voters who will be wrestling with the challenges of the New Economy throughout their entire lives. They have grown up and built careers as the Information Age and global economy have developed and flourished. Even though they are presently only a quarter of the electorate, the views of GenXers on how to meet these challenges are important for the future of American politics.

Similarly, Wired Workers — the 28 percent of the workforce who work with a computer in a teamwork-oriented environment — are a constituency that has been created by the increase in technology and the fundamental economic changes produced by the Information Age.

Both of these groups overwhelmingly embrace the New Economy and have been positively affected by it.

Table 16

Do you think America/you are personally gaining or losing in the New Economy?						
	All		GenX		Wired Workers	
	Gaining	Losing	Gaining	Losing	Gaining	Losing
<i>America</i>	68	24	80	17	78	21
<i>Self</i>	57	28	66	20	74	15

Table 17

Are you more/less secure in your job as a result of the New Economy?						
	All		GenX		Wired Workers	
	More	Less	More	Less	More	Less
<i>Self</i>	45	24	59	20	59	25

Whereas just under three-fifths of all voters see lifelong access to education and training as a key to success in the New Economy, two-thirds of GenXers and Wired Workers look to skills for their success.

Table 18

Which of the following is most important to your success in the New Economy:			
	(1st and 2nd combined)		
	All	GenX	Wired Workers
<i>Lifelong access to education and training</i>	58	67	66
<i>Personal control over pension and healthcare benefits</i>	56	54	61
<i>A tax cut</i>	34	31	27
<i>A chance to own stock in your workplace</i>	21	19	24
<i>Stronger labor unions</i>	14	19	8
<i>Protection from global competition</i>	10	7	11

These two groups — the “growth sectors” of the electorate — understand that, in the Information Age, government action must take new forms.

Table 19

Following are some things people have said about the role of government in the New Economy. Which is closest to your view?			
	All	GenX	Wired Workers
<i>The government should expand the social safety net to provide more security for Americans.</i>	19	19	13
<i>The government should provide Americans with the tools and opportunities necessary to succeed in the New Economy.</i>	55	63	66
<i>The best way to help Americans succeed in the New Economy is for the government to do as little as possible.</i>	24	17	20

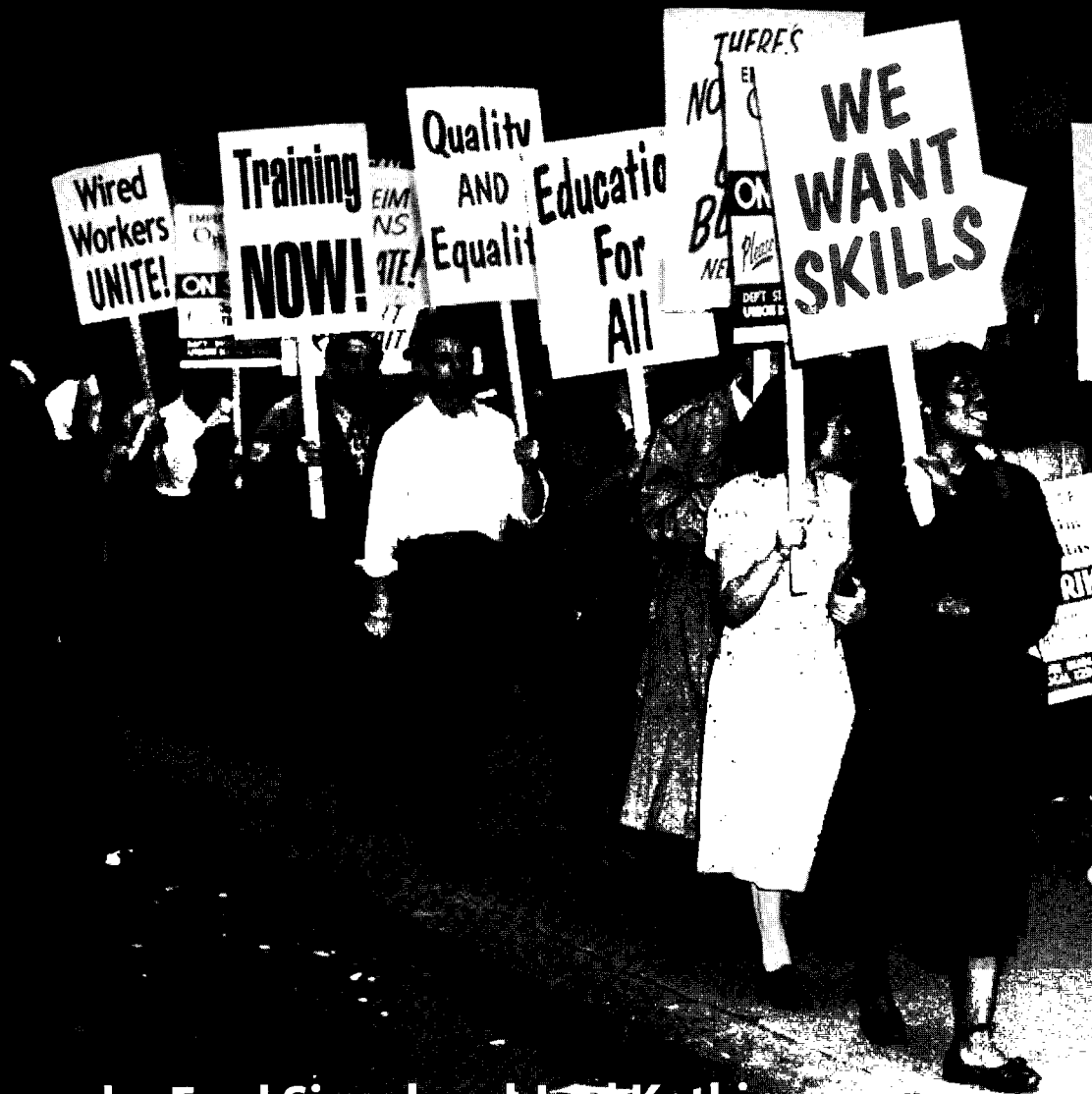
Both Wired Workers and GenXers understand better than any other group that the New Economy means that the old choices offered in the Industrial Age no longer work. Their hunger for new strategies and new solutions is a harbinger of a changed outlook that more and more Americans might well come to demand. ♡

WHAT WORKS

Around the nation, Americans are meeting the challenges presented by the New Economy with creative and innovative thinking. Here we highlight three such examples of public action — and show where to go next:

- ◆ Labor unions which better serve workers by adapting to the changing circumstances around us.
- ◆ Companies which improve competitiveness by giving workers a stake in the form of stocks.
- ◆ Partnerships between business, labor, government, and universities which give Americans the skills they need to succeed.

BACK TO THE FUTURE WITH NEW LABOR



by Fred Siegel and Joel Kotkin