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There has been much lament in recent years over the growing pessimism of the American public. Numerous observers have remarked upon the gloomy mood of the American people, drawing on both anecdotes and public opinion polls to chronicle the growing lack of confidence in the future of America. But by generalizing about the trend in the aggregate, many of those observers have missed the fact that not every social group sees the future as darkly as every other.

The Associated Press-NORC Center for Public Affairs Research has analyzed more than four decades of data from the General Social Survey (GSS) and from other public polls, including surveys conducted by The Associated Press. We find that while white Americans have indeed become increasingly pessimistic about the future of the country, the same cannot be said about blacks and Hispanic Americans. Indeed, some trends show a reversal in the way both whites and minorities view the future.

It was the case in decades past that minorities were generally more pessimistic than whites, an outlook presumably driven by long-standing economic and social disparities that remained a barrier to the future advancement of those groups. But, beginning in the first decade of the new millennium, there was a shift. Now, whites tend to be pessimistic while blacks and Hispanics tend to be significantly more optimistic about the future. While these trends began before the Great Recession and before the election of President Obama, both events appear to have accelerated them. The 2008 election appears to have spurred optimism among blacks, while the economic crisis appears to have spurred pessimism among whites. Furthermore, the trend of pessimism among whites is holding steady in the immediate post-Great Recession period, even as economic conditions slowly improve.

This trend towards greater optimism among blacks and Hispanics and increasing pessimism among whites is observed in many different domains, not just in politics but in several social and economic dimensions. And it does not seem to be grounded in any real improvement in the economic situation of blacks and Hispanics relative to whites.

For the country, the implications of this shift in attitudes are potentially quite important, as public mood can be a factor in both politics and economics. The causes, beyond the obvious real and symbolic importance of electing the first African American to the presidency, have yet to be fully explained.

A LOOK AT RACIAL DIFFERENCES IN OPTIMISM

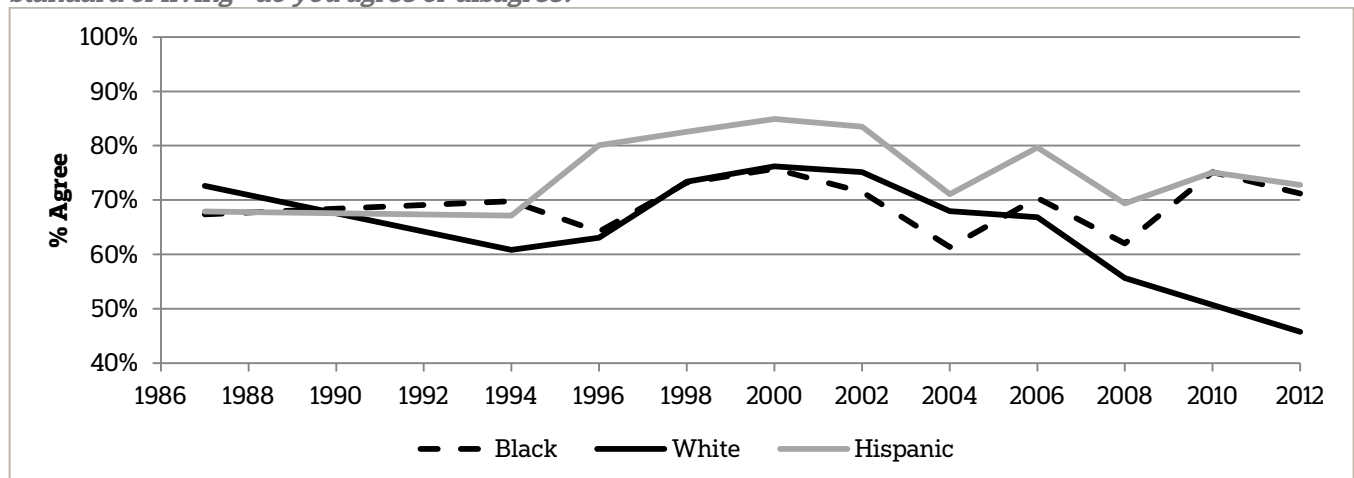
For decades, surveys have asked questions to assess the U.S. public's optimism about the future. These public opinion trends have long shown racial disparities, most often with whites demonstrating greater optimism than blacks. However, over the past several years, some of these trends have been shifting. There appear to be two phenomena at work. First, whites are responding more pessimistically to the economic outlook, especially during the Great Recession which began in late 2007. Second, blacks responded to Obama's presidential victory in 2008 with a dramatic upsurge in optimism.

A long-running measure of general optimism is the GSS question that asks respondents, "The way things are in America, people like me and my family have a good chance of improving our standard of living - do you agree or disagree?" Exhibit 1 shows the percent agree trend for blacks, whites, and Hispanics going back to 1987. This data series highlights the decline in optimism of whites, which reached just 46 percent in 2012 – the lowest level in the GSS time series on this measure – and a decline of 21 percentage points since 2006. Additionally, the difference in optimism between whites and blacks in 2012 is the largest it has been since the series began in 1987. In 2012, 71 percent of blacks agreed that they have a good chance of improving their standard of living compared to 46 percent of whites – a 25 percentage point difference.

