

Executive Summary

Most high school students in the U.S. are not very well informed about the specifics of the current economy. Based on a series of six multiple choice questions about the economy, the average number of correct answers was slightly over two. There is somewhat of a dichotomy in youth expectations of the future of the economy. Although most are skeptical about the future of social security and believe that there is a reasonable chance that China will surpass the U.S. as an economic power, they also believe that their standards of living will be better than that of their parents.

Stephen Wu, Associate Professor of Economics at Hamilton College, and his students collaborated with the research firm Knowledge Networks to conduct the national Youth Poll on the U.S. Economy. The Knowledge Networks Panel is an online non-volunteer access panel whose members are chosen through a statistically valid sampling frame. 818 high school students from across the United States completed surveys. The survey was funded by Hamilton College's Arthur Levitt Public Affairs Center.

The survey consists of three main sections: demographic characteristics, questions about general knowledge of economic facts, and attitudes and expectations of the future. Background information is collected on gender, race, and family characteristics such as house

answers or only one correct answer on the knowledge questions, while about 12% answer at least 5 of the questions correctly.

Table 1

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Table 2

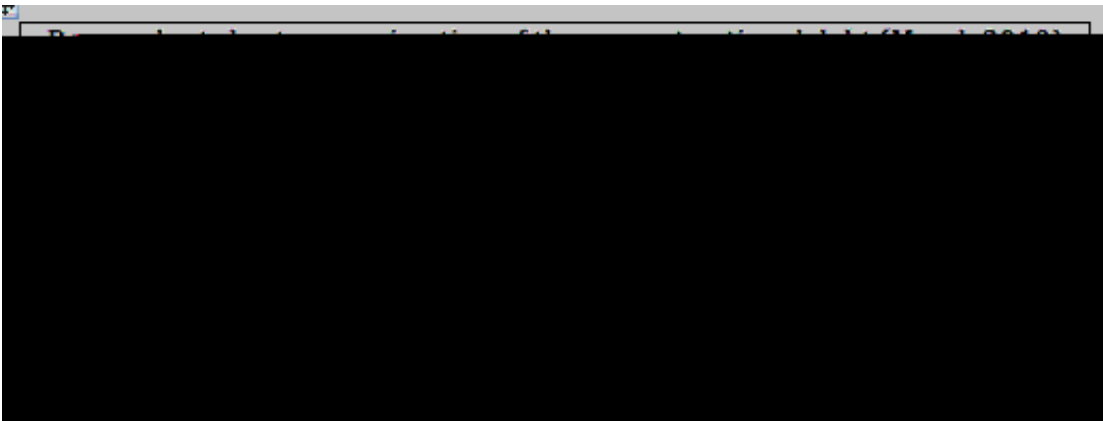
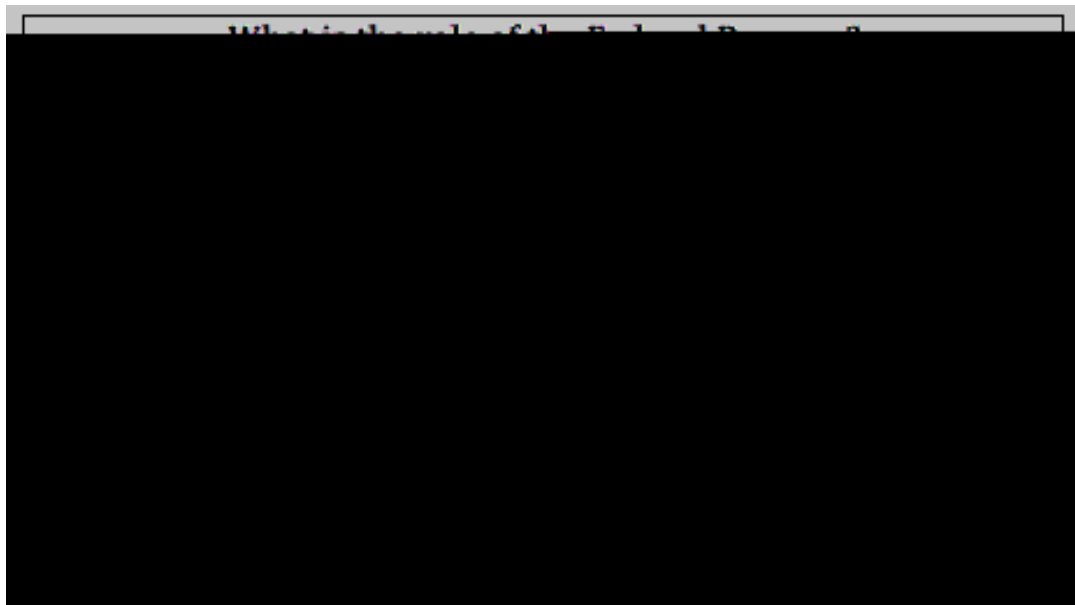
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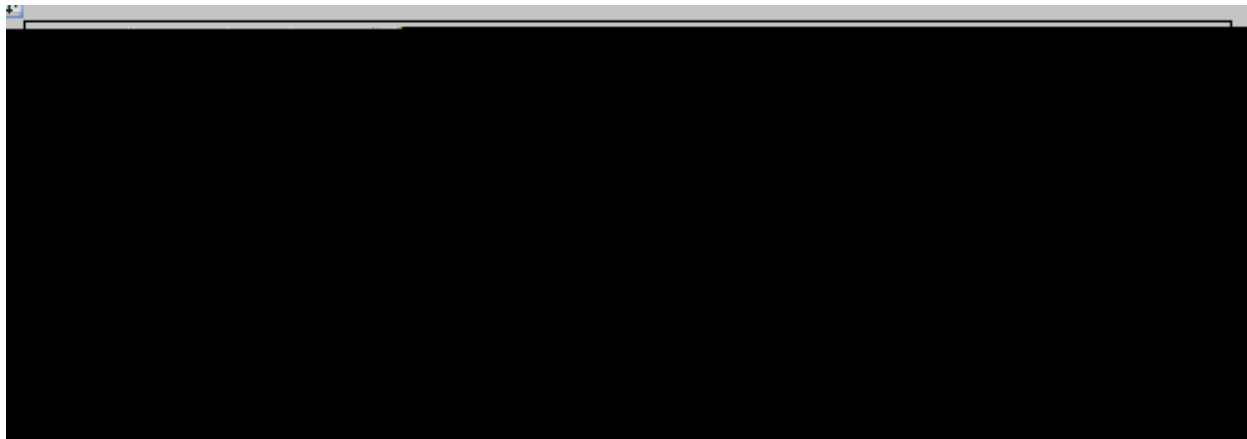
Table 3



