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### Who is Most Likely to Fear Financial Collapse

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# Who is Most Likely to Fear Financial Collapse

Robert Hutchens

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## Introduction to Research

### Abstract

The United States has the largest economy in the world and yet Americans are often worried or concerned about the state of the economy and the effect of the economy on their lives. In this paper I examine the complex relationships between groups of people and their fear and opinion of financial collapse; specifically looking into the rationale and influences behind those opinions. Using the Chapman University American Fears Survey, I found a strong correlation between low income and fear of financial collapse, especially amongst those who make less than fifty thousand dollars a year. Education is also shown to affect opinions and severe concern about financial collapse. I find that low-income Americans are more likely to fear economic collapse due to their already unfortunate financial position, and lack of backup capital. I also find that those who watch Fox News and consume more information on social media are more worried about the economy than those who don't. Finally, I find that those who have other economic fears such as fears of not having enough money in the future, and fear of not being able to pay off a mortgage or rent are much more likely to fear financial collapse. Although a future of perfect economic stability in the United States is unrealistic, the impact and reasoning behind the fear of the economy itself may influence Americans to think about how they view the economy and their financial decisions moving forward.

### Previous Research on Who Fears Recessions

Something of importance to consider when discussing economic recessions is that those who are living in relative poverty are most effected in a negative way by economic recessions, compared to those who are in better financial situations, because they have less resources to rely on if things go south (Riek, Mania, & Gaertner, 2006 ; Walker & Smith 2001)

The highly wealthy fear economic recessions due to the thought of losing their status (Jetten, Mols, Spears & Healy, 2017).

During a 2017 study researchers found that high SES individuals had the least amount of fear of economic turmoil when the economy was or seemed stable, however, when conditions seemed unstable this same group showed the most signs of fear and stress (Jetten, Mols, Spears & Healy, 2017).

The research that currently exists points to the fact that low income translates to the most all-around fear during both times of economic stability and collapse.

In a 2011 article, Laurie Budgar referenced a survey by Prudential that found that 44% of investors at the time claimed that they were not likely to invest more in the stock market ever again (Budgar, L 2011).

Jetten, Mols, Healy, and Spears (2017) found that the lower class fears recessions at a higher level than the middle class and that high-income individuals have a surprisingly high fear of recessions.

## Hypotheses

- H 1: Low and High-Income individuals strongly fear financial collapse.
- H 2: The level of education one receives influences fear of financial collapse.
- H 3: Those who have other economic fears such as not having enough money for the future, or not having enough money for rent or mortgage are more likely to fear economic collapse.

