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# VIEWS OF DEMOCRACY, EGALITARIANISM AND CAPITALISM AMONG MILLENNIALS AND GEN ZS

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# EXECUTIVE SUMMARY

This is the first report on data we will collect over ten years to assess the views of young Americans towards democracy and capitalism. We want to understand how their views influence their expectations of the roles business and government play in society. The perspectives of these young Americans, specifically millennials and Gen Zs, are important for business leaders interested in what younger generations think about work, individual economic freedom, the purpose and limits of corporations, redistribution and regulatory structures, and engagement in civic society.

We followed Pew Research Center's definition of generations. In 2021, the year we collected the data for this report, the oldest millennials were 40 and the youngest were 25. The oldest Gen Zs were 24 and the youngest were nine. We surveyed people 18 and older. The survey firm, YouGov, contacted a demographically representative sample of 1,999 respondents ages 18 to 40 between July 19 and July 29. We split the sample into three groups we call older Gen-Z (18-24), younger millennials (25-31) and older millennials (32-40). Our conclusions about what matters to these groups are expressed as probabilities, not certainties. This summary presents what we identified as current ideas and trends based on these probabilities. Detailed results are in the report.

## ***YOUNGER AMERICANS SKEW LIBERAL***

Younger adults have typically skewed liberal in the past, and the groups we surveyed recently are no different. However, these generations also have grown up in an atmosphere (beginning decades ago) of increasing political polarization. Older millennials may be shifting away from very liberal views towards more moderate ones as they age and accumulate life experience. It is well known that Americans commonly hold conflicting and incompatible perspectives about individual and community standards related to free speech. A significant number of the younger people we surveyed embrace the ideals of free speech and the freedom to live as one sees fit, but other research suggests they express less tolerance than earlier generations for individuals with different views on polarizing moral issues, such as abortion and gender rights.

## ***YOUNGER AMERICANS ARE DISAPPOINTED WITH ECONOMIC OPPORTUNITY***

The groups we surveyed are broadly supportive of the foundational principles of capitalism such as competition and individual economic freedom. They are actively involved in investing. Yet, they think the current economic system is not working for them. Specifically, most young Americans do not believe access to the free enterprise system is equitable. They think the government is failing to ensure markets are free and fair and they think one role of the government is to make it easy to start a business. They are very frustrated to see others achieving what they perceive as easy and unearned success. One-third think the world is controlled by "powerful others" which limits feeling of individual agency. About 40% of young Americans think that morality and human nature are more hard set, and that these things can't change and develop much over time.

## ***PANDEMIC EFFECTS***

The perspectives mentioned above probably stem, at least in part, from a growing pre-pandemic intergenerational wealth gap between Baby Boomers and younger generations. If these views existed before the pandemic, they were likely further reinforced during the pandemic. The pandemic experience of young Americans may be contributing to what has been called delayed adulthood. This refers to a period between the ages of 18 and 25. In earlier generations, young adults were much more independent at these ages than they are today. Today, more young people in this age bracket do not yet accept full responsibility for themselves, make independent decisions, or become fully financially independent. If this is the case, Gen Z is certainly entering the work force

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with different psychological structures, experiences, and expectations than older generations. They probably even differ from the oldest millennials in this regard. This delay of independence causes a delay in experiencing key elements of adulthood, such as the self-discipline of work, the accumulation of material assets, and the impact of marriage and children.

### ***YOUNG AMERICANS AND GOVERNMENT***

It is not clear how intergenerational wealth gaps and delayed adulthood relate to diminished participation in public affairs or trust in civic engagement, such as in voting. Existing research shows younger generations are less likely than older generations to think they have a real say in government. Many do not believe the current system is doing enough to meet basic healthcare needs or addressing urgent environmental issues. Although they see a substantial role for government in fixing these problems, they do not think government is the only entity with responsibility to act. Regarding healthcare, older millennials point to the lack of competition as a problem. They are supportive of governmental backstops that defray risk including redistribution, wage support, and (at least during the pandemic) access to jobs.

### ***YOUNG AMERICANS AND MARKETS***

People who are optimistic and hold positive views about risk and competition are more likely to think they can do well in competitive market economies. In the groups we studied, their willingness and drive to engage in markets was not matched by a feeling that markets are fair or that the risk is worth it. It is well known that human psychology drives us more strongly to avoid loss than to achieve gain. If young Americans continue to feel markets are anti-competitive or captured by special interests, they will be less likely to be interested in participating in a capitalist economy. If they feel their choices repeatedly have bad outcomes, such as investing significant resources in an education and then becoming underemployed, they will be less optimistic about their future.

### ***CONCLUSION***

The results of this first survey suggest we should not be surprised young Americans are open to systems or mechanisms they believe might help them achieve success, reduce risk, and see important national or global issues addressed. The Center for the Study of Capitalism at Wake Forest will continue to track attitudes of young Americans toward democracy and capitalism over the next ten years as economic conditions change. We will track shifts in perspectives as new young people are surveyed when they reach age 18 and as current Gen Zs and millennials age.

### ***ACKNOWLEDGEMENTS***

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## SUMMARY STATISTICS

### Political attitudes

- Close to 40% of the sample identifies as democrat. There is a 6% difference between older millennials and Gen Zs self-identifying as very liberal, with more Gen Zs favoring that label, and an 8% difference between Gen Zs and older millennials identifying a moderate, with more older millennials favoring that label.
- Views among this sample are comparable to previous generations on the statement “I would not trust any person to decide what opinions can be freely expressed and what must be silenced.” In our study 77% agreed and 23% disagreed with this statement.
- This sample demonstrated a high level of tolerance for free speech in social media: 57% agreed, 19% were neutral, and 24% disagreed with the statement “I currently believe that I should be able to say what I like on social media, even if others find it offensive, as long as I do not threaten anyone with physical harm.”

### Egalitarianism and redistribution

- The data suggest strong concern for equality of opportunity, conceptual support for redistribution according to need, and less support for taking the property of individuals. Only 31% agree “society would have fewer problems if people focused more on earning and producing and less about how equal everybody is.” About 48% agree “Rewards and benefits in society should be distributed according to what people need, not what they produce.” When asked about redistribution in a more specific and personal way – “People should be allowed to keep what they produce, even if there are others with greater needs” – 69% of older Gen Zs, 73% of younger millennials and 74% of older millennials agree or are neutral, compared to 78% of all Americans (as compared to data from a 2019 survey by Cato Institute).
- When asked about the role of government in wages and jobs, 45% believe the government should set wages for jobs and 47% think the government should provide a job for anyone who wants one.

### Economic attitudes and engagement

- There is frustration that “others” are “succeeding easily” and a feeling that most people at the top have not earned their success, but frustration may diminish with age. Overall, 50% agree “It is so frustrating to see some people succeed so easily.” However, 29% of older millennials disagree with this statement compared to 19% of Gen Zs. The feeling that most people at the top have not earned their success is consistent between all groups with about a quarter agreeing and almost half disagreeing.
- There is concern about fairness in business competition and opportunity in business formation. 60% of respondents agree “Most entrepreneurs are successful because they start businesses using existing resources from parents or family.” Almost three quarters of millennials (71%) compared with 64% of older Gen Zs agree “The role of government is to ensure fair business competition and to make it easy for people to start new businesses.” Over three-quarters of all groups agree “Big business has too much power in American life” with similarity across all age groups.

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- Support for principles underlying capitalism varies, including competition, the right to decide your value in the marketplace, and the idea that wealth can grow. Overall, 69% agree “Competition is good. It stimulates people to work hard and develop new ideas.” 65% agree “There’s nothing wrong with trying to make as much money as you honestly can.” and 51% agree “Wealth can grow so there is enough for everyone.”
  - Results on overall support about how specific successful entrepreneurs, Kim Kardashian, Jamie Diamond, Jeff Bezos, Elon Musk, PewDiePie, Oprah Winfrey, and LeBron James, became wealthy, reflects moral judgments and age differences. When asked if these people took advantage of others or earned their wealth, Kim Kardashian scored a high of 53% and LeBron James scored a low of 9% for took advantage. Older millennials are more likely to think Jeff Bezos earned his wealth and less likely to think PewDiePie and LeBron James earned their wealth.
  - On the questions regarding involvement in the market and wealth building, 29% claim to own stock (comparable to the national average in 2017) and 16% reported owning cryptocurrencies (compared to 13% of all Americans), with little generational change. As cohorts age, Asians and men outpace others in ownership of stocks and mutual funds. Men in all age groups show strong ownership of cryptocurrency. Over time, Asians and men outpace other demographics in owning cryptocurrencies.
  - We asked if the government is doing enough to solve issues including healthcare and climate change. Millennials and older Gen Zs support government involvement in these problems but do not necessarily believe others have no responsibility. When asked to divide responsibility between government, business and individuals with regards to climate, they assign 51% of the responsibility to the government. For healthcare, they assign 57% of the responsibility to the government. But 35% of older Gen Zs and 48% of older millennials said healthcare, a highly regulated industry, lacked competition. Older millennials are paying for (or do not have) healthcare.

## Psychological attitudes

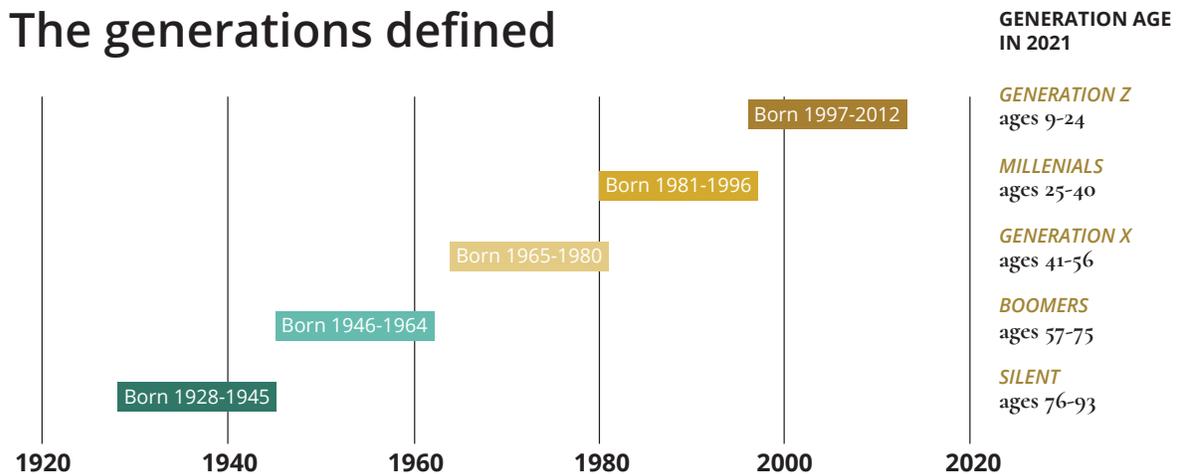
- A surprising number of respondents do not exhibit an open mindset, meaning openness to personal growth and new experiences and belief that morality, intelligence and human nature are malleable – that they change and develop over time. More agree than disagree that “the fundamental nature of our world is not something that can be changed very much.” More agree than disagree that “whether a person is responsible and sincere or not is deeply ingrained in their personality. It cannot be changed very much.” Only the statement “you have a certain amount of intelligence, and you really can’t do much to change it” evokes majority disagreement.
- Millennials and older Gen Zs are 13% more likely than all adults (as surveyed by Cato in 2019) to think the world is controlled by “powerful others.” Those who self-identify as democrats are more likely to feel this way. Although 60% of millennials agree one’s life can be directed by individual actions, effort, and planning, about 36% also agree with the statement, “I feel like what happens in my life is mostly determined by powerful people.” Younger members of these groups are slightly more likely to feel this way than older members.

