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GEORGIA NEWS

## AJC poll: Georgians worried about economy as inflation, COVID persist

By MICHAEL E. KANELL

The U.S. economy is growing at its fastest pace in decades and Georgia's unemployment rate is at a historic low after the state added nearly 200,000 jobs last year.

But many Georgians are unhappy with how the economy is treating them and are worried about continued fallout from rising prices and a persistent pandemic.

Only 32% of Georgians say their financial situation is better than a year ago, compared with 42% who say they are worse off, according to a poll conducted for The Atlanta Journal-Constitution by the School of Public and International Affairs Survey Research Center at the University of Georgia.

The downbeat assessment follows what has been, in many ways, a dramatic rebound from the fear of economic catastrophe and the staggering job losses early in the pandemic when the economy hemorrhaged 609,000 jobs. As the rebound began, federal subsidies supported laid-off workers, loans kept some shuttered businesses afloat and a series of moratoriums prevented mass evictions.

Meanwhile, Georgia's economy expanded steadily. As of December, the state was only about 18,500 jobs shy of its level in February 2020 while the jobless rate had fallen to 2.6%, a record low.

Nationally, economic output grew at an annual rate of 6.9% in the fourth quarter, capping the fastest year of growth in nearly 40 years, the Commerce Depart-



Customer wait their turn to fill up at Kroger Fuel Center in December on Wednesday, May 12, 2021. Gas was one of the many things that cost more last year. Consumer prices in metro Atlanta rose 10% in 2021. HYOSUB SHIN / HYOSUB.SHIN@AJC.COM

ment reported Thursday.

But inflation keeps gnawing at household incomes.

"People have zoned in on gas and groceries" said Glenn Williams, chief executive of Primerica, a large financial services provider based in Duluth. "It's the day-to-day experience. That reflects how tight the middle-income budget is right now. Every dollar has been in play."

Consumer prices last year rose 7% in the U.S., and 10% in metro Atlanta, the

fastest inflation since the early 1980s, according to the Bureau of Labor Statistics.

A year ago, many consumers were paying off debts and adding to savings, but now the savings rate is declining and credit card balances are on the rise, Williams said. "These are early warning signals. It increases the risk that the next time there's a challenge, households will be less prepared to manage it."

In the AJC poll, a plurality of Georgians – 45% – said rising prices have had a "no-

## THE POLL

Only 32% of Georgians say their financial situation is better than a year ago, compared with 42% who say they're worse off. About one-quarter say it's the same.

When it comes to inflation, 51% of Georgians say that the economic problems "are the result of government policies and won't change until we change the political leadership." Roughly 36% pin the blame on the pandemic and are optimistic it will improve, while 7% say inflation is the result of a typical business cycle and "we have to wait it out."

A plurality of Georgia voters (45%) say rising prices have a "noticeable but not significantly negative" impact on their lives, while one-third called it a "negative, significant impact."

The poll was conducted for the AJC by the School of Public and International Affairs Survey Research Center at the University of Georgia. Calls were made in mid-January with nearly 900 Georgians participating.

The margin of error is 3.3 percentage points. The sample size is 872 registered voters.

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Those mixed results reflect both the price hikes and the way that higher pay blunts their impact.

American pay in December was climbing at an annual pace of 4.5%, its fastest rise in 19 years, according to the Atlanta Federal Reserve Bank. Those raises softened inflation's impact, but for many workers, pay hikes fell far short of increases in home prices, rents, vehicles and gasoline.

Miranda Crooks, a realtor in Cherokee County, said she has prospered personally from the red-hot housing market, but she's still concerned about the economy's direction. And she says that averages can mask the situation for people who are less fortunate.

"If inflation continues to rise, I feel like it's going to be a problem," she said. "Not everybody is getting a raise."

A slight majority of Georgians surveyed blamed inflation on government policies and a bit more than one-third attributed it to the pandemic. The poll was taken between Jan. 13 and 24 and involved 872 registered voters, with a margin of error of 3.3 percentage points.

To dampen price hikes, the Federal Reserve is likely to lift short-term interest rates in March, Chairman Jerome Powell said Wednesday. Higher rates would make borrowing more costly for consumers and companies, but economists fear a continued upward price spiral otherwise.

"Inflation doesn't just go away," said

economist Tom Smith of Emory University's Goizueta School of Business. "You need a policy change."

After years of historically low interest rates, that change is overdue – and not just to chill price hikes, said Shawn Graves of Forsyth County, a marketing executive at a large company.

Low rates encourage people to make purchases they might otherwise not afford, he said. "Having low interest rates gives people a false sense of security. People don't save."

Inflation was sparked partly by policy changes like government spending that pushed more money into the economy. But other factors raised costs, too, as the pandemic shifted massive amounts of consumer spending from services to goods, while disrupting the world's supply chains.

Georgians like Rita Blackwell have confronted shortages on some items as well as higher prices. She thinks the economy would run more efficiently if it were less dependent on the unpredictability of global trade. "We need to get the American economy to be more self-dependent."

Blackwell said her own financial situation is fairly secure, although for a time she went through a shaky period, working three jobs. She finally settled into a position as an executive administrative assistant where she felt well compensated.

"I was blessed by being in the right place at the right time," said the Douglas County resident. "Plus, I busted my butt."

The Georgia economy is still several hundred thousand jobs short of where it would be if the previous pace of growth had not been interrupted by COVID-19. But improvement has been steady, said David Innes, senior vice president at City National Bank in Atlanta.

When the housing bubble burst, triggering the Great Recession in late 2007, the economy faced serious structural imbalances, including a massive overhang of debt and a huge pool of unemployed workers. He sees fewer long-term obstacles now. "I don't think it's an eight- to 10-year thing this time. It's maybe two or three years."

Yet the moment is fraught with uncertainties.

With the U.S. stock market roiled by worry that Russia might invade Ukraine, many people fear for their investments. Supply-chain issues still mean empty spots on shelves. Prices continue to rise.

And with COVID-19 still hospitalizing and killing thousands of Americans each day, spending is hobbled when it comes to in-person services and events, said Jason Greenberg, head economist for Homebase, which uses its scheduling software to track how many businesses are open and how many people are working.

January has been a bad month for hospitality and personal service businesses in Georgia, partly because consumers held back, but also because workers needed time to take care of family – or themselves, he said. "This is a very complicated period in our economy."