## Data

### H 1: Income Impact on Fear of Financial Collapse

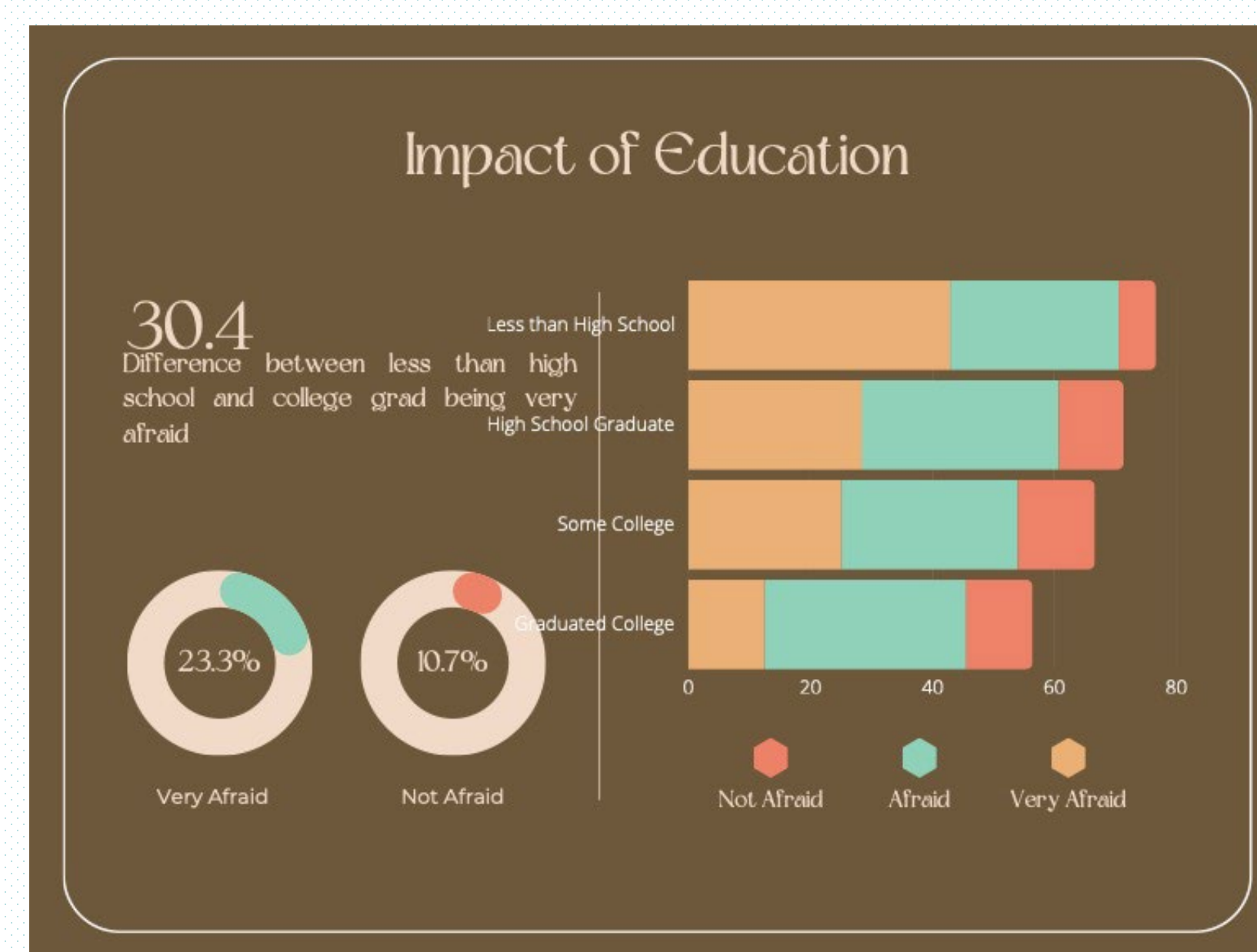
Table 1: Fear of Financial Collapse based on income.