What is the name of the Federal Reserve?

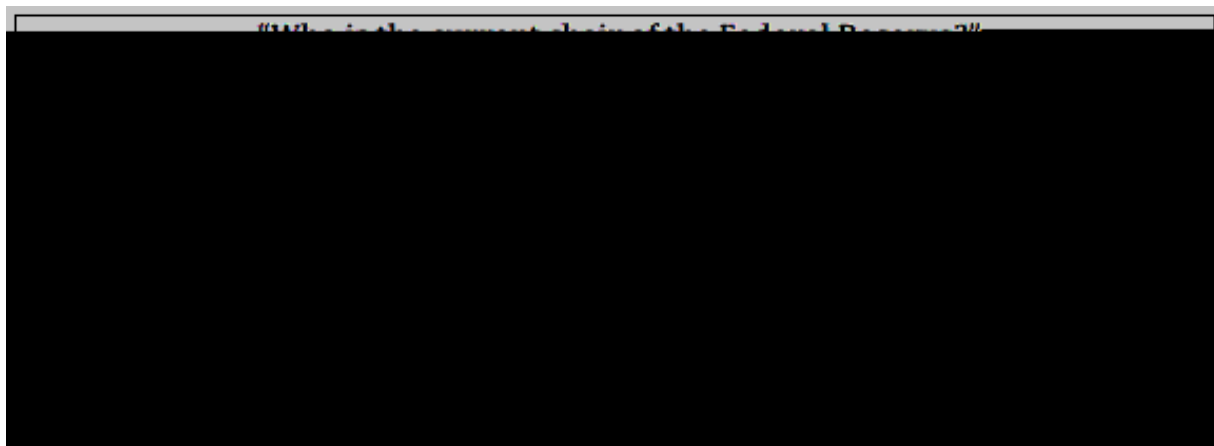
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Table 4



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Table 5



What is the current chair of the Federal Reserve?