# WHY SURVEY MILLENNIALS AND GEN ZS?

Millennials make up approximately 35% of the US work force and will dominate it in about five years. Millennials and members of the generation that follows, called Gen Z, have been tagged as interested in different work and lifestyle arrangements than older generations. With the pandemic receding, both generations are currently finding a robust, if evolving, job market. What do these generations think about work, the economy, and what they need to live a good life? How will these views change as each cohort ages, gains work experience, takes on the responsibilities of family, and accumulates material assets?

Generational research is complex. Unfortunately, as noted by social scientist Bobby Duffy in his book, *The Generation Myth: Why When You're Born Matters Less Than You Think*, generational research is commonly translated by the media into stereotypes. Millennials are described as self-interested narcissists and Gen Zs are called snowflakes.<sup>1</sup> We don't think this is the best way to categorize these cohorts and we have launched a research project to collect data on millennials and Gen Zs as they age over the next decade. Our research takes an inductive view. We will collect information about ideology, living conditions, economic goals, morals, values, psychological makeup, and demographic information such as age, gender, race, ethnicity, education, place of residence, and work status. These survey data will inform our ideas regarding millennials and Gen Zs perceptions about what is important to them and how well they think capitalism and democracy are working. Perceptions influence what millennials and Gen Zs expect from society, especially the relationships they form with employers, the kinds of businesses they support and launch, and the ideas they have about solving big picture problems such as climate change. Our suggestions about what matters to these groups will be expressed as probabilities, not certainties.

**Figure 1. Generations as defined by Pew Research Center.**



We follow Pew Research Center in looking at American history as roughly divided into different eras that have influenced the members who came to adulthood during those eras. These generational definitions are shown in Figure 1.<sup>2</sup> In 2021, the year we collected data, the oldest millennials were 40 and the youngest were 25. The oldest members of Gen Z were 24 and the youngest were nine. We only surveyed people 18 and older. The data we describe in this report are from a demographically representative sample of 1,999 respondents ages 18-40 drawn from YouGov's standing panel and were collected between July 19, 2021 - July 29, 2021. We split the sample into three groups we will call older Gen-Z (18-24), younger millennials (25-31) and older millennials (32-40). The survey methodology is provided at the end of the report. In the next years, we will follow millennials as they age and include all members of Gen Z age 18 and older. In this type of work, we cannot survey the same people

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from year to year. The best we can do is replicate the representativeness of the sample. In this report we describe the data we collected in 2021, our current ideas about these groups, and how these cohorts broadly compare to older generations.

For the most part, we are describing cohorts at different points in their life cycles, not comparing cohorts when they were the same age. This can make it hard to separate the impacts of age and generation. Following a generally agreed-upon idea, a key assumption we are making and will describe in the next section, is that the physical and psychological impact of aging generally makes all generations more conservative. However, it does not necessarily make them conservative in the same way. In young adulthood especially, each cohort experiences different social conditions. Right now, the oldest millennials are entering their 40s, the time when we might expect “conservatism” to start to kick in. As we collect more data, we will be able to consider this idea and compare millennials and Gen Zs at similar points in their lifecycle.

### **HOW AGE HAS CORRELATED WITH CONSERVATISM**

Everyone ages and, as we age, we experience life cycle effects common to all generations. A generally accepted view is that people grow more conservative as they grow older and gain wealth.<sup>3</sup> This may be due to psychological changes and economic experiences including the self-discipline of work, the impact of immediate concerns related to the responsibilities of family and work, and the accumulation of material assets, all of which could influence a greater interest in “traditional” values and norms. Some studies find a moderate correlation between upward mobility and political conservatism. Others indicate individuals who grow up in a household where family income grows at a reasonable level and, as an adult, attain similar or higher income than their parents, may be more likely to shift towards a conservative ideology.<sup>4</sup>

The human brain does not fully develop until around age 25 and young adulthood is a critical time when genetic makeup and experience gel in ways that manifest as deeply-embedded aspects of personality, character, and ideology.<sup>5</sup> The oldest members of Gen Z are just reaching this point. The time of life from age 18-25 also has been called a period of “emerging” adulthood. For some psychologists, decades of overall economic conditions along with demographic changes in the timing of marriage and parenthood have created a time of life when most young people do not fully accept responsibility for themselves, making independent decisions, or becoming fully financially independent.<sup>6</sup>

While the relationship between human brain development and the emergence of personality, character and ideology is complex, Johnathan Peterson, Kevin B. Smith, and John R. Hibbing recently proposed a model synthesizing approaches common in political science, sociology, psychology, and gerontology. This model suggests political attitudes remain relatively stable across adulthood however, over the long term, changes that do occur will more likely be toward the political right rather than the political left.<sup>7</sup> In other words, individuals may well become less liberal in some of their opinions, beliefs, and values as they grow older. If we suppose that all generations will naturally shift towards conservatism, largely because of elements of adulthood –psychological changes, the self-discipline of work, the accumulation of material assets, and the impact of marriage and children –then we can consider the starting point for each cohort – young adults aged roughly 18-26 –and track how they engage with the elements described. Over time, this may allow us to develop a deeper understanding of how millennial and Gen Z cohorts are similar and different from one another during similar periods of their lifecycles as well as different than older generations.

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## **WHAT DO WE KNOW ABOUT MILLENNIALS AND GEN ZS?**

Millennials are better known than Gen Zs from survey work. Political scientist Laura Stoker summarizes research around overarching attitudes detected in millennials to date. She considers millennials to be interested in individual financial goals while also prioritizing “quality of life over physical and economic security.” Stoker documents a real divergence from Baby Boomer and older generations on social issues, including more liberal attitudes regarding gender roles, immigration, and racial equality – but not necessarily abortion. Millennials care about the environment and conservation. They are more likely to see climate change as human-induced. Stoker notes that, while they are distrusting of “politicians and the government, millennials are nevertheless even more supportive than their elders of a strong governmental role in solving economic and social problems, including national health care.”

That said, millennials have been less involved in voting, politics, and public affairs. When they do get involved in these areas, they participate in more sporadic and individuated ways than their parents and grandparents. Millennials have not shown the same interest in joining civic groups such as the Rotary Club, or Fraternal and Women’s auxiliary organizations, preferring grassroots and professional organizations. A concern with social and egalitarian issues pushes millennials toward identifying politically as democrats or independents.<sup>8</sup> While we don’t know as much about Gen Zs, some polls suggest that they are similar in attitudes to millennials, at least on social and political issues.<sup>9</sup>

## **CONDITIONS THAT MAY DRIVE DIFFERENCES BETWEEN MILLENNIALS AND GEN ZS**

We are particularly interested in exploring the psychological and economic experiences of millennials and Gen Zs in 2021 and beyond. How can we describe each group’s progress towards financial independence, stability, and prosperity as well as the progress they perceive they are making when compared to their peers and older generations? What do they believe is helping or hampering their development? What political solutions do they favor for enhancing prosperity and solving economic problems?

First, let’s consider similarities and differences during the “young adult” phase (age 18-25) which are summarized in Figure 2. Millennials and Gen Zs are experiencing some “big picture” macroeconomic issues in similar ways, especially the rising cost of education, healthcare, and housing. These three trends show no sign of abating and contribute to the intergenerational economic inequality that has been growing since the 1980s and is documented by Bobby Duffy. Climate change is another concern. Whether one agrees or not that climate change is human-induced, the climate is changing, and its costs to the economy are increasing.

Second, let’s consider changes wrought by the Covid pandemic, beginning roughly in January 2020 and now abating. On the one hand, this event exemplifies a dramatic period impacting all generations. In the United States, everyone endured some degree of hardship and disruption due to quarantines. On the other hand, the impact of Covid on generational cohorts is not the same. Members of the oldest generations – the Silent and Greatest Generations (people born before 1945) –witnessed incredible personal loss as many of their cohort members died from Covid: 52% of all deaths reported were in people over 75 while people under 29 make up fewer than 1% all reported deaths.<sup>10</sup>

**Figure 2. General economic conditions experienced by older Gen Zs, younger millennials, and older millennials when each group was in the 18-26 age range.**

	GROUP AGE AS OF 2021		
	OLDER GEN-ZS, 18-24	YOUNGER MILLENNIALS, 25-31	OLDER MILLENNIALS, 32-40
Year when the oldest member of this generation was 26	N/A	2016	2007
<b>MACROECONOMIC ISSUES</b>			
<i>EDUCATION</i>	Higher education: Rising tuition costs and student loan debt.		
<i>HEALTHCARE</i>	Rising premium and deductibles. Costs outpacing wage growth and inflation.		
<i>HOUSING</i>	Pre-2022: Low interest rates, low supply, rising demand, and rising costs, especially in cities. As of 2022: Rising interest rates, low supply, rising demand, and rising costs are further exacerbating a supply/demand issue.		
<b>BUSINESS CYCLE ISSUES</b>			
<i>INFLATION</i>	From March 2021 to March 2022 rose from 2.1% to 7.9%	Below 4%	Below 4%
<i>JOB MARKET STRENGTH</i>	High, worker shortage in all sectors	Good for specific skills sets	Depressed after 2008 recession
<i>WORKER BARGAINING POWER, OVERALL WAGE GROWTH</i>	Strong	Weak	Weak
<i>DOMESTIC MARKET POLICY</i>	More interventionist	Less regulatory	Less regulatory
<i>GLOBAL MARKET POLICY</i>	Polarized & nationalistic	Free trade	Free trade

Third, let’s consider business cycle issues related to the expansion and contraction of the economy. The pandemic and its aftermath have set the stage for older Gen Zs (age 18-24) to have different psychological and economic experiences than older millennials who were at comparable age during the 2008 financial crisis (in 2008 the oldest millennials were 27). The 2008 crisis created difficult financial situations for many families and diminished employment prospects for younger workers. Since 2008, millennials have been part of a business

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environment largely marked by low interest rates and less-vibrant wage growth. This has been coupled with robust global trade and domestic economic policies marked by less regulatory interference. These conditions helped create very large and powerful global businesses, especially in finance and technology which, in turn, impacted the choice of firms, workers, and consumers.