Since 1996, Hispanics' level of optimism has generally remained higher than whites' and blacks' levels of optimism. Like the increasing gap between whites and blacks, the gap between Hispanic and white optimism has been increasing since 2004, with the largest difference since the series began being 27 percentage points between whites and Hispanics in 2012. Looking at the optimism trend for Hispanics, the trend line followed the trend for whites from 1994-2002, but then shifted to follow a similar trend for blacks.

Exhibit 1: Standard of Living Trends by Race, GSS 1987-2012

"The way things are in America, people like me and my family have a good chance of improving our standard of living - do you agree or disagree?"



A second long-running measure of general optimism collected by The Associated Press and its survey partners asks the public, "Generally speaking, would you say things in this country are heading in the right direction or the wrong direction?" Exhibit 2 shows the percentage of whites and the percentage of blacks who think the country is heading in the right direction since the end of 2003. The trend for whites shows a steady decline in the percentage who feels the country is heading in the right direction, from a high of 56

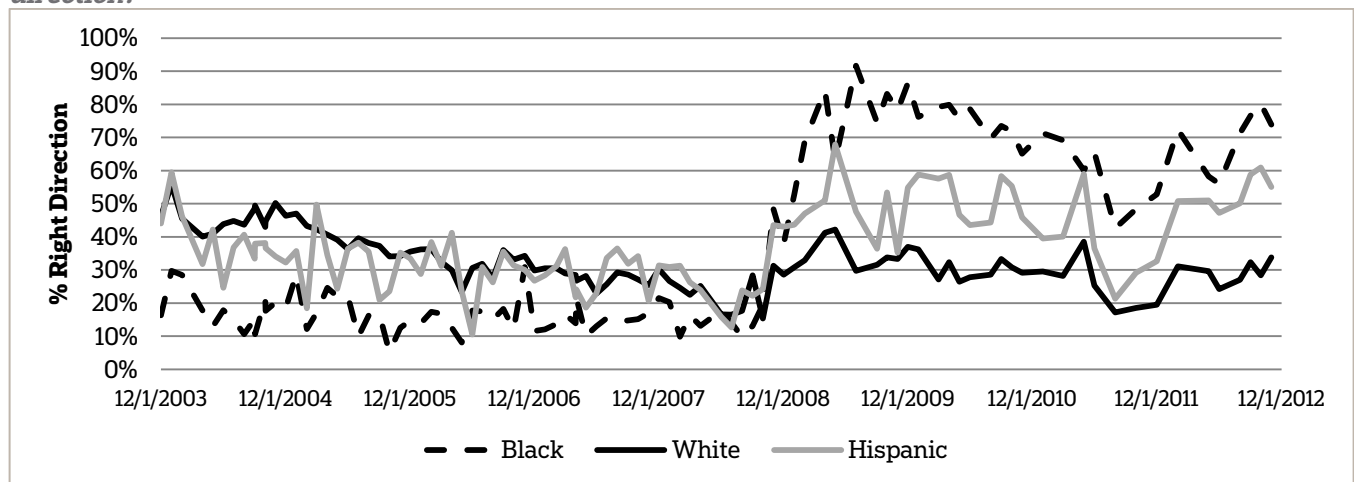
percent in January 2004 to a 15 percent low in October 2008 – a 41 percentage point decline in less than four years. During that same period, the percentage of blacks reporting that the country was headed in the right direction remained relatively steady, most often between 10 and 20 percent with occasional fluctuations as low as 5 percent and as high as 31 percent. The trend among Hispanics between 2004 and October 2008 bounces around a great deal from a peak of 60 percent saying the country is headed in the right direction in January of 2004 to 24 percent in October 2008.

After Obama's election, the picture changes dramatically. Although blacks, whites, and Hispanics show increased optimism, the increase among blacks is 63 percentage points between October 2008 (20 percent) and October 2009 (83 percent), while Hispanics' optimism increased 29 points and whites' increased just 19 points. While the initial surge in optimism waned for all groups, the percentage of blacks reporting that the country is headed in the right direction has only dipped below 50 percent three times since Obama's election (December 2008, August and October 2011), while the percentage of whites reporting that the country is headed in the right direction has not surpassed 42 percent. Perceptions among Hispanics tended toward a middle ground between blacks' optimism and whites' pessimism. The average percentage of Hispanics saying the country is headed in the right direction since Obama's election is 48 percent, compared to the average for whites at 30 percent and for blacks at 69 percent.

Furthermore, since Obama's election, blacks' assessments of the direction of the country were, on average, 39 percentage points higher than whites' assessments. This is a complete reversal from the prior period when whites' assessments that the country was headed in the right direction were, on average, 18 percentage points higher than blacks'. There is a similar shift among Hispanics; prior to Obama's election, whites' assessments of the direction of the country averaged 3 percentage points higher than Hispanics' assessments. Since the election, Hispanics' assessments are, on average, 18 percentage points higher than whites'.

Exhibit 2: Right Direction/Wrong Direction Series, The Associated Press 2003-2012

“Generally speaking, would you say things in this country are heading in the right direction or the wrong direction?”