n=1014  
Source CSAF, Wave 9, Chapman University

### H 2: Level of Education Impact on Fears of Financial Collapse

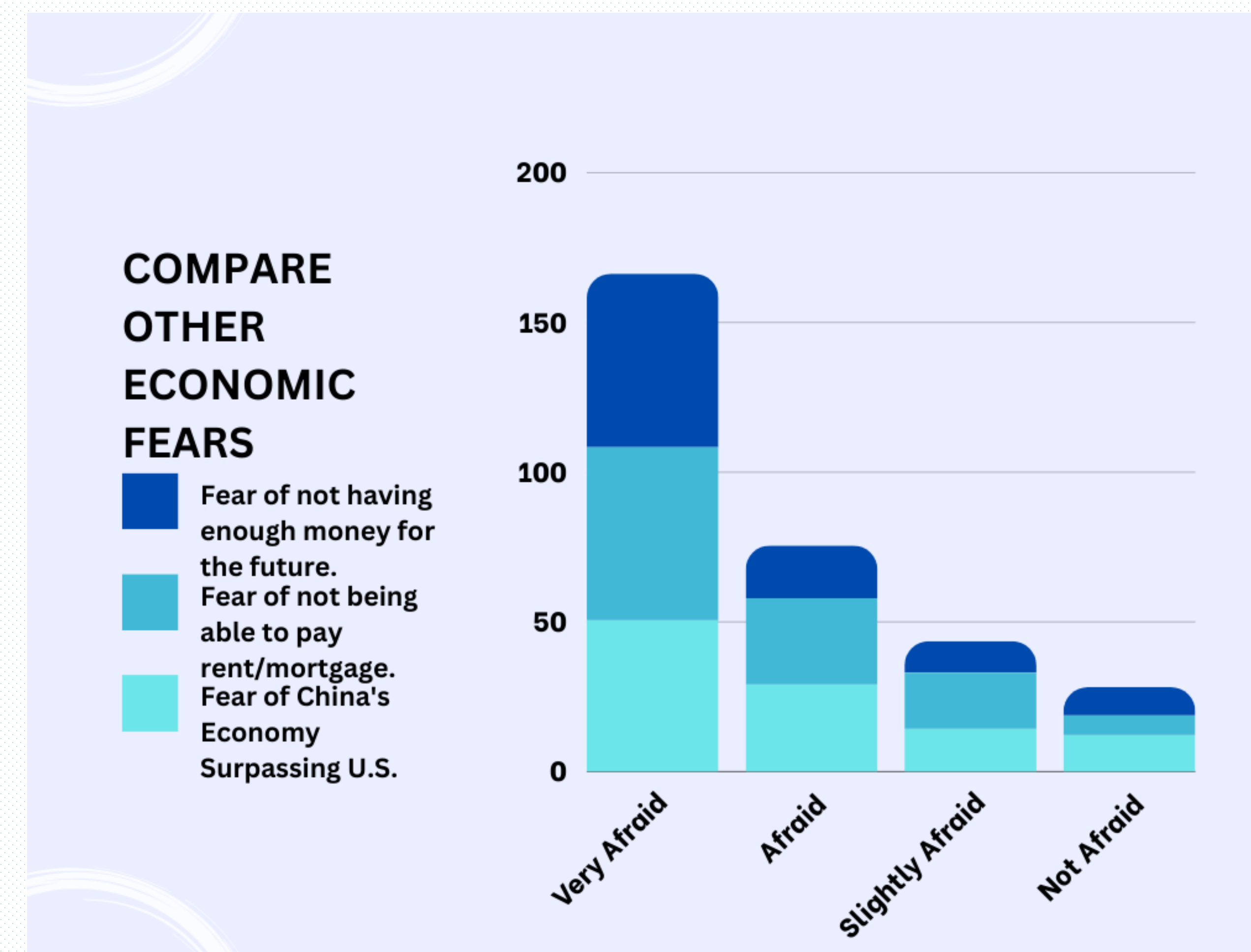
Table 2: Education by Level



n=1014  
Source CSAF, Wave 9, Chapman University

### H 3: Other Economic Fears' Impact on Fear of Financial Collapse

Table 3: Impact of Other Economic Fears



n=1014  
Source CSAF, Wave 9, Chapman University

Table 4: Fox News + Social Media



N=1014  
Source CSAF, Wave 9, Chapman University

## Findings

### H 1: Low and High-Income individuals Strongly Fear Recession

The analytics proved that low-income individuals are much more likely than the middle-income range to fear financial collapse. In fact, those who made between fifteen to twenty-five thousand are 26.6% more likely to fear financial collapse than those who made 250,000 or more. We were not able to statistically prove that high-income individuals were likely to fear financial collapse. In fact, our data proved the opposite. However, we didn't have enough data on the uber-wealthy to prove or disprove the research done in the literature review.

### H 2: The Level Of Education One Receives Influences Fear of Economic Collapse

Similar to Income, education was proven to strongly impact fear of financial collapse. Lower-educated Americans who didn't graduate from High School, or only graduated from High School were far more likely to fear financial collapse than those with college educations. In fact, those who didn't graduate High School were 30.4% more likely than those who graduated from college to be very afraid of financial collapse.

### IH 3: Those who have other economic fears such as not having enough money for the future, or not having enough money for rent or mortgage are more likely to fear financial collapse

Other Economic Fears were proven to have the most statistical significance in impacting the fear of financial collapse. Fear itself, may in fact cause other fear. The most fascinating aspect of this was the influence of media on fear. Large consumptions of Fox News and Social Media caused more fear as well.

## Conclusions

Table 1 shows that lower-income individuals are more likely to fear financial collapse than those with higher incomes. However, we were not able to prove that high-income individuals were more likely than the middle-income group to fear financial collapse. The second hypothesis was proven to be correct. Lower-educated Americans are more likely to fear financial collapse. Finally, other fears also impacted fear. In fact, they impacted fear even more than income and education.

These findings suggest that those with more to lose are most likely to fear financial collapse.

The final hypothesis correctly predicted that other economic fears influenced fear of financial collapse. Also, media such as Fox News and Social Media strongly impacted fear.

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