Economic conditions specific to this cohort – not just psychology – have played a role in driving emerging adulthood. Data documenting life events such as age at marriage, home purchase and career advancement from the oldest to the youngest generation shows a sliding scale of economic achievement. Delayed economic independence and commitment to life responsibilities has further exacerbated financial inequality between Baby Boomers and younger generations.<sup>11</sup>

The economic environment awaiting Gen Z may be very different. The oldest members of Gen Z spent several of their critical formative years living in pandemic-induced isolation and are now entering a strong labor market. For several reasons, the United States is facing a worker shortage, which is not projected to abate soon. Wage and employment conditions are favorable for skilled and unskilled workers. That said, as we write, the economy is suffering from supply chain constraints, rising inflation, and rising interest rates coupled with increasing global political polarization and the return of more interventionist attitudes by government toward the market.<sup>12</sup> These conditions will shape Gen Z's attitudes on the responsibilities of individuals, business, and the government for a well-functioning society.

Finally, the overarching psychology of these cohorts is shaped by different cultural factors. Millennials and Gen Zs are more ethnically diverse than older cohorts. Pew Research Center data suggests 30% or fewer of Gen X and older cohorts identify as non-white, while 39% of millennials and 48% of Gen Zs consider themselves to be racial or ethnic minorities, with 53% of Gen Z claiming two or more races.<sup>13</sup> Problematically, Gen Z is less healthy than older cohorts at the same period in life. Many first world nations are seeing an obesity epidemic in children and young people, aggravated by pandemic isolation and quarantines. Over time, if obesity does not decline, it could impact worker productivity, healthcare costs, and lifespan. Finally, Gen Z has experienced the viral impact of the #MeToo movement, starting around 2017, and the George Floyd protests, starting in 2020, in different ways than older cohorts.

### ***DESCRIBING GENERATIONS USING VALUES ASSOCIATED WITH LIBERAL AND CONSERVATIVE***

In the United States, liberal and conservative are commonly applied in very broad ways. Terms equated to “liberal” and “conservative” views such as democrat, libertarian, republican, socialist and capitalist are vague and have overlapping boundaries. They mean different things to different people. Most American “socialists” look to free-market nations such as Norway and Sweden, not Cuba and Venezuela, as ideal models of governance. American free market “capitalists” think nothing of leveraging politicians to distort free markets and create barriers to market entry. American libertarians are socially liberal and advocate for equality of gender roles, high immigration, racial equality, abortion, legalized drugs, and other very “liberal” social policies. At the same time, they advocate for a very limited role for the federal government, preferring free markets and local and state solutions to social and economic issues.

Ideological boundaries are fuzzy because people are not strictly rational decision-makers. Additionally, few people act in ways that consistently align individual behavior with standards they expect from a community. Here is an example of what we mean by this lack of alignment. At the start of World War II, 97% of American adults agreed with a Gallup Poll question asking, “Do you believe in freedom of speech?” Only 22%, however, agreed with a follow up question, “Do you believe in it to the extent of allowing fascists and communists to hold meetings and express their views in the community?”

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This hasn't changed. Surveys commonly detect disconnects between an individual's ideology and how they act in the real world or between individual standards (standards they set for themselves) and community standards (standards they project as morally appropriate for the community). Why do people behave this way? It does not stem from a lack of ethics or morality, it stems from the fact the humans are incapable of consistently making and implementing purely rational decisions. As psychologist and economist Daniel Kahneman explains, "reasonable people cannot be rational, but they should not be branded as irrational."<sup>14</sup>

Rational inconsistencies are to be expected and are important to consider when exploring notions of "liberal" and "conservative." As Laura Stoker described millennials, they exhibit some characteristics we might assign to either conservative or liberal ideologies if they are not contextualized with ideas about individual standards and community standards. If we describe millennials as interested in reaching individual economic goals and distrusting of politicians and the government, that certainly sounds like economic and political individualism, more typical of "conservative" ideologies. What we'd really like to know is how they view the underlying features of market economies such as competition, risk, and economic inequality, and how they view the accessibility and fairness of markets. If millennials also are more supportive of a stronger role for government in solving problems, that certainly sounds like egalitarianism, more typical of "liberal" ideologies. What we'd really like to know is how they think business and government should be involved in solving problems important to them.

### **DESCRIBING GENERATIONS USING VALUES ASSOCIATED WITH DEMOCRACY, EGALITARIANISM, AND CAPITALISM**

One way to help bring more clarity to these fuzzy terms is to consider where along a spectrum cohorts place themselves regarding values specifically associated with the political economy of the United States, a form of government best described as democratic capitalism. For most Americans, living in a free society means high levels of individual economic freedom (capitalism), individual political freedom (democracy) and social equality (egalitarianism). Capitalism, democracy, and egalitarianism provide a way to structure the discussion of our survey data. In doing this, we follow an approach set out in the 1980s by Herbert McCloskey and John Zaller.<sup>15</sup>

It is important to note two things about using this framework. First, democracy, capitalism and egalitarianism are ultimately rooted in the core ideal of freedom: free choice in political and economic realms of life and the personal freedom that comes from a collective belief in equality, the idea that all humans possess a fundamental worth and should have equal rights. Free choice is strongly equated with America's libertarian tradition which prefers personal liberty – the right to act, speak, worship, vote, defy authority, demand rights, define morality and exchange with others as one sees fit.

The second thing to note is that democracy, capitalism, and egalitarianism are aspirational and conflict with one another. We know that the claims that "all men are created equal" and have "unalienable rights" have not been matched in America's history of slavery, misogyny, and ethnocentrism although these problems have been increasingly addressed over time. In our review of survey questions constructed in the 1980s, for example, we found one instructing the respondents to choose the answer they most agree with: *If a business owner has to lay off employees, he should A) treat everyone equally and decide based on merit or B) lay off the women first, especially if they are married.* A significant number of people (probably even women!) chose the second option. Today, it would be ludicrous to ask millennials and Gen Zs this question. Previously, we used a question about free speech to describe the kinds of disconnects that can occur when asking people about appropriate individual behavior and community standards. The fact that values are aspirational coupled with the fact that people do not practice consistently rational decision-making means that we should expect to find a person's views of democracy, capitalism, and egalitarianism exist along a spectrum and that conflicts will appear around allowable individual or personal behavior and allowable group or collective behavior.

**Figure 3. The range of public conflict concerning the values of capitalism and democracy in the United States after Herbert McCloskey and John Zaller.**



Figure 3, adapted from Herbert McCloskey and John Zaller, shows that egalitarianism has a strong influence that pulls Americans away from laissez-faire economic systems while capitalism pulls Americans away from communist political systems. For most Americans, egalitarianism means supporting democratic norms and individual success and wealth creation using market economies. Over the course of the 1900s, it also has come to mean supporting policies that mitigate the concentration of market or political power and policies that provide for the basic needs of citizens who cannot provide for themselves.

While “left leaning” political ideas are often equated with stronger egalitarianism and “right leaning” political ideas with stronger individualism, the picture is much more nuanced. Here, we will look at data that help us consider how millennials and older Gen Zs view democracy, capitalism, and egalitarianism and, using that lens, how well they think these three intertwined values are operating in society. We’ll also consider how the views described may be different from those of older generations of Americans.

## THE 2021 DATA ON MILLENNIALS AND OLDER GEN ZS

Experience, age, and demographics separate millennials and Gen Zs. Attitudes of Gen Zs in particular are currently shaped more by predisposition and less by experience. We would expect millennials to have more education, assets, and “real life” experience than Gen Zs. In this report, we will sort results based on our three age groups and from time to time we also will sort results based on gender, race, and ethnicity. Our sample size is demographically representative and multi-racial and multi-ethnic individuals are represented in the sample, but they are represented in small numbers. To get to know millennials and older Gen Zs, we asked questions about demographics, self-reported political ideology, marriage, work status, and employment.

To contextualize our data, we refer to studies conducted by other organizations that provide a sense of how millennials and Gen Zs are similar or different in their current thinking to all American adults. These studies

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help us consider possible age-related trends in attitudes towards capitalism, democracy, and egalitarianism. Since we collected this data during the pandemic, we also must consider the potential impact of that event when making comparisons with pre-pandemic data.

## **NEUTRAL VIEWS**

Before describing the results, a word about the category “neutral.” Although some surveys prefer to force respondents to choose a positive/negative (yes/no, agree/disagree) value, in this survey we decided to include a neutral category when it made sense to do so. We use a Likert scale with five response points: strongly agree, slightly agree, neutral, slightly disagree, strongly disagree. In this preliminary report, we generally provide results as agree, neutral, disagree. Neutral can be variously interpreted as the respondent hasn’t really thought about the issue or does not have a particularly strong opinion about the issue.

In areas of strong interest or concern, we would expect to find fewer neutral responses. Questions about compassion for the homeless, for example, elicited very low percentages of neutral responses. In contrast, questions about whether it was important to buy clothes made in America, elicited high levels of neutral responses. We expect these responses reflect a lack of depth of feeling.

A “neutral” response may also signal hesitancy to express a strong opinion. Some research shows that holding a strong opinion may be related to a person’s demographic profile. In work settings, for example, men have been found to act more quickly and more assertively in voicing opinions publicly.<sup>16</sup> During our analysis we compared responses of strong agreement or strong disagreement to all others: somewhat disagree, neutral and somewhat agree. In other words, we asked who has strongly held opinions (in either direction)? Who tends to have less strongly held opinions? At least on some questions, people with strong opinions are more likely to be older, male, and white. We will report on these patterns in detail elsewhere.

## **DEMOGRAPHICS, EDUCATION, AND RELIGION**

YouGov targeted a demographic breakdown mirroring the 2019 American Community Survey. The sample reflects a 60% white and 40% non-white split. We would expect more Gen Zs to choose a multi-racial identity. Data on multi-racial individuals has improved since the U.S. census included options to choose multi-racial identities. Across all ages, the overall increase in Americans claiming multi-racial identities has surge 276% since 2010.<sup>17</sup>

YouGov also targeted education to reflect levels to mirror the 2019 American Community Survey. Education level is driven by age. The oldest Gen Zs are 24, and 25 is commonly used as a baseline for measuring 4-year college attainment. Nationally, about 90% of adults aged 25 years and older have a high school degree and around 37% have a four-year college degree. Figure 5 shows that 33% of Gen Zs have completed only some high school compared to 21% of younger and 24% of older millennials. In our group, 38% of Gen Zs already have some college, suggesting they are on track to meet or exceed current national statistics.