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Table 6

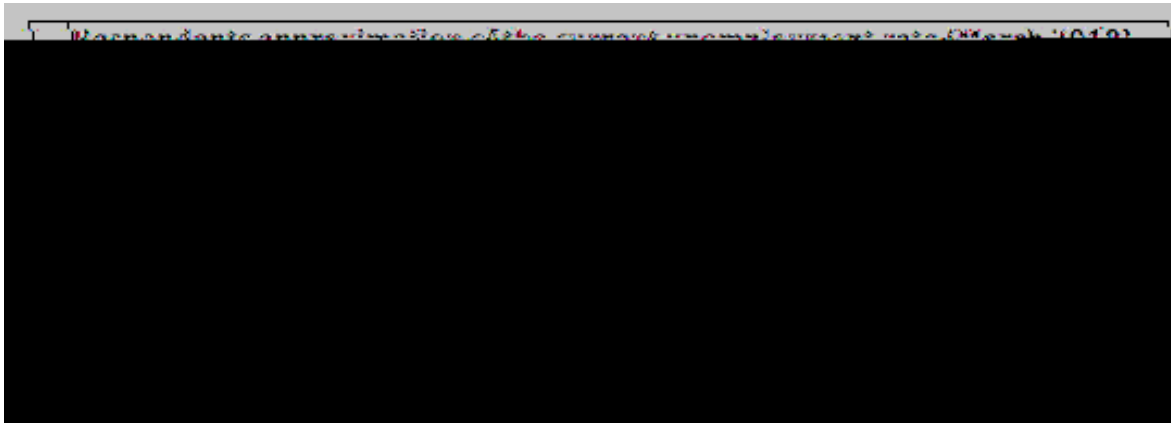
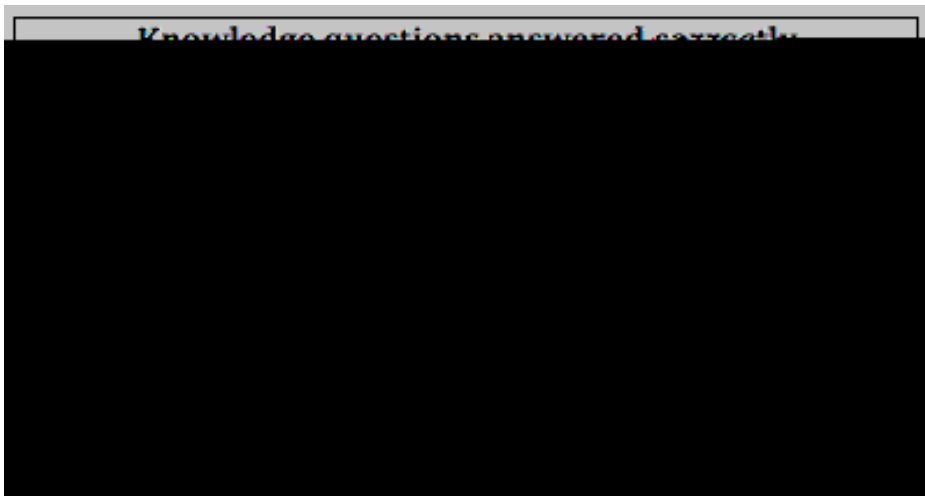
A large black rectangular redaction box covers the content of Table 6. The top edge of the redaction shows a faint header: "Respondents' approximate percentage of correct answers (N=94)".

Table 7

A large black rectangular redaction box covers the content of Table 7. The top edge of the redaction shows a faint header: "Knowledge questions answered correctly".

We now turn to results on questions about youth attitudes and expectations of the future. Table 8 shows the distribution of answers to the following question: “Which of the following most reflects your beliefs about Social Security?” 49% of teens believe that Social Security will not be available by the time they retire, while another 35% believe that it will be less generous than it currently is. Table 9 shows that 47% of respondents believe that China will “definitely” or “probably” surpass the U.S. as an economic power within the next 20 years, while an additional 40% answer “maybe” to this question. Despite these somewhat pessimistic attitudes about specific issues, young people are still generally optimistic about the future direction of the U.S. economy and about their expectations for future living standards. Table 10 shows that youth are more likely to believe that the economy will be “better” or “much better” in 5 years than it currently is (50%) than to believe it will be “worse”

or “much worse” (34%). 16% believe it will be about the same. Table 11 shows the answers to the following question, “Do you believe your standard of living will be worse or better than that of your parents?” More students answer “better” or “much better” (39%) than “worse” or “much worse” (26%). The remaining 35% answer “the same”.