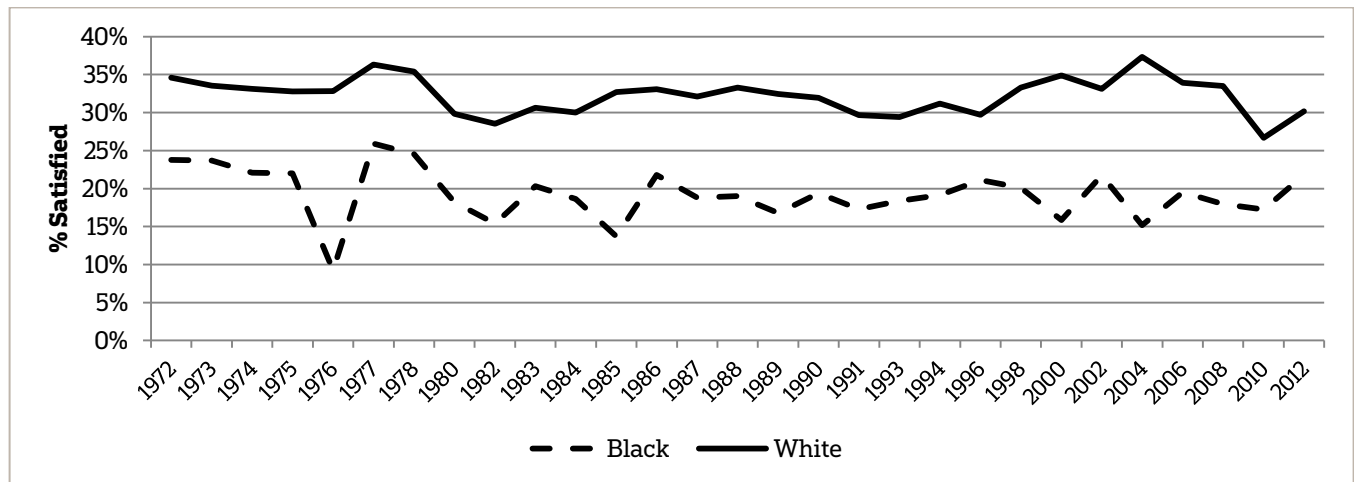


The GSS offers several additional questions that tap specific dimensions of optimism. Exhibit 3 shows two measures of personal financial optimism. Panel A shows the trend of blacks and whites who respond that they are satisfied with their financial situation (“We are interested in how people are getting along financially these days. So far as you and your family are concerned, would you say that you are pretty well satisfied with your present financial situation, more or less satisfied, or not satisfied at all?”). Panel B shows the percentage of blacks and whites who say their financial situation has improved over the last few years

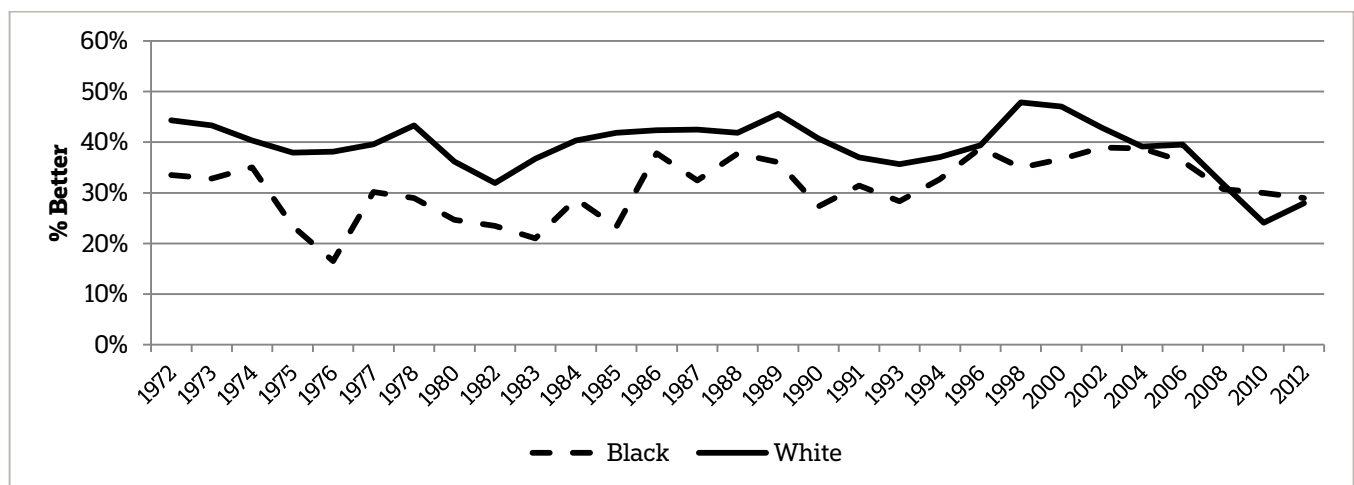
(“During the last few years, has your financial situation been getting better, worse, or has it stayed the same?”). In both cases we see a similar decline in whites’ financial optimism beginning in 2006. Both trends show whites’ 2010 optimism at the lowest levels seen since these data were first collected in 1972, with a slight rebound in 2012. While assessments of personal financial satisfaction shown in Panel A remain significantly higher for whites than blacks, the gap between whites and blacks is smaller in 2012 than at any other point in the trend. In Panel B, the data show that blacks’ optimism in terms of financial change exceeded whites’ optimism for the first time in 2010, with 30 percent of blacks saying their financial situation has gotten better compared to 24 percent of whites. Whites’ assessments of changes in their financial situation has improved slightly since 2010 (from 24 percent in 2010 to 28 percent in 2012), while blacks’ assessments remained steady (30 percent in 2010 to 29 percent in 2012).