**Figure 4. Older Gen Zs and millennials by race and ethnicity.**

RACE/ETHNICITY	GEN ZS (18-24)	YOUNGER MILLENNIALS (25-31)	OLDER MILLENNIALS (32-40)
WHITE	58%	62%	60%
BLACK	13%	12%	12%
HISPANIC	12%	14%	17%
ASIAN	10%	7%	5%
NATIVE AMERICAN	0%	1%	1%
TWO OR MORE RACES	5%	4%	3%
OTHER	0%	1%	2%
MIDDLE EASTERN	1%	1%	0%

**Figure 5. Educational attainment of older Gen Zs and millennials.**

EDUCATION	GEN ZS (18-24)	YOUNGER MILLENNIALS (25-31)	OLDER MILLENNIALS (32-40)
NO HIGH SCHOOL DEGREE	9%	4%	3%
HIGH SCHOOL	33%	21%	24%
SOME COLLEGE	38%	23%	24%
2-YEAR DEGREE	4%	6%	7%
4-YEAR DEGREE	16%	33%	26%
POST GRADUATE STUDY	1%	13%	16%

Religiosity is a characteristic documented to increase with age until very late in life, when attendance at worship declines. Adults are more likely than young people to hold strong religious beliefs and attend religious services.<sup>18</sup> A Pew Research Center survey from 2014 reports 68% of adults aged 18-29 reported religion to be somewhat or very important.<sup>19</sup> Today those adults would be age 25-36, roughly comparable to our current definition of millennials. In our survey, 46% of older Gen Zs, 46% of young millennials and 47% of older millennials said religion was somewhat or very important. This suggests a substantial drop in religious involvement among millennials. We will be interested to see how these statistics evolve during the course of our research. We do see a slight increase in the number of older millennials for whom religion is very important.

**Figure 6. The importance of religion for older Gen Zs and millennials.**

RELIGION	GEN ZS (18-24)	YOUNGER MILLENNIALS (25-31)	OLDER MILLENNIALS (32-40)
VERY IMPORTANT	22%	24%	28%
SOMEWHAT IMPORTANT	24%	22%	19%
NOT TOO IMPORTANT	19%	14%	15%
NOT AT ALL IMPORTANT	35%	41%	38%

## MARRIAGE, WORK, AND EMPLOYMENT

As we would expect, older millennials are more likely to be employed full time, married, and have kids than younger millennials and Gen Zs. In this sample, younger millennials look somewhat underemployed compared to older Gen Zs and older millennials. More than 50% of all older groups, aside from females, claim full-time employment. Fewer are married. Nationally, the average age of marriage is going up. In 2008, the median age at first marriage was 28 for men and 26 for women. By 2016, the age was 30 for men and 28 for women.<sup>20</sup> Among older millennials, we see more married women, Whites and Asians than other demographics. The most significant difference in this sample is in the number of older millennial men who do not have children – only 23% of older millennial men are fathers although 32% of older millennials have children.

**Figure 7. Older Gen Zs and millennials who are employed full time, currently married and have children by gender, race, and ethnicity.**

	OLDER GEN ZS (18-24)	YOUNGER MILLENNIALS (25-31)	OLDER MILLENNIALS (32-40)
<b>EMPLOYMENT</b>			
TOTAL EMPLOYED FULL TIME	43%	35%	52%
MALE	47%	44%	59%
FEMALE	37%	26%	48%
WHITE	43%	34%	52%
BLACK	43%	36%	54%
HISPANIC	43%	30%	54%
ASIAN	46%	37%	50%
<b>CURRENTLY MARRIED</b>			
TOTAL CURRENTLY MARRIED	19%	20%	38%
MALE	19%	18%	34%
FEMALE	19%	22%	41%
WHITE	18%	19%	39%
BLACK	20%	25%	31%
HISPANIC	17%	14%	35%
ASIAN	23%	35%	38%
<b>HAVE CHILDREN</b>			
TOTAL WITH CHILDREN	20%	23%	32%
MALE	15%	20%	23%
FEMALE	28%	26%	38%
WHITE	19%	24%	33%
BLACK	23%	21%	33%
HISPANIC	10%	21%	28%
ASIAN	28%	24%	26%

## SELF-REPORTED POLITICAL IDEOLOGY

We expect that younger cohorts skew liberal and democratic. Although 28% of our sample did not vote in the last presidential election, almost half of those two did (48%), voted for Joe Biden. Of the rest, 18% voted for Donald Trump and 6% for other candidates. Figure 8 shows that close to 40% identify as democrats. The most noticeable statistics in Figure 8 are a 6% difference between older millennials and Gen Zs self-identifying as very liberal – with more Gen Zs favoring that label – and an 8% difference between Gen Zs and older millennials identifying as moderate – with more older millennials favoring that label. There is much more consistency across republican and conservative/very conservative categories. Finally, there is a decline in “not sure” regarding party and ideology from younger generations to older generations.

Research on millennials and older generations has produced interesting findings on how lifecycle and cohort relate to political ideology and party affiliation.<sup>21</sup> On the one hand, there is trend toward conservatism. Since the 1960s, the electorate shows a declining dominance of democrats, becoming more evenly split between republicans and democrats, especially in the south. And, while it is more likely that a young person will identify as a democrat (about a 2 in 3 chance), over time that probability declines to closer to a 50-50 chance, supporting a hypothesis we discussed earlier that many people may become more conservative as they age. Finally, the sheer number of older conservatives also rose over the last decades due simply to increasing longevity in the population. On the other hand, the pull towards the Republican Party has been offset somewhat by increasing racial and ethnic diversity, groups that have tended to align with democrats in the past.

**Figure 8. The political party affiliation, ideology, and party leaning of older Gen Z and millennials.**

	OLDER GEN ZS (18-24)	YOUNGER MILLENNIALS (25-31)	OLDER MILLENNIALS (32-40)
<b>POLITICAL PARTY</b>			
DEMOCRAT	36%	39%	39%
REPUBLICAN	14%	14%	17%
INDEPENDENT	31%	33%	32%
OTHER	7%	7%	7%
NOT SURE	11%	8%	6%
<b>IDEOLOGY</b>			
VERY LIBERAL	26%	24%	20%
LIBERAL	21%	18%	20%
MODERATE	22%	28%	30%
CONSERVATIVE	10%	11%	12%
VERY CONSERVATIVE	6%	7%	8%
NOT SURE	15%	11%	10%
<b>PARTY LEANING</b>			
STRONG DEMOCRAT	22%	25%	25%
NOT VERY STRONG DEMOCRAT	14%	14%	14%
LEAN DEMOCRAT	18%	14%	15%
INDEPENDENT	20%	23%	23%
LEAN REPUBLICAN	6%	6%	4%
NOT VERY STRONG REPUBLICAN	5%	6%	7%
STRONG REPUBLICAN	9%	8%	10%
NOT SURE	6%	4%	3%

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In our data, just over 30% of all groups identify as independent. That led us to a question – who are independents and what is their ideology? Most voters who identify as independent will, when pressed, state they “lean” towards one party or another. In our sample, data on party leaning suggests that a higher number of independents lean democrat (14-18%) than republican (4-6%). In this sense, strong independents drop 10 to 11 percentage points, to 20-23% of each age group. We also notice more strong democrats and strong republicans than not very strong democrats and not very strong republicans.

How does this compare to the overall voting population? Work tracking changes from the 1960s to about 2016 shows the sheer number of independents in the voting population rose quite a bit – from around 20% in the 1960s to about 40% in the early 2000s, with around 75% (in the 2010’s) leaning towards one party or another. This increase only tells part of the story because, over the same period, lifecycle and generational changes have been at work. First, the likelihood of a person claiming independent identification declines with age. Second, the likelihood of independent identification declines with education. Third, partisanship and demographics have further impacted the number of independent voters. Controlling for age and other demographics, the probability of a millennial today claiming independent status is about 13 to 15 percent less than a member of the Baby Boomer or Silent Generation. In short, increasing racial and ethnic diversity and exposure to more polarized politics during early adulthood, discussed in more detail below, have worked to reduce the presence of independents in the electorate.

While hard to make definitive statements, true independents seem to be closer to 1960s levels than 2010 levels. There may be a drift from very liberal towards moderation, but we see little change in the strength of party affiliation, especially among those who identify as strong democrat and strong republican.

## ***DEMOCRACY AND TOLERANCE AMONG MILLENNIALS AND OLDER GEN ZS***

America is a constitutional federal republic which means that our political system operates through representatives rather than as a direct democracy. The framers of the United States government were wary of too much democracy and modern Americans also are wary of “majority rule.” Ideally, one person, one vote affords all citizens an equal right to have a say in the political system through elected officials ethically bound to represent the views of their constituents and act on their behalf. Democracy also is carried out through core freedoms including the right to assembly, press, religion, speech, and to petition the government for redress of grievances. These values are so ingrained that it hasn’t been very informative to ask Americans if they agree or disagree with the statement “I believe in freedom of speech.” As we described above, the application of these ideals is another story.

Generally, open societies are tolerant and, as America has become more secular, urbanized, educated and wealthy over the course of the 20<sup>th</sup> century, the public has become more tolerant of groups such as communists, atheists and members of non-Christian religions. That said, public perceptions that a group is “dangerous” can strongly shift public tolerance and have a real impact on individual rights. In a poll taken at the height of McCarthyism around 1954, 58% of respondents said it was more important to flush out communists even if some innocent people were hurt while only 32% were concerned with protecting individual rights.<sup>22</sup> The tenor of political officials who conduct national debates on issues related to democracy and the tone of the media who report on these debates matters a lot.

Americans do not profess the same level of individual tolerance for moral issues, especially sexual freedom, pornography, abortion, prostitution, and drugs. Ideas about these are rooted in community and culture. Consider the relationship between questions about “idealized” moral tolerance and “community standard” moral tolerance:

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## General or Idealized Tolerance

- 1988 survey: We should be more tolerant of people who choose to live according to their own moral standards even if they are very different from our own. 60% agree<sup>23</sup>
- 2012 survey: We should be more tolerant of people who choose to live according to their own moral standards even if we think they are wrong. 75% agree<sup>24</sup>

## Community Standards

- 1975: Our laws should aim to enforce the community standards of right and wrong. 44% agree<sup>25</sup>
- 2012: Americans are too tolerant and accepting of behaviors that in the past were considered immoral or wrong. 61% agree<sup>26</sup>
- 2019: How much responsibility should the government have in upholding moral standards among its citizens? 45% say some or total responsibility.<sup>27</sup>

Around 75% of Americans profess to have libertarian-leaning ideals while upward of 40% also project their community standards as the ideal overarching law of the land. In the eyes of the public, republicans are seen as much less tolerant than democrats. A 2019 Pew Research Center poll asked Americans to rate each party in terms of how good it is at being respectful and tolerant of different types of people. These results suggest two trends worth mentioning. Overall, republicans are seen as less tolerant. People under 50 see republicans seen as much less tolerant than democrats: 28% rated republicans tolerant and respectful while 67% rated democrats tolerant and respectful.<sup>28</sup> It's important to note that Americans didn't express an overwhelming fondness for either party. To a question in the same survey asking how warm and positive (a rating of 100) or cold and negative (a rating of 0) respondents felt towards republicans and democrats, the mean for republicans was 44 and for democrats was 47.<sup>29</sup> These data reflect the presence of more liberal and democratic voters among younger groups and probably that people who are strongly liberal (or conservative) are *less* likely to consider their party intolerant and *more* likely to consider the opposing party is intolerant.

