

December 7, 2007

Americans Predict a Recession, Price Increases

Democrats more pessimistic than Republicans about recession

by Frank Newport

Page: [12](#)

PRINCETON, NJ -- Americans are very pessimistic when asked about the likelihood that a variety of specific economic events will occur over the next year. Americans believe that the United States will move into a recession; that grocery prices, out-of-pocket healthcare costs, and gas prices will go up; that unemployment will rise; and that housing prices will go down. These findings are in line with other recent Gallup data showing that almost 8 out of 10 Americans believe the U.S. economy is getting worse rather than better.

The new data -- from Gallup's nationally representative telephone panel survey, conducted Nov. 26-29 -- show that from 53% to 90% of Americans believe that each of the seven events tested, all of which most observers would likely view as negative, will definitely or probably happen over the next 12 months.

Over the next 12 months, do you think each of the following will definitely happen, will probably happen, will probably not happen, or will definitely not happen? How about -- [RANDOM ORDER]?

2007 Nov 26-29 (sorted by "definitely"/"probably will happen")

	Definitely/ Probably will happen	Definitely/ Probably will not happen
	%	%
The price of groceries will be higher than it is today	90	8
The out-of-pocket costs you pay for healthcare and medicine will be higher than what you pay today	85	14
Interest rates on loans will be higher than they are today	68	29
The price of gasoline in your local area will reach \$4 per gallon	67	31
Unemployment will be higher than it is today	63	36
The U.S. economy will enter a recession	54	43
The housing prices in your local area will be lower than they are today	53	47

GALLUP POLL

More than 8 out of 10 Americans agree on the probable occurrence of two issues relating to inflation: an increase in the price of groceries, and an increase in out-of-pocket costs of healthcare. The sentiment that interest rates on loans will be higher, that the price of gasoline will reach \$4 a gallon where respondents live, and that unemployment will be higher is less widespread, but still high. Smaller percentages -- but still a majority of Americans -- believe that the U.S. economy will enter a recession within a year, and that housing prices in their local areas will be lower than they are today.

There are some differences by partisanship in beliefs that these economic circumstances will occur, although those differences are greater for some of the events than for others.

Over the next 12 months, do you think each of the following will definitely happen, will probably happen, will probably not happen, or will definitely not happen? How about -- [RANDOM ORDER]?

	Republicans	Independents	Democrats
	%	%	%
The price of groceries will be higher than it is today	89	93	93
The out-of-pocket costs you pay for healthcare and medicine will be higher than what you pay today	80	87	92
Interest rates on loans will be higher than they are today	64	66	75
The price of gasoline in your local area will reach \$4 per gallon	56	69	77
Unemployment will be higher than it is today	44	66	81
The U.S. economy will enter a recession	40	57	70
The housing prices in your local area will be lower than they are today	52	52	56

GALLUP POLL

Democrats are generally more pessimistic than Republicans across most -- but not all -- of the issues tested. This finding is in sync with a great deal of other research, which shows that Democrats rate the national economy more negatively than do Republicans.

The differences by party in economic pessimism are particularly large in terms of two issues: unemployment and the probability that the U.S. economy will go into a recession. Almost twice as many Democrats as Republicans say unemployment will be higher in a year than it is today, and there is a 30-point difference in the expectations that the U.S. economy will enter a recession within the coming year.

Democrats are also substantially more likely to say that the price of gas will reach \$4 a gallon within the year.

Differences in views of the other four issues are smaller. In fact, there are no significant differences by party in the views that housing prices will be lower, or that grocery prices will be higher a year from now.

Implications

These data in the broadest sense underscore the fundamental fact that Americans are convinced that certain aspects of the U.S. economy are essentially fixed in place. There is overwhelming agreement that costs for things like groceries and healthcare will go up, and a little more than half believe it is at least probable that the United States will be in a recession within a year. Republicans and Democrats share some of these expectations, while

there is a sharp difference of opinion between these two groups on the probability that the United States will enter into a recession and that unemployment will be higher within a year.

Survey Methods

Results are based on telephone interviews with 1,003 national adults, aged 18 and older, conducted Nov. 26-29, 2007. For results based on the total sample of national adults, one can say with 95% confidence that the maximum margin of sampling error is ± 3 percentage points.

In addition to sampling error, question wording and practical difficulties in conducting surveys can introduce error or bias into the findings of public opinion polls.

by Frank Newport

Page:12

11. Over the next 12 months, do you think each of the following will definitely happen, will probably happen, will probably not happen, or will definitely not happen? How about -- [RANDOM ORDER]?

A. The U.S. economy will enter a recession

	Will definitely happen	Will probably happen	Will probably not happen	Will definitely not happen	No opinion
2007 Nov 26-29	9%	45	39	4	2

GALLUP POLL

B. The housing prices in your local area will be lower than they are today

	Will definitely happen	Will probably happen	Will probably not happen	Will definitely not happen	No opinion
2007 Nov 26-29	14%	39	37	10	1

GALLUP POLL

C. The price of gasoline in your local area will reach \$4 per gallon

	Will definitely happen	Will probably happen	Will probably not happen	Will definitely not happen	No opinion
2007 Nov 26-29	22%	45	28	3	1

GALLUP POLL

D. Unemployment will be higher than it is today

	Will definitely happen	Will probably happen	Will probably not happen	Will definitely not happen	No opinion
2007 Nov 26-29	16%	47	33	3	1

GALLUP POLL[®]

E. The price of groceries will be higher than it is today

	Will definitely happen	Will probably happen	Will probably not happen	Will definitely not happen	No opinion
2007 Nov 26-29	36%	55	8	*	1

* Less than 0.5%

GALLUP POLL[®]

F. The out-of-pocket costs you pay for healthcare and medicine will be higher than what you pay today

	Will definitely happen	Will probably happen	Will probably not happen	Will definitely not happen	No opinion
2007 Nov 26-29	38%	47	12	2	*

* Less than 0.5%

GALLUP POLL[®]

G. Interest rates on loans will be higher than they are today

	Will definitely happen	Will probably happen	Will probably not happen	Will definitely not happen	No opinion
2007 Nov 26-29	17%	51	27	2	2

GALLUP POLL[®]