Exhibit 3: Personal Financial Optimism, GSS 1972-2012

Panel A: “We are interested in how people are getting along financially these days. So far as you and your family are concerned, would you say that you are pretty well satisfied with your present financial situation, more or less satisfied, or not satisfied at all?”



Panel B: “During the last few years, has your financial situation been getting better, worse, or has it stayed the same?”



OPTIMISM AND CONFIDENCE IN AMERICAN INSTITUTIONS

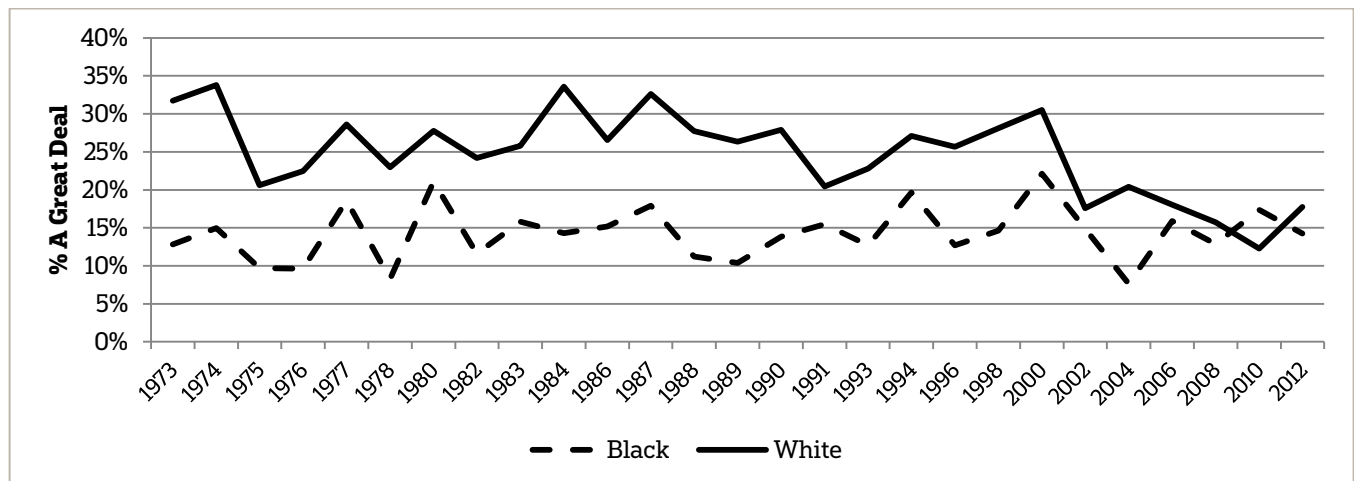
The GSS also asks people about their confidence in a range of institutions in the United States, from financial institutions to the Supreme Court. People with higher levels of confidence in institutions also report more optimism. For example, among those individuals who report having a great deal of confidence in the executive branch on the 2012 GSS, 70 percent agree that “the way things are in America, people like me and my family have a good chance of improving our standard of living.” In contrast, only 39 percent of those who report hardly any confidence in the executive branch feel the same way. Race is also a strong predictor of confidence in institutions, even controlling for other demographic, socioeconomic, and political factors.

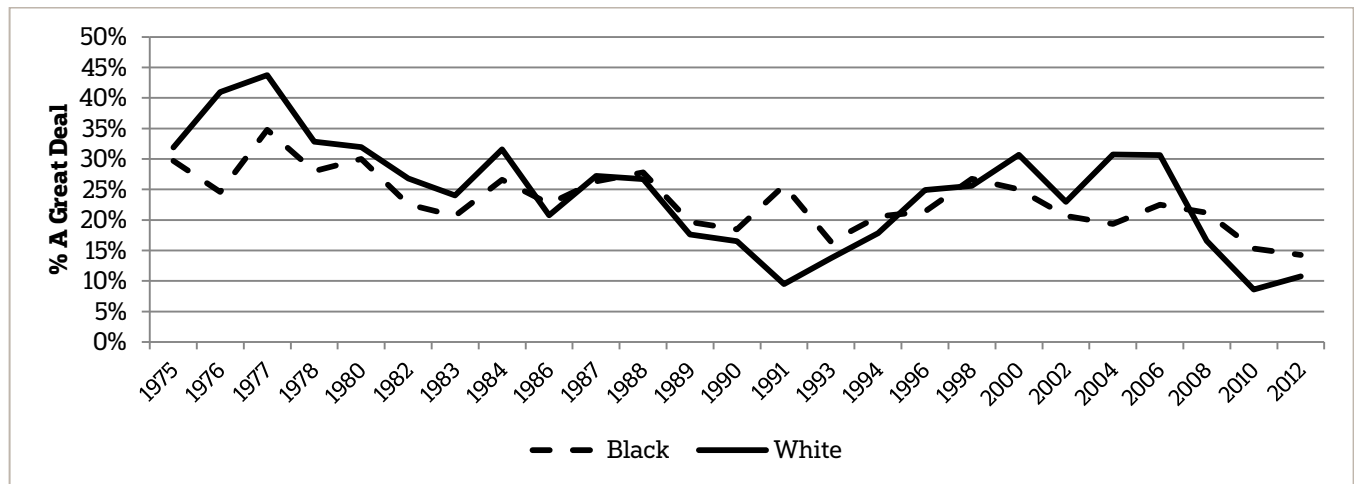
Looking first at confidence in companies and financial institutions, the GSS data show recent changes in whites’ confidence, as seen in Exhibit 4. Whites’ confidence in major companies and financial institutions began to fall in 2004 and 2006, respectively, and, as of 2010, were at their lowest levels in the history of the series. Additionally, whites’ confidence in major companies in 2010 was lower than blacks’ confidence for the first time. The recently released 2012 GSS data show that whites’ confidence in major companies increased from 12 percent in 2010 to 18 percent in 2012, while blacks’ confidence decreased from 17 percent to 14 percent. Whites’ confidence in financial institutions increased from 9 percent in 2010 to 11 percent in 2012, while blacks’ confidence trended slightly down from 15 percent to 14 percent – albeit remaining higher than whites’ confidence.