Data show that millennials and older Gen Zs are largely tolerant on race, ethnicity, gender, sexuality, religion, and immigration. Results are mixed regarding free speech about the same topics. We asked two questions about free speech:

- I would not trust any person to decide what opinions can be freely expressed and what must be silenced. In our study, 77% agreed and 23% disagreed with this statement. In a 1958 study, 80% of Americans agreed and 20% disagreed with this statement.
- I currently believe that I should be able to say what I like on social media, even if others find it offensive, as long as I do not threaten anyone with physical harm. In our study, 57% agreed, 19% were neutral, and 24% disagreed with this statement.

Using two data points, millennials and older Gen Zs appear like most Americans and do not trust anyone to limit their speech – and they are only moderately concerned about the tone of social media.

However, when the discussion drifts into specific moral issues, views of race, ethnicity, gender, and sexuality, we cannot assume the same level of tolerance. A 2015 Pew Research Center poll raised alarm in suggesting that

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around 40% of millennials stated that “the government” should ban speech that minorities find offensive.<sup>30</sup> Activism, at work and on college campuses to “ban” certain views exemplifies enforcing certain “community standards” on people with divergent moral systems.

Consider the dust up around Dave Chappelle’s Netflix comedy special in which he made comments about the transgender community that some Netflix employees found offensive. These employees petitioned management and CEO Ted Sarandos to keep the program from airing. On college campuses, the Bipartisan Center’s Campus Free Speech program, the Foundation for Individual Rights in Education, the American Civil Liberties Union, and other defenders of free speech document protests, calls to disinvite speakers, and policies creating “free speech zones.” Polls indicate the environment on college campuses leads many students and faculty to self-censor and to refuse to engage in open conversations. These outcomes suggest a level of disconnect among some millennials and older Gen Zs who can simultaneously distrust any person to decide what opinions can be freely expressed and advocate that Ted Sarandos should remove Dave Chappelle’s Netflix special.

### **EGALITARIANISM AMONG MILLENNIALS AND OLDER GEN ZS**

Economic and political systems do not create total equality in the distribution of wealth and power. The view that we all share a common humanity and equal moral worth does mean we are collectively responsible for ensuring that all citizens live in dignity. Generally, dignity equates to a person’s ability to obtain “basic needs.” What are these? One way to consider “basic needs” is to use the concept of the hierarchy of needs described by Abraham Maslow, a psychologist interested in understanding the needs that drive people to initiate, continue, or terminate a certain behavior at a particular time, also known as behavioral motivation.<sup>31</sup> Maslow was especially interested in considering how human psychology constructed layers of motivation to reach self-actualization. His hierarchy of needs, shown in Figure 9, identified physiological needs (food, water, warmth, and rest) and safety needs (safety and security) as basic needs.

Safety and security are largely provided by the state and are a key rationale for its existence. Theoretically, states limit violence to a small group of people empowered to arbitrate disputes, dispense justice, and wage war, allowing millions of people to live together in an environment where everyone has a chance of obtaining basic needs. If a state does not consistently create this environment, it cannot meet the definition of a working system. Below some culturally determined threshold, people will revolt or leave the system. Cuba’s failure to consistently provide basic needs, for example, is causing people to push for changes to the structure of the government and to leave.

Basic needs are dictated by culture. In Laos, for example, there are levels of poverty that do not exist in America. It would be hard to find Americans who would consider the kind of poverty found in Laos to be acceptable for our society. Most of us can agree on what life looks like when too few needs are being met. Few of us will agree on the needs required to live a good life, much less the responsibility of individuals, communities, businesses, and the state for providing them. This is a value judgment. When Americans describe basic needs, they describe a lack of opportunity or a lack of access to things they consider citizens should be able to earn through work.

**Figure 9. Abraham Maslow's hierarchy of needs.**



Before the Enlightenment, a person's right to basic needs was defined by status, sex, religion, and occupation. Most people had no inherent rights. When Enlightenment thinkers such as John Locke asserted that all humans have equal moral worth, it meant that everybody had a right to basic needs. If, for some reason, you could not get these through your own effort then "someone" was morally obligated to step in. Before the Great Depression, Americans largely considered that families, communities, churches, and charitable organizations were best suited to help those in need. Over the course of the 20th century, society became more supportive of the state taking on a larger role in providing basic needs. Ideas about the scope of basic needs expanded to include concepts such as public education and healthcare.

Public education to promote basic literacy and self-sufficiency has existed in the United States since the Colonial era. In the early 1900s, as the nation industrialized, the idea that everyone should go to high school or training school was recognized by society as necessary to create self-sufficient citizens. Likewise, as lifespans lengthened and the concept of preventative medicine took root, the idea that access to basic healthcare would make citizens more self-sufficient and productive gained acceptance.

Millennials and older Gen Zs are concerned about the cost of healthcare and education. The cost of undergraduate tuition, fees, and room and board at public institutions and at private nonprofit institutions rose 28% and 19%, respectively, between 2009 and 2019. A 2020 poll by GetInsured, a health insurance marketplace platform provider, found that 29% of millennials said they did not have health insurance.<sup>32</sup> Being educated and healthy underlie the psychological and self-fulfillment needs listed in the upper tiers of Maslow's hierarchy. These needs relate to belonging, esteem and self-actualization. They include finding intimate relationships, friends, achieving personal goals, finding outlets to express creativity and, ultimately, achieving one's potential. There is an important difference between basic needs and psychological and self-fulfillment needs. A state can provide food and water or money to buy these things, and it can provide some degree of safety and security. It cannot provide psychological and self-fulfillment needs. These can only be achieved through individual effort.

If a system is perfectly equitable in access and opportunity, everyone would have the same potential to reach self-actualization based on how much or little effort they put in. The path to obtaining self-actualization by fulfilling your needs is unique to every individual and is derived from a person’s world view, morals, upbringing, culture, and experience. One person may choose to meet their needs and goals for self-actualization by eschewing modern technology and living off the grid while another considers lack of free access to the internet unacceptable for citizens of 21<sup>st</sup> century society. In surveys, we can glean some information about what millennials and older Gen Zs believe are basic and psychological needs. Their ideas about their own needs influence what they think everyone else deserves, as well as their perception of what responsibility individuals, government, and communities have in providing these things.

### Fairness in meeting basic needs

On the one hand, we might ask if millennials and older Gen Zs are more or less sympathetic towards the needy than older generations. Americans generally show high levels of compassion towards people who are less fortunate than they are.<sup>33</sup> To assess compassion, we used some of the same questions Emily Eakins used in a survey for the Cato Institute in 2019 called *What Americans Think about Poverty, Wealth, and Work*.<sup>34</sup> Our outcomes, shown in Figure 10, are similar those for all American adults. We see a higher number of millennials and older of Gen Zs who feel sympathy for the homeless and people who are “worse off” than they are. Among millennials and older Gen Zs, the younger group is even more sympathetic than older millennials. We might attribute this to age or the pandemic, but we will see if these outcomes change over time. These questions garnered some of the lowest overall neutral responses of the survey.

**Figure 10. How compassionate are older Gen Zs and millennials compared to all Americans?**

	AGREE	NEUTRAL	DISAGREE
<b>I sympathize with the homeless.</b>			
Older Gen Zs (18-24)	75%	17%	8%
Younger millennials (25-31)	72%	18%	10%
Older millennials (32-40)	71%	20%	9%
All adults: Cato 2019 data	67%	17%	15%
<b>I feel sympathy for those who are worse off than myself.</b>			
Older Gen Zs (18-24)	82%	13%	5%
Younger millennials (25-31)	79%	15%	6%
Older millennials (32-40)	77%	17%	6%
All adults: Cato 2019 data	71%	16%	12%

	AGREE	NEUTRAL	DISAGREE
<b>I am not interested in other people's problems.</b>			
Older Gen Zs (18-24)	20%	23%	57%
Younger millennials (25-31)	24%	22%	54%
Older millennials (32-40)	24%	23%	53%
All adults: Cato 2019 data	21%	20%	58%
<b>I try not to think about the needy.</b>			
Older Gen Zs (18-24)	16%	26%	58%
Younger millennials (25-31)	22%	21%	57%
Older millennials (32-40)	18%	24%	58%
All adults: Cato 2019 data	17%	23%	59%
<b>I tend to dislike soft-hearted people.</b>			
Older Gen Zs (18-24)	10%	19%	71%
Younger millennials (25-31)	14%	18%	68%
Older millennials (32-40)	10%	18%	72%
All adults: Cato 2019 data	9%	22%	68%

Do high levels of compassion for the needy translate into high levels of support for society providing for those who cannot help themselves? From one point of view the answer is “yes”. Figure 11 shows that 45-50% of these groups agree that “Rewards and benefits in society should be distributed according to what people need, not what they produce.” Comparing our data with Cato’s 2019 survey results, younger cohorts are at least 14% more likely to consider society should distribute rewards and benefits according to what people need. Overall fewer (between 41-47%) agree “society would have fewer problems if people focused more on earning and producing and less about how equal everybody is” but this is still 20 to 26 points higher than Cato’s results for all Americans.

From another point of view, most millennials and older Gen Zs are neutral or disagree with distribution according to need. When we ask about redistribution in a more specific and personal way – People should be allowed to keep what they produce, even if there are others with greater needs – 69% of older Gen Zs, 73% of younger millennials, and 74% of older millennials agree or are neutral, compared to 78% of all Americans. One way to look at these outcomes is to consider how they might highlight concerns with equal opportunities to earn and produce. When a system is generally seen as fair, people are more likely to consider that everyone should be able succeed through individual effort and are less likely to support redistribution. If the system seems unfair; the reverse is true.