Table 8

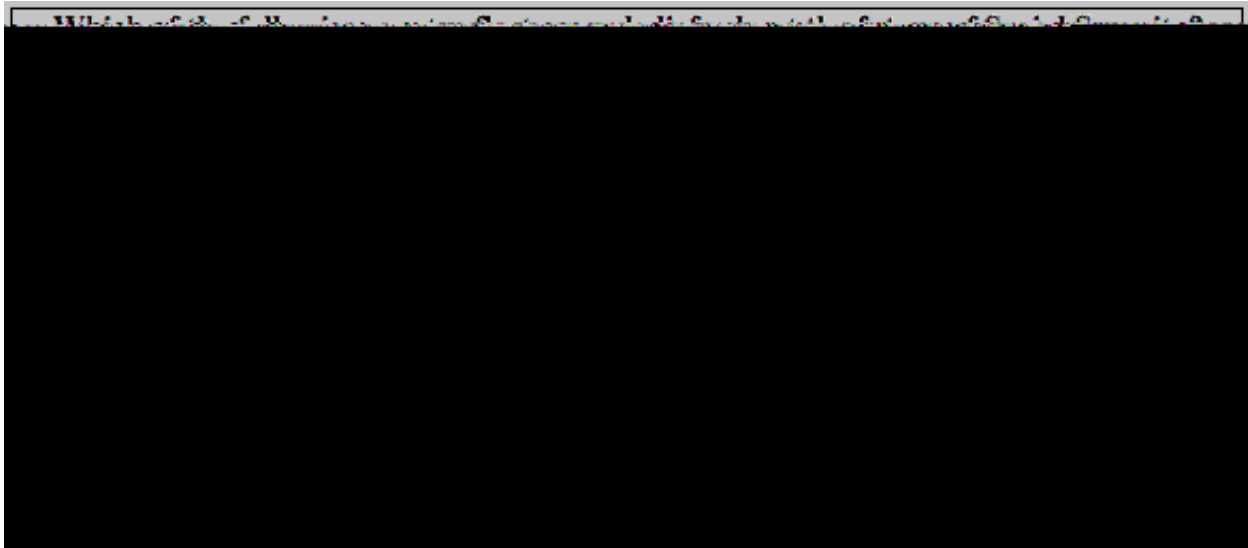


Table 9

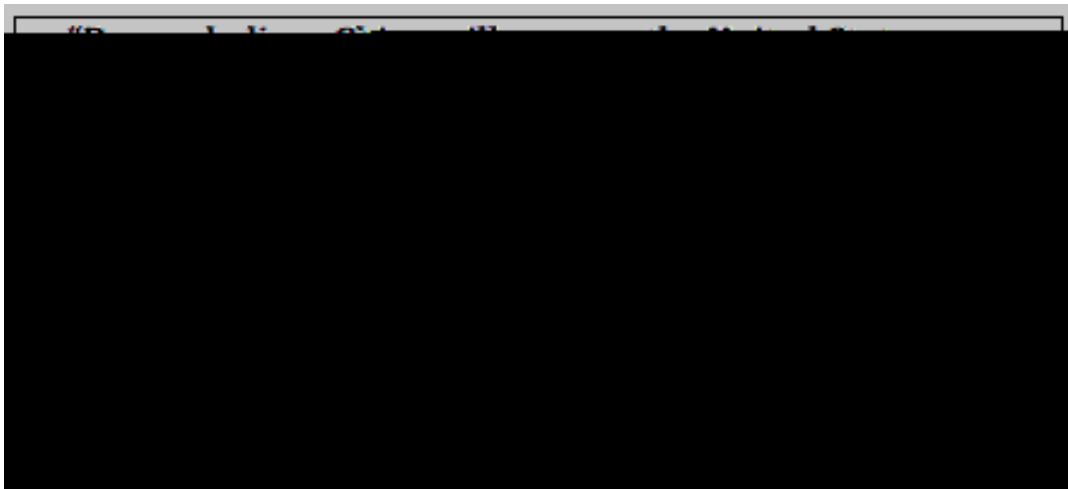


Table 10

"Do you expect the future economy to be worse...

Table 11

"Do you believe that your standard of living will be worse or better than that of your parents?"			
	Freq.	Percent	Cum.
Much worse	28	3.45	3.45
312			Total

Finally, we conduct some statistical analysis to determine whether the answers to some of the knowledge and attitudinal questions differ by demographic or other background characteristics. In conducting statistical regressions using the index of knowledge as a dependent variable, we find that those household income, year in school, taking an economics course, and the degree to which students follow news online are all strong predictors of understanding basic economic facts. Those that come from families with yearly incomes over \$100,000 score about 0.8 points higher on the knowledge index than those from families with incomes below \$25,000. Unsurprisingly, seniors score higher than juniors, who in turn score higher than sophomores. Students that follow the news online at least daily score receive nearly 1.4 additional correct answers relative to those that do not

follow the news at all. Finally, taking an economics course significantly increases performance on the knowledge test, but only by approximately half of a question.

Next, we look to see what characteristics predict youth attitudes towards President Obama. We find the striking result that the only significant predictor is race. On a scale from 1-5, with 5 being the highest approval rating, African-American teens rate Obama's performance 1.4 points higher than Whites, while Hispanic rate his performance 0.5 points higher than

standard of living will be better than that of their parents. Interestingly, race is the only significant predictor of these two attitudes.