Exhibit 4: Confidence in Business and Financial Institutions, GSS 1973-2012

“I am going to name some institutions in this country. As far as these institutions are concerned, would you say you have a great deal of confidence, only some confidence, or hardly any confidence at all in them? How about...”

Panel A: Major Companies



Panel B: Confidence in Financial Institutions

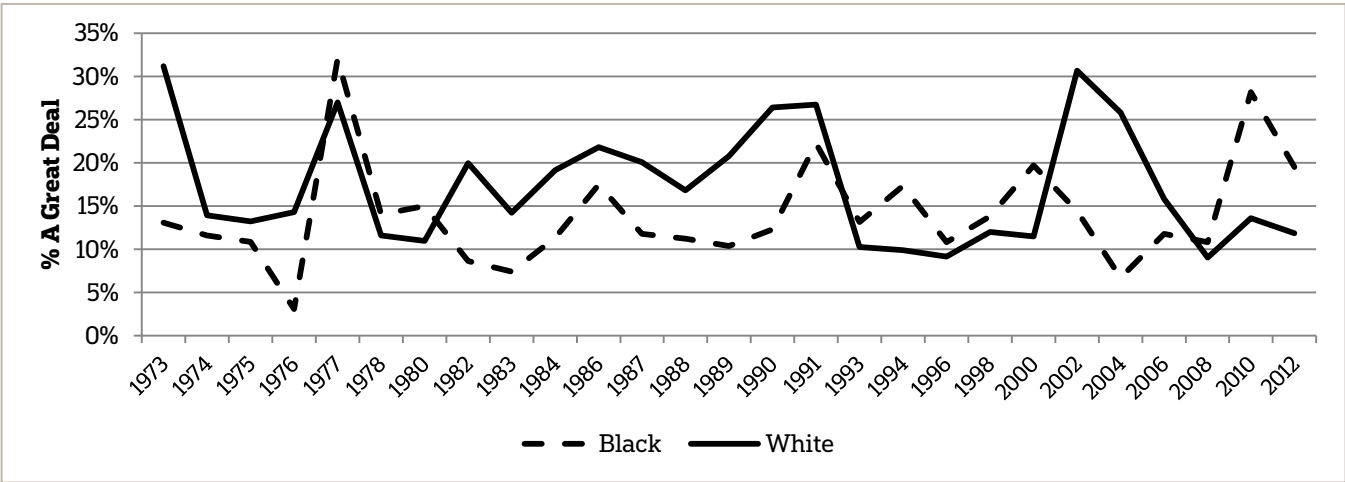
While whites have become increasingly pessimistic about government in recent years, blacks have become increasingly optimistic. Exhibit 5 shows GSS data on whites' and blacks' confidence in the three branches of the federal government. In all three series, the movement of the trend between 2008 and 2010 suggests an especially great impact of Obama's election on blacks' confidence in the government, although this optimism declined between 2010 and 2012. Panel A shows that blacks' level of confidence in the executive branch was 15 percentage points higher than whites' confidence in 2010 and remains 8 percentage points higher in 2012 (20 percent of blacks report confidence in the executive branch compared to 12 percent of whites).

Panel B shows that blacks' confidence in the Congress increased significantly upon Obama's election, while whites' confidence continued a downward trend that began in 2004. Again, the black/white gap in 2010 (17 percentage points) was the largest in the series. Whites' confidence in Congress remained at a low 6 percentage points in 2012, while blacks' confidence fell significantly to 6 percent from its 2010 high of 23 percent. Finally, in Panel C, we see whites' confidence in the Supreme Court declining from 2002, while blacks' confidence increased significantly from 2006 through 2010. The 2012 data show blacks' confidence falling back to its 2004 level of 20 percent, while whites' confidence remained steady from 2010 to 2012 with 28 percent of whites confident in the Supreme Court.