**Figure 11. Older Gen Z and millennial views around redistribution related to fairness in meeting basic needs.**

	AGREE	NEUTRAL	DISAGREE
<b>Rewards and benefits in society should be distributed according to what people need, not what they produce</b>			
Older Gen Zs (18-24)	48%	28%	24%
Younger millennials (25-31)	50%	29%	21%
Older millennials (32-40)	45%	29%	26%
All adults: Cato 2019 data	31%	28%	39%
<b>People should be allowed to keep what they produce, even if there are others with greater needs.</b>			
Older Gen Zs (18-24)	39%	30%	30%
Younger millennials (25-31)	43%	30%	27%
Older millennials (32-40)	42%	32%	26%
All adults: Cato 2019 data	52%	26%	21%
<b>Our society would have fewer problems if people focused more on earning and producing and less about how equal everybody is.</b>			
Older Gen Zs (18-24)	26%	27%	47%
Younger millennials (25-31)	33%	23%	44%
Older millennials (32-40)	35%	23%	41%
All adults: Cato 2019 data	50%	23%	21%

Are these views due to age or pandemic conditions? Data collected by the Pew Research Center in 2019's *American Trends Wave 53* survey suggests that this trend, like trends we explored on the impact of voting and political tolerance, show an age-related disillusionment with how well the system is working. The *American Trends Wave 53* survey asked respondents to choose whether the economic system is 1) generally fair or 2) unfairly favors entrenched interests. A majority (68%) of adults 50 and older considered it unfair; however, when asked to choose if 1) hard work and determination allow people to get ahead or 2) hard work is no guarantee of success, a majority

(62%) chose the former. In other words, people who work hard can still get ahead in an unfair system. A majority (56%) also said that Black Americans who can't get ahead are mostly responsible for their own condition, rather than racial discrimination holding them back. Among people under 50, the pattern looked different. This group overwhelmingly (76%) indicated the economic system favors powerful interests. While a slight majority (55%) still supported the idea that people who work hard can get ahead, 53% considered racial discrimination the main reason Black Americans could not get ahead. While not directly comparable with our age groups, the results drive home age related differences in the views of older and younger Americans about the fairness of the system and in an individual's ability to get ahead by hard work. We don't know if these views will hold as millennials and Gen Zs age. For now, they will impact the kinds of solutions these cohorts come up with to inject fairness into the system and to meet what they consider to be *their* needs.

## Envy and resentment

Like most Americans, millennials and older Gen Zs desire to live a good life. If they feel that the system is not giving everyone a fair shot, this can cause envy and resentment towards people who have succeeded in a system perceived to be unfair. Researchers have developed sets of questions to probe levels of envy and resentment by evaluating a person's envy of others derived from a desire for economic and social status and by measuring the propensity to feel resentment and envy in upward social comparisons.<sup>35</sup> For these questions, we will also compare our outcomes with results for all Americans recorded by Cato's 2019 *What Americans Think about Poverty, Wealth, and Work* survey.

**Figure 12. Do millennials and Gen Zs envy and resent high achievers?**

	AGREE	NEUTRAL	DISAGREE
<b>ENVY QUESTIONS</b>			
<b>I am troubled by feelings of inadequacy.</b>			
Older Gen Zs (18-24)	48%	28%	24%
Younger millennials (25-31)	50%	29%	21%
Older millennials (32-40)	45%	29%	26%
All adults: Cato 2019 data	31%	28%	39%
<b>I generally feel inferior to others.</b>			
Older Gen Zs (18-24)	39%	30%	30%
Younger millennials (25-31)	43%	30%	27%
Older millennials (32-40)	42%	32%	26%
All adults: Cato 2019 data	52%	26%	21%

<b>It is so frustrating to see some people succeed so easily.</b>			
Older Gen Zs (18-24)	26%	27%	47%
Younger millennials (25-31)	33%	23%	44%
Older millennials (32-40)	35%	23%	41%
All adults: Cato 2019 data	50%	23%	21%
<b>RESENTMENT OF HIGH ACHIEVERS QUESTIONS:</b>			
<b>One ought to be sympathetic to very successful people when they experience failure.</b>			
Older Gen Zs (18-24)	30%	36%	33%
Younger millennials (25-31)	28%	39%	33%
Older millennials (32-40)	31%	39%	29%
All adults: Cato 2019 data	36%	41%	22%
<b>It's good to see very successful people fail occasionally.</b>			
Older Gen Zs (18-24)	49%	32%	19%
Younger millennials (25-31)	48%	30%	22%
Older millennials (32-40)	45%	34%	21%
All adults: Cato 2019 data	30%	35%	34%
<b>People at the top usually deserve their high position.</b>			
Older Gen Zs (18-24)	23%	30%	47%
Younger millennials (25-31)	26%	30%	44%
Older millennials (32-40)	26%	26%	48%
All adults: Cato 2019 data	38%	34%	26%

In Figure 12, we detect both age-based and cohort changes. In the “envy” questions, there is a significant decline in feelings of inadequacy and frustration from older Gen Zs and younger millennials to older millennials. Neutral responses, however, are more consistent among all groups. The differences between these age groups with all adults as surveyed in 2019 was so surprising we ran the data multiple times. With such significant differences, let’s discuss each question one at a time.

- *I am troubled by feelings of inadequacy:* An 8-to-9-percent decline from older Gen Zs and younger millennials to older millennials in the percentage that agree. Older millennials are 12 percent more likely and

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older Gen Zs and younger millennials are 20-to-21-percent more likely to agree with this statement than all adults surveyed in 2019.

- *I generally feel inferior to others:* A 6-to-7-percent decline from older Gen Zs and younger millennials to older millennials in the percentage that agree. Similar outcomes for older millennials and all adults surveyed in 2019.
- *It is so frustrating to see some people succeed so easily.* Consistency among all age groups that agree; however, a 10 percent increase from Gen Zs to the number of older millennials who disagree. These groups are about 15 percent more likely to agree with this statement than all adults surveyed in 2019.

The questions probing resentment of high achievers show less difference among the three age cohorts.

- *One ought to be sympathetic to very successful people when they experience failure.* Comparable outcomes among the three groups with around a third agreeing and a third disagreeing. Millennials and older Gen Zs are less sympathetic than all adults.
- *It's good to see very successful people fail occasionally.* Comparable outcomes among the three groups with 45-to-49-percent agreeing that it's good to see successful people fail. This is 15-to-19-percent higher than all Americans as surveyed by Cato in 2019.
- *People at the top usually deserve their high position.* Stability among the three groups with about a quarter agreeing and almost half disagreeing. Older Gen Zs are 15 percent less likely than all Americans to believe that people at the top deserve their high position than all Americans as surveyed by Cato in 2019.

In a 2017 paper for the Proceedings of the National Academy of Sciences, Daniel Sznycer and colleagues argued that the best predictor of whether a person will favor economic redistribution to create equal outcomes can be attributed to a mix of feelings of compassion, envy, and expectations of personal gain. This is a very different view than the idea that people seek a level of egalitarian outcomes because of ideas about fairness, the idea of the equal worth of humans or that everyone should be treated equally before the law.<sup>36</sup> These results do seem alarming. Possibly, a decline in feelings of “inadequacy” and “inferiority” comes with age. More concerning is the stability across all three groups around frustration in seeing others succeed and the suggestion that earned success does not really exist.

## Government and personal responsibility

Americans' general distrust of government power is linked to the country's underlying libertarian ideology. Since the 1930s, however, the federal government has assumed a large portion of responsibility for providing basic needs, and the public has largely accepted this role. Younger generations have grown up in an environment where government does much more than tax citizens and redistribute profits to ease economic hardship. Research on millennials suggests they generally distrust government while also seeing a larger role for it in solving problems. Surveys commonly ask questions about whether or not government works efficiently. Pew Research Center's 2019 *American Trends Wave 53* survey shows little change in older and younger Americans in their views on the statement “government is almost always wasteful and inefficient”: 54% of Americans 50 and older and 51% of American younger than 50 think this.

Although younger generations think government should do more or perhaps work better to solve problems, on average, millennials and older Gen Zs never assign complete responsibility to the government for anything. They

also assign responsibility to themselves and to business. Our survey asked respondents to divide responsibility between government, individuals, and business for a variety of things. Some, such as “safety and security” are commonly seen as largely in the purview of a state. Others, such as the cost of healthcare and education after high school are currently provided through a complex web of public, non-profit, for-profit organizations.

Figure 13 shows overall agreement among all three age groups. Individuals are expected to assume a high level of personal responsibility for living a healthy life, education, and retirement. As personal responsibility goes down, government responsibility goes up. Even in two areas respondents felt the government should have the most responsibility– healthcare and safety and security – individuals were assigned 24% to 26% of the responsibility, respectively. Except for climate change, business is seen, on average, as having relatively limited responsibility in these areas.

**Figure 13. How older Gen Zs and millennials consider responsibility should be divided proportionally among individuals, business, and the government for certain issues.**

On average, respondents indicate that when it comes to these issues, responsibility should be divided proportionally as follows:	INDIVIDUALS	BUSINESS	GOVERNMENT
<b>Healthy life:</b>			
Millennials and older Gen Zs	66%	13%	20%
Older Gen Zs (18-24)	63%	14%	22%
Younger millennials (25-31)	66%	13%	21%
Older millennials (32-40)	70%	12%	19%
<b>Education after high school:</b>			
Millennials and older Gen Zs	51%	11%	38%
Older Gen Zs (18-24)	49%	12%	39%
Younger millennials (25-31)	51%	11%	38%
Older millennials (32-40)	53%	10%	37%
<b>Retirement:</b>			
Millennials and older Gen Zs	43%	18%	38%
Older Gen Zs (18-24)	40%	18%	42%
Younger millennials (25-31)	43%	20%	37%
Older millennials (32-40)	45%	18%	37%

On average, respondents indicate that when it comes to these issues, responsibility should be divided proportionally as follows:	INDIVIDUALS	BUSINESS	GOVERNMENT
<b>Financial support during unemployment:</b>			
Millennials and older Gen Zs	29%	17%	53%
Older Gen Zs (18-24)	28%	16%	55%
Younger millennials (25-31)	30%	17%	53%
Older millennials (32-40)	29%	19%	52%
<b>Safety and security:</b>			
Millennials and older Gen Zs	26%	16%	58%
Older Gen Zs (18-24)	24%	17%	59%
Younger millennials (25-31)	26%	16%	58%
Older millennials (32-40)	28%	15%	57%
<b>Healthcare:</b>			
Millennials and older Gen Zs	24%	19%	57%
Older Gen Zs (18-24)	23%	19%	58%
Younger millennials (25-31)	24%	20%	56%
Older millennials (32-40)	24%	18%	57%
<b>Climate change:</b>			
Millennials and older Gen Zs	22%	26%	51%
Older Gen Zs (18-24)	20%	27%	53%
Younger millennials (25-31)	24%	26%	50%
Older millennials (32-40)	24%	26%	50%

These views contextualize responses to two questions, shown in Figure 14. We asked about the role of government in in setting wages and providing jobs. We don't exactly know how respondents interpreted the statement "the role of the government is to set wages for jobs." One could think of setting a minimum wage or setting compensation for all jobs. The second question is much more direct – should the government provide a job for anyone who wants one? Almost half of millennials and Gen Zs think the government should do this. In the summer of 2021, the unemployment rate was still over 5%, but it was on its way down from an April 2020 high of almost 15%.

**Figure 14. Should the government set wages for jobs and provide a job for anyone who wants one?**

The role of the government is to...	set wages for jobs.	provide a job for anyone who wants one.
<b>AGREE</b>		
Older Gen Zs (18-24)	45%	49%
Younger millennials (25-31)	44%	46%
Older millennials (32-40)	46%	46%
<b>NEUTRAL</b>		
Older Gen Zs (18-24)	27%	26%
Younger millennials (25-31)	26%	25%
Older millennials (32-40)	26%	27%
<b>DISAGREE</b>		
Older Gen Zs (18-24)	28%	26%
Younger millennials (25-31)	30%	29%
Older millennials (32-40)	28%	27%

We should consider that millennials and older Gen Zs have different views about basic needs than their elders, and that these ideas have been developing in America over generations. They have come to include access to work and affordable education and healthcare. Millennials and older Gen Zs are strongly supportive of the government’s role in creating a social safety network that provides basic needs for citizens who cannot provide these things for themselves, which is different that advocating that the government assume all responsibility.

**CAPITALISM AMONG MILLENNIALS AND OLDER GEN ZS**

We are particularly interested in identifying millennial and Gen Z participation in the economy and factors that contribute to their views about how well the economic system is working to provide basic needs. As we have described, the modern American economy is a mixed economy. The government injects itself into the economy through regulation and the welfare state and uses the proceeds of a capitalist economic system to try to foster egalitarian outcomes.

The basic premise of a capitalist economy is that free and fair market competition among individuals directs resources where they are most valued. Competition entails risk and the acceptance that resources are not evenly distributed by markets, resulting in economic inequality. Economists have found that more competitive economies have lower inequality, lower prices, higher production, higher employment, and higher investment.<sup>37</sup> Economists differ strongly on the ability of competitive markets to acceptably address economic inequality.

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Economic inequality can only be understood in relation to growth: growth can reduce inequality, inequality can be necessary for growth, or inequality can hinder growth. Whether one believes that markets foment a natural concentration of income and wealth (because wealth tends to grow faster than economic output, e.g. the total economic activity in the production of new goods and services) or not, most economists on both the left and right consider that, as long as economic growth is strong, wealth is socially manageable.<sup>38</sup> When economic growth is not strong, laissez-faire leaning economists would argue that natural market processes (competition and innovation) and unexpected events (such as war and pandemics) will break concentrations of wealth, while welfare state-leaning economists would favor government intervention and redistributive politics (taxes) that break up wealth accumulation.

Individuals really do not consider macroeconomic ideas about wealth, growth, competition, and global utility when they favor or oppose economic policies. The factors that drive support for economic policies stem from perceptions about personal risk. Any market engagement weighs risk against a desired outcome: buying a house is a better financial investment than renting, education results in higher job opportunity or pay. Psychologists have identified this as stemming from an important principle called loss aversion, which creates a heightened sensitivity to avoiding negative outcomes, real or symbolic. As outlined by psychologist and economist Daniel Kahneman, and encapsulated in Prospect Theory, we weigh losses more heavily than gains and are driven more strongly to avoid loss than to achieve gain. When we make a choice, we balance the psychological benefits of one outcome versus another. We make choices based on reference points, context and experiences leading up to a choice, and we also use reference points to evaluate the fairness of economic transactions that don't involve us directly. Finally, we become more risk-seeking when we feel our options are uniformly bad; however, all of us have a breaking point beyond which we will not accept risk.<sup>39</sup>

Market participation requires individual choice, whether it is the choice to do something or do nothing. The outcomes of our choices shape our perceptions about the degree to which markets are free and fair. If individuals repeatedly make choices that have bad outcomes, such as investing significant resources in an education and then becoming underemployed, they will certainly reach a breaking point and look for mechanisms to mitigate and spread risk.

As young people mature, practical experiences in the market around wealth accumulation and career development influence their views about markets. The presence of a strong egalitarian “spread the risk” sentiment may indicate that some individuals believe the market is not working well in supporting free enterprise and individual economic opportunity. However, if millennials and older Gen Zs are both more supportive of a stronger governmental role in solving problems *and* more distrustful of government, how will this mentality influence the role they assign government and business in fixing market distortions and failures?

To begin to answer these questions, we asked these groups about their experience in business and the assets they own. Then we asked for views about competition, risk, economic inequality, industry competition and choice. Finally, we asked a set of questions about how they perceive entrepreneurship and entrepreneurs.

## **Personal and family experience with business**

Around 65% of all Americans are employed by small businesses – for-profit organizations employing less than 500 people. We asked millennials and older Gen Zs about their experiences with business growing up: 16% said that a parent owned a sole proprietorship (such as an independent hairdresser, consultant, or lawyer); 19% that a parent owned a business employing fewer than 500 people; and 4% that a parent owned a business employing more than 500 people. Among millennials and older Gen Zs with work experience, 35% have worked in a small business and 13% have started their own business.

## Buying choices

Millennials and older Gen Zs are typically profiled as being concerned about the environment, and we were curious how this could influence their buying choices. Figure 15 shows solar and wind energy, using products made from recycled materials, buying local food, and patronizing small, employee-owned businesses or co-operatives important to them. Still, in all these categories about a third to almost half are neutral. Three categories show age distinctions: locally grown food, organic food and clothes made in America are more important to older millennials although, again, 37% to 48% are neutral.

**Figure 15. How older Gen Zs and millennials think about the importance of buying or using certain products.**

How important is it for you to use/buy...	IMPORTANT	NEUTRAL	NOT IMPORTANT
<b>locally grown food?</b>			
Older Gen Zs (18-24)	42%	45%	13%
Younger millennials (25-31)	49%	38%	13%
Older millennials (32-40)	52%	40%	8%
<b>organic and non-biologically (non-GMO) altered food?</b>			
Older Gen Zs (18-24)	27%	39%	34%
Younger millennials (25-31)	34%	36%	30%
Older millennials (32-40)	36%	38%	26%
<b>clothes made in America?</b>			
Older Gen Zs (18-24)	24%	44%	32%
Younger millennials (25-31)	32%	42%	25%
Older millennials (32-40)	36%	48%	16%
<b>solar and wind energy?</b>			
Older Gen Zs (18-24)	53%	34%	13%
Younger millennials (25-31)	52%	33%	15%
Older millennials (32-40)	52%	35%	13%

How important is it for you to use/buy...	IMPORTANT	NEUTRAL	NOT IMPORTANT
<b>products made from recycled materials?</b>			
Older Gen Zs (18-24)	50%	38%	12%
Younger millennials (25-31)	50%	37%	13%
Older millennials (32-40)	50%	40%	9%
<b>products from a small, employee-owned businesses or co-operative?</b>			
Older Gen Zs (18-24)	42%	45%	13%
Younger millennials (25-31)	45%	42%	13%
Older millennials (32-40)	46%	45%	8%

## OWNERSHIP OF ASSETS

Figures 16-18 show interesting outcomes driven by age, gender, and race and ethnicity. First, let's consider home ownership. Home ownership increases with age. However, research suggests that younger generations have had less success acquiring homes than older generations at the same point in their lifecycle. Since home ownership has been a foundation for accumulated wealth, lower rates of home ownership in younger generations has contributed to intergenerational wealth inequality.<sup>40</sup> Before the pandemic, the wealth of older millennials households was 11% below that of older generations when they were at the same stage in life. For younger millennials, the gap was 50%.<sup>41</sup> The median age of first-time home ownership has been around 33 years old. Since the pandemic, millennials have been buying homes at a record rate, driving the average down a few years. In sum, recent assessments of millennials net worth show home ownership is driving it up, although levels of student loan debt continue to have a strong impact.

For the first eight months of 2021, millennials buyers made up 67% of first-time home purchase mortgage applications.<sup>42</sup> Recently reported Census data from the second quarter of 2021 placed home ownership rates at 65.4% for all groups in the US – 37.8% for adults under 35 (roughly younger millennials and Gen Zs) and 61.3% for adults 35–44-years old (roughly older millennials).<sup>43</sup>

Figure 16 breaks down our results on home ownership by gender and race. We see the age-related increase in home ownership and the highest ownership rates among men, Asians, and whites.

**Figure 16. Gender, race and ethnicity of older Gen Zs and millennials that own their own homes.**

	OLDER GEN ZS (18-24)	YOUNGER MILLENNIALS (25-31)	OLDER MILLENNIALS (32-40)
MALE	46%	50%	56%
FEMALE	36%	43%	47%
WHITE	43%	45%	51%
BLACK	37%	42%	53%
ASIAN	48%	43%	59%
HISPANIC	40%	47%	47%

Figure 17. Ownership of assets among older Gen Z and millennials.

	OLDER GEN ZS (18-24)	YOUNGER MILLENNIALS (25-31)	OLDER MILLENNIALS (32-40)
STOCKS AND MUTUAL FUNDS	23%	29%	28%
401K RETIREMENT ACCOUNTS	9%	33%	43%
CARS	37%	56%	62%
CRYPTOCURRENCIES	14%	18%	14%
LAND/BUILDING	3%	11%	18%
INTEREST OWNERSHIP IN A BUSINESS	2%	3%	3%
ART VALUED AT OVER \$5,000	2%	3%	3%
INTELLECTUAL PROPERTY, PATENT	1%	2%	3%
BOAT OR PLANE	0%	1%	1%

Figure 18. Older Gen Z and millennial ownership of stocks and mutual funds, retirement accounts, and cryptocurrency by gender and race.

	OLDER GEN ZS (18-24)	YOUNGER MILLENNIALS (25-31)	OLDER MILLENNIALS (32-40)
<b>STOCKS AND MUTUAL FUNDS</b>			
Male	38%	44%	45%
Female	19%	26%	23%
White	29%	35%	37%
Black	24%	26%	24%
Asian	25%	54%	50%
Hispanic	21%	18%	19%
<b>401K RETIREMENT ACCOUNTS</b>			
Male	15%	34%	47%
Female	8%	35%	39%
White	13%	36%	47%
Black	6%	23%	36%
Asian	9%	48%	53%
Hispanic	9%	29%	34%

	<b>OLDER GEN ZS (18-24)</b>	<b>YOUNGER MILLENNIALS (25-31)</b>	<b>OLDER MILLENNIALS (32-40)</b>
<b>CRYPTOCURRENCY OWNERSHIP</b>			
<b>Male</b>	<b>21%</b>	<b>26%</b>	<b>20%</b>
<b>Female</b>	<b>9%</b>	<b>10%</b>	<b>8%</b>
<b>White</b>	<b>16%</b>	<b>18%</b>	<b>12%</b>
<b>Black</b>	<b>17%</b>	<b>14%</b>	<b>13%</b>
<b>Asian</b>	<b>11%</b>	<b>28%</b>	<b>24%</b>
<b>Hispanic</b>	<b>9%</b>	<b>16%</b>	<b>17%</b>

We also asked about the ownership of certain types of assets, shown in Figure 17. Some of these, such as having a 401K account, would tend to increase with age while others, such as owning a car, have been relatively common purchases among adults over 18. Comparative US Census data from 2017 indicates that 83.1% of Americans own cars, 57.3% have retirement accounts, and 22.3% have stocks and mutual funds.<sup>44</sup> In our sample, millennials and older Gen Zs demonstrate lower rates of car ownership. There is an age-rated increase in the ownership of cars and possessing 401K retirement accounts.