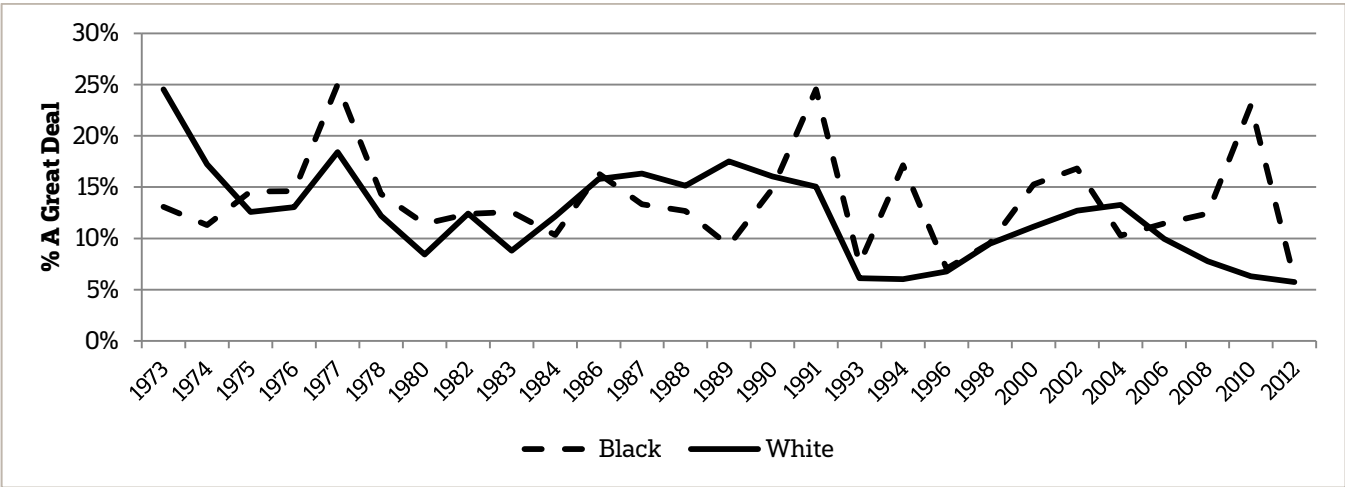
Exhibit 5: Confidence in Three Branches of Government, GSS 1973-2012

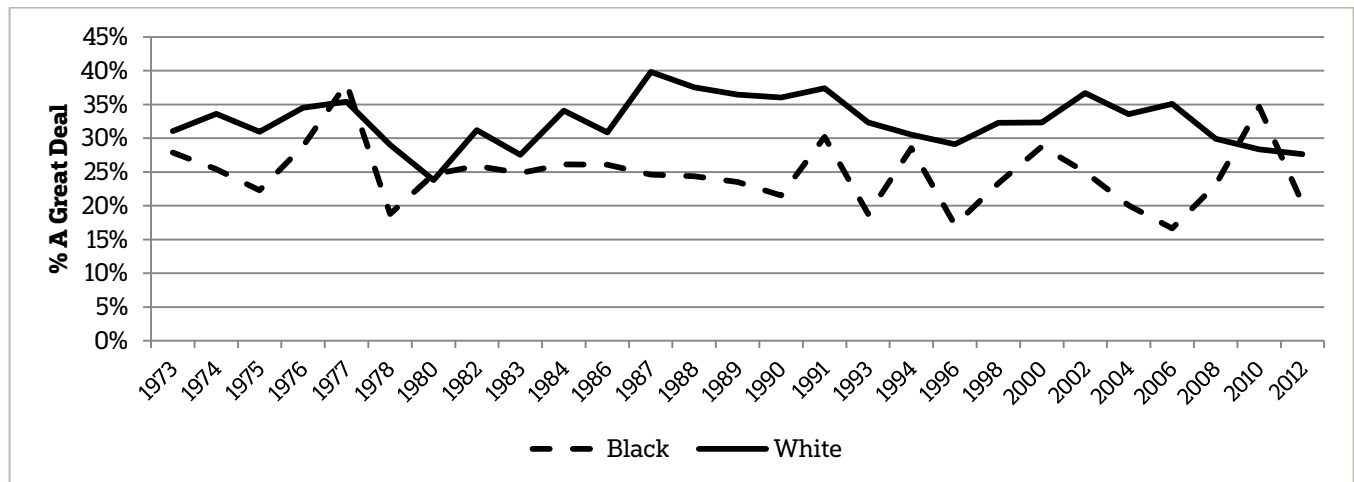
“I am going to name some institutions in this country. As far as these institutions are concerned, would you say you have a great deal of confidence, only some confidence, or hardly any confidence at all in them? How about...”

Panel A: Confidence in the Executive Branch



Panel B: Confidence in Congress



Panel C: Confidence in the Supreme Court**HOW TRENDS IN OPTIMISM AND ECONOMIC INDICATORS COMPARE**

One possible explanation for the growing optimism disparity is changes in objective socioeconomic indicators. Using government data on median income, unemployment rates, high school drop-out rates, home ownership rates, and median net worth disaggregated by race, we can examine whether movement in these indicators seems to correlate with movement in various measures of optimism. The data do not provide any indication that blacks are doing better relative to whites in recent years in spite of their higher levels of optimism.

Exhibit 6 provides the data on each of these indicators going back to 1998 for whites and blacks. The data clearly show that, with the exception of high school drop-out rates, objective economic indicators have been declining for both races since 2007. There have been modest gains in recent years in employment for blacks and whites, although the unemployment rate for both groups in 2012 remains higher than it was prior to the Great Recession. While values of median household net worth rebounded some for blacks between 2010 and 2011, the data in Exhibit 7 show that blacks have lost 43 percent of their net worth since 2005, while whites have lost 15 percent of their net worth. This movement is consistent with the increasing pessimism of whites, but inconsistent with the increased optimism of blacks.

Exhibit 6: Objective Economic Indicators by Race, 1998-2012

Year	Black Unem-employment¹	White Unem-employment¹	Black Median Income²	White Median Income²	Black Home Ownership³	White Home Ownership³	Black High School Drop-out⁴	White High School Drop-out⁴
1998	8.9	3.9	34,933	58,480	46%	73%	13.8	7.7
1999	8.0	3.7	37,673	59,604	46%	73%	12.6	7.3
2000	7.6	3.5	38,747	59,586	47%	74%	13.1	6.9
2001	8.7	4.2	37,438	58,825	48%	74%	10.9	7.3
2002	10.2	5.1	36,288	58,634	47%	75%	11.3	6.5
2003	10.8	5.3	36,252	58,426	48%	75%	10.9	6.3
2004	10.4	4.8	35,834	58,237	49%	76%	11.8	6.8
2005	10.0	4.4	35,551	58,507	48%	76%	10.4	6.0
2006	9.0	4.0	35,661	58,478	48%	76%	10.7	5.8
2007	8.3	4.1	36,790	59,573	47%	75%	8.4	5.3
2008	10.1	5.2	35,744	58,006	47%	75%	9.9	4.8
2009	14.8	8.5	34,167	57,106	46%	75%	9.3	5.2
2010	16.0	8.7	33,137	56,178	45%	74%	8.0	5.1
2011	15.8	8.0	32,229	55,412	45%	74%	Not available	Not available
2012	13.8	7.2	Not available	Not available	44%	74%	Not available	Not available

Exhibit 7: Median Net Worth,⁵ 2002-2011

Year	Whites	Blacks
2002	87,056	5,446
2004	113,822	8,650
2005	130,350	11,013
2009	112,183	4,703
2010	110,729	4,955
2011	110,500	6,314

Even looking at these indicators in terms of the disparity between blacks and whites, shown in Exhibit 8, there is very little reason for the levels of increased optimism among blacks based on relative economic status. As shown in Panel A, blacks' median income as a percentage of whites' median income has been relatively steady over time, with a slight decline over recent years. The same is true for the home ownership rate of blacks as a percentage of whites' home ownership rate. As shown in Panel B, the ratio between blacks' unemployment rate and whites' unemployment rate has also remained fairly steady, hovering just under 2 to 1 in the post-Great Recession period. The ratio of the high school drop-out rate between blacks and whites has narrowed from a high of 2.1 at the start of the Great Recession in 2008 to 1.6 in 2010 (the last year with published data).

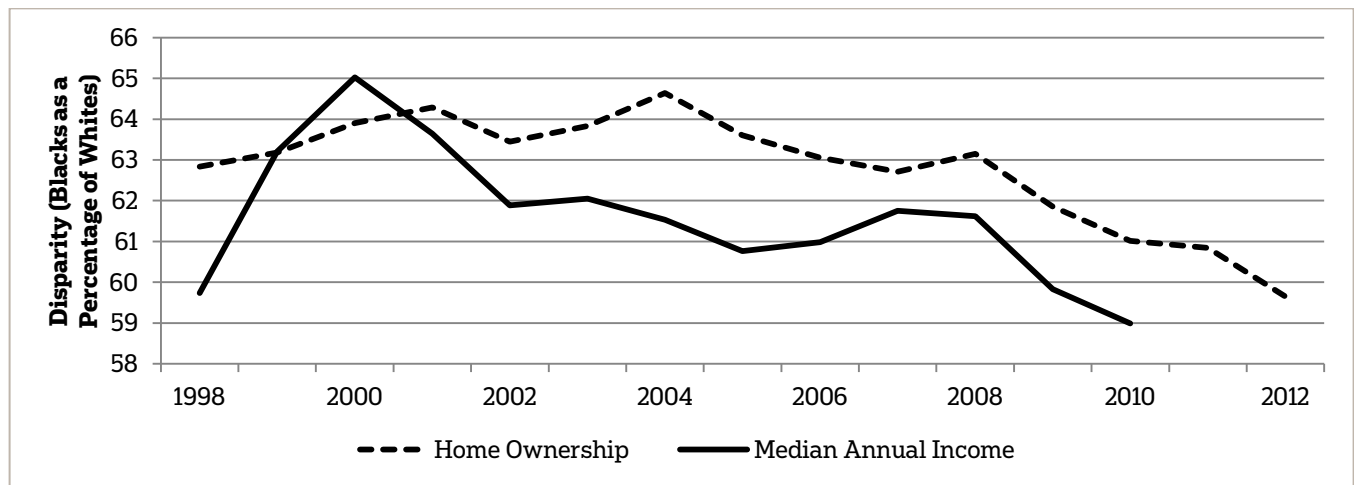
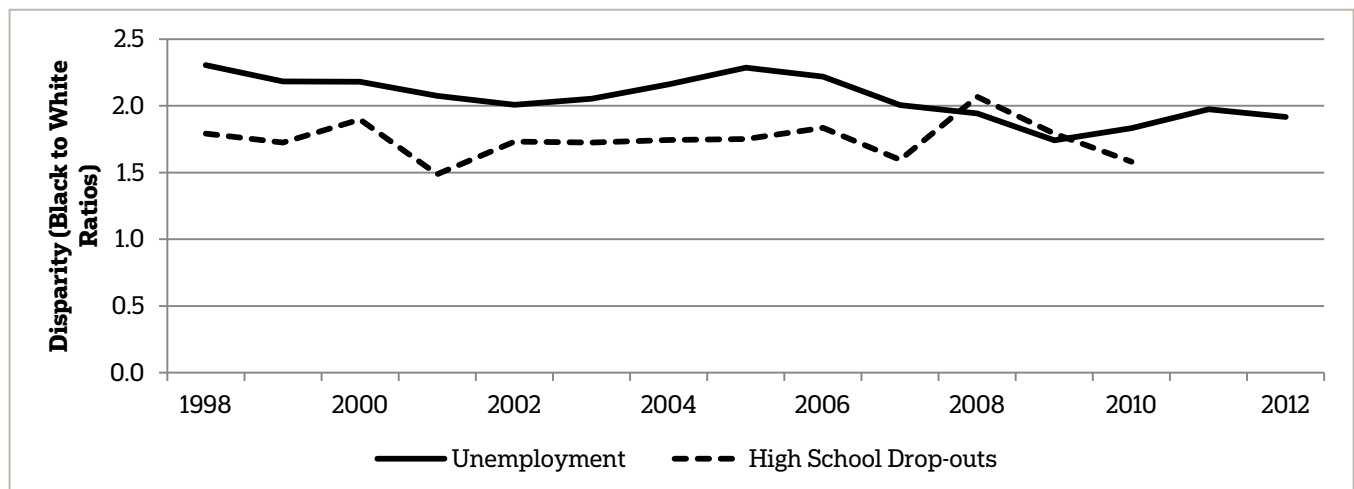
¹ Bureau of Labor Statistics, U.S. Department of Labor. (2012). Labor Force Statistics from the Current Population Survey. Retrieved from: <http://data.bls.gov/cgi-bin/survey/most>. March 27, 2013.

² U.S. Census Bureau. (2012). Current Population Survey, Annual Social and Economic Supplements. Retrieved from: <http://www.census.gov/hhes/www/income/data/historical/household/>. March 27, 2013.

³ U.S. Census Bureau. (2012). Current Population Survey/Housing Vacancy Survey, Series H-111. Retrieved from: <http://www.census.gov/housing/hvs/data/histtabs.html>. March 27, 2013.

⁴ National Center for Education Statistics, U.S. Department of Education. (2012). The Condition of Education 2012 (NCES 2012-045), Indicator 33.

⁵ As measured by household assets. Data abstracted from U.S. Census Bureau Tables on Wealth and Asset Ownership. Retrieved from: <http://www.census.gov/people/wealth/data/dtables.html>. March 27, 2013.

Exhibit 8: Racial Disparities on Objective Economic Indicators, 1998-2012**Panel A: Blacks' Median Income and Home Ownership as a Percentage of Whites'****Panel B: Ratio of Blacks to White Unemployment and High School Drop-out Rates****About the Study**

The survey data utilized in this paper come from the General Social Survey (GSS)⁶ and The Associated Press (AP).⁷ The GSS is administered by NORC at the University of Chicago, primarily using in-person interviewing. The GSS started in 1972 and completed its 29th round in 2012. For the last 40 years, the GSS has been monitoring societal change and the growing complexity of American society. The GSS is the largest project funded by the Sociology Program of the National Science Foundation. The typical sample size was 1,500 prior to 1994, but increased to 2,700-3,000 until 2008 and decreased to 2,000 for the most recent surveys. Resulting margins of error are between +/- 3.1 for the smaller sample sizes and +/- 2.2 percentage points for the larger sample sizes at the 95 percent confidence level. The GSS 1972-2012 Cumulative File was utilized to produce the statistics presented.

AP polls were administered by Ipsos (2003–August 2008) and GfK (October 2008–2012). AP polls are conducted by telephone. Surveys conducted since October 2008 include both landline and cellular interviews. The typical sample size is 1,000 with a +/- 4.0 percentage point margin of error at the 95 percent

⁶ For additional information, the GSS website can be accessed at: <http://www3.norc.uchicago.edu/GSS+Website/>.

⁷ All AP topline polling data can be accessed at: <http://surveys.ap.org/>.

confidence level. A cumulative datafile created and maintained by AP was utilized to produce the statistics presented.

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