We are not surprised that 16% (the average of the three groups) reported owning cryptocurrencies, compared to 13% of all Americans.<sup>45</sup> However, when we drill down in Figure 19 on who owns what we find significant gaps. As cohorts age, Asians and men outpace others in ownership of stocks and mutual funds. Asians, whites, and men outpace other groups in the ownership of 401K accounts. In crypto, the story is a little different. Men in all age groups own cryptocurrency and the range of difference among race and gender is less over time although Asians continue to outpace other groups in overall rate of ownership. Over time, Asians and men significantly outpace women in owning cryptocurrencies. Of course, crypto coins and tokens are used and traded like currency. They also are the foundation for gaming, for investment vehicles such as NFTs, and embedded in the rapidly-emerging realms of the metaverse. Right now, women are underrepresented in crypto-related markets.

## **View on competition, risk, optimism, and money**

As outlined by Prospect Theory, people are driven more strongly to avoid loss than to achieve gain. Our psychological makeup plays a large role in how we evaluate the benefits of one outcome versus another and how evaluate whether or not an outcome is fair. Are we naturally optimistic, risk-oriented, and competitive? How have our prior experiences influenced our optimism about a situation and willingness to take a chance? People who are optimistic and hold positive views about risk and competition are more likely to think they can do well in competitive market economies.

Our data suggests that millennials and older Gen Zs embrace competition and are perhaps less accepting of risk but, overall, possess strong individual economic interests.

**Figure 19. Perceptions about competition, risk, and wealth among older Gen Zs and millennials.**

	AGREE	NEUTRAL	DISAGREE
<b>COMPETITION</b>			
<i>Competition is good. It stimulates people to work hard and develop new ideas.</i>			
Older Gen Zs (18-24)	68%	23%	9%
Younger millennials (25-31)	68%	24%	9%
Older millennials (32-40)	70%	23%	8%
<i>Teamwork is really more important than who wins.</i>			
Older Gen Zs (18-24)	63%	25%	12%
Younger millennials (25-31)	59%	27%	14%
Older millennials (32-40)	60%	28%	12%
<i>People who overcome all competitors on the road to success are models for young people to admire.</i>			
Older Gen Zs (18-24)	49%	33%	18%
Younger millennials (25-31)	46%	33%	21%
Older millennials (32-40)	46%	33%	21%
<b>MONEY</b>			
<i>There's nothing wrong with trying to make as much money as you honestly can.</i>			
Older Gen Zs (18-24)	65%	20%	15%
Younger millennials (25-31)	64%	19%	17%
Older millennials (32-40)	66%	21%	13%
<i>I currently believe that I should be paid at any rate I can negotiate from an employer.</i>			
Older Gen Zs (18-24)	58%	30%	12%
Younger millennials (25-31)	60%	29%	10%
Older millennials (32-40)	62%	30%	7%

	AGREE	NEUTRAL	DISAGREE
<b>Money provides emotional well-being and independence.</b>			
Older Gen Zs (18-24)	66%	25%	9%
Younger millennials (25-31)	67%	21%	12%
Older millennials (32-40)	65%	23%	12%
<b>OPTIMISM</b>			
<b>Wealth can grow, so there is enough for everyone.</b>			
Older Gen Zs (18-24)	47%	26%	27%
Younger millennials (25-31)	52%	26%	21%
Older millennials (32-40)	54%	27%	19%
<b>I am optimistic that humanity will ultimately defeat global poverty.</b>			
Older Gen Zs (18-24)	30%	27%	43%
Younger millennials (25-31)	32%	28%	40%
Older millennials (32-40)	28%	28%	43%
<b>If the stock market crashes, the government should intervene and provide financial compensation to stockholders who lose money.</b>			
Older Gen Zs (18-24)	24%	33%	43%
Younger millennials (25-31)	23%	27%	50%
Older millennials (32-40)	19%	28%	52%

Data in Figure 19 suggests most millennials and older Gen Zs think wealth can grow, competition is good, teamwork is good, and making money is important. But the results, largely consistent across the three groups, reflect some lack of optimism.

Let's start with competition. Do these groups believe that competition drives achievement and innovation? Yes. A majority also value teamwork. Almost 50% agree with the statement "People who overcome all competitors on the road to success are models for young people to admire.", and we also find more neutral responses, so only about a fifth disagree.

Statements about possessing the freedom to negotiate one's value and make as much money as one honestly can also elicit little disagreement – as does the idea that money is important for emotional well-being. The overall lack of negativity around competition and individual economic freedom is in line with what we would expect from generally positive views around free enterprise, meaning free and fair competition among individuals

in a market economy. Positive views towards competition, the freedom to earn money and to ask for a competitive salary suggest to us views on “the government setting wages” are likely to be about a floor that allows workers to meet basic needs and not a ceiling on earning.

However, responses to the “optimism” questions and data on views of long-term earning potential, displayed in Figure 20, reflect a sense of diminished prospects. About half of all groups think that wealth can grow. Fewer than a third think humanity can defeat global poverty, even though World Bank data shows global poverty (outside north Africa and the Middle East) as measured by the number of people living on less than US\$1.90 a day has continuously declined. Are older Gen Zs and millennials optimistic about their own financial prospects? We asked respondents: “Thinking about your own financial prospects, please indicate the income bracket you expect to achieve in your current occupation.” For this analysis, we didn’t include anyone who listed themselves as a student.

**Figure 20. Older Gen Zs and millennials views about their long-term income prospects.**

Thinking about your own financial prospects, please indicate the income bracket you expect to achieve in your current occupation.	OLDER GEN ZS (18-24)	YOUNGER MILLENNIALS (25-31)	OLDER MILLENNIALS (32-40)	US CENSUS DATA, FOR HOUSEHOLDS 2020
<i>UNDER \$25,000</i>	48%	29%	28%	18.1%
<i>\$25,000 TO \$49,999</i>	18%	24%	23%	19.6%
<i>\$50,000 TO \$99,000</i>	21%	30%	30%	28.7%
<i>OVER \$100,000</i>	13%	16%	19%	33.6%

The data we provide for a comparison is U.S. Census data for households and not individual income. As a rough rule of thumb, the average income in the United States for a person with a college degree is \$50,000 and the average income for a skilled electrician is around \$59,000. Our outcomes indicate that 28% of older millennials expect to earn less than \$25,000 compared to the 18% of households that actually do, and 19% expect to earn over \$100,000, compared to 33.6% of households that actually do. Dual-income households typically have higher total incomes than single-income households and opportunities to distribute expenses among income earners.<sup>46</sup> In our discussion of marriage patterns, we reported that 34% of older millennial males and 41% of older millennial females reported being in a marriage or partnership. With the age of marriage currently 28 for men and 26 for women and marriage statistics at a historic low (6.5 per 1,000), the economic “bonus” that comes with marriage and stable partnerships is not accruing in these groups or is accruing starting at a later age than in earlier generations.<sup>47</sup>

**Views on industry competition and choice**

An individual’s level of confidence about participating in the market will rise if they feel markets are fair and stable, risk is acceptable, and it’s possible to weather potentially bad outcomes. For consumers and entrepreneurs, perceptions about industry competition are important. If an industry is perceived as being captured by special interests or closed to competition, this can generate strong feelings among consumers that the industry is not fair, it does not provide quality, price and choice for consumers, it does not pay workers fairly and it stifles competition. Entrepreneurs are less likely to want to enter such a market. We asked millennials and older Gen Zs their feelings about levels of competition in ten major industries. As shown in Figure 21, many respondents believe that internet,

health insurance, social media, and the cell phone service industry lack competition. The opposite is true for retail, entertainment, taxi/rideshare, airlines, and hotel/homestay industries. In a few places, we also notice a more than 10% jump between older Gen Zs and millennials and a big decline in “don’t know.” There is an 11% jump regarding internet and cable, and a 14% jump regarding the cost of health insurance.

Are young adults leaving family plans? While we don’t know about internet and cable service, we have some insight around healthcare. Family healthcare plans can cover dependents through age 26. We asked how many respondents were eligible to be covered by a parent’s plan. Of 743 who were eligible, 66% were covered by a parent’s plan and, of those, 92% did not pay their own premiums (the parent paid them).

**Figure 21. Older Gen Z and millennial views on industry competition for select industries.**

<b>IN YOUR VIEW, DOES THE FOLLOWING INDUSTRY LACK COMPETITION?</b>	<b>YES</b>	<b>MAYBE</b>	<b>NO</b>	<b>NOT SURE</b>
<b>Internet and cable service providers (Broadband)</b>				
Older Gen Zs (18-24)	45%	13%	26%	16%
Younger millennials (25-31)	56%	12%	21%	11%
Older millennials (32-40)	59%	12%	21%	9%
<b>Health insurance (BlueCross, Aetna)</b>				
Older Gen Zs (18-24)	35%	15%	27%	24%
Younger millennials (25-31)	48%	11%	27%	14%
Older millennials (32-40)	48%	12%	26%	14%
<b>Social media (Facebook, Snapchat)</b>				
Older Gen Zs (18-24)	39%	15%	34%	13%
Younger millennials (25-31)	48%	14%	30%	9%
Older millennials (32-40)	46%	14%	30%	10%
<b>Cell phone service providers (AT&amp;T, Sprint)</b>				
Older Gen Zs (18-24)	37%	17%	35%	12%
Younger millennials (25-31)	45%	13%	33%	9%
Older millennials (32-40)	40%	16%	35%	9%

<b>IN YOUR VIEW, DOES THE FOLLOWING INDUSTRY LACK COMPETITION?</b>	<b>YES</b>	<b>MAYBE</b>	<b>NO</b>	<b>NOT SURE</b>
<b>Internet browser (Google, Safari)</b>				
Older Gen Zs (18-24)	39%	17%	32%	11%
Younger millennials (25-31)	40%	15%	35%	11%
Older millennials (32-40)	33%	21%	37%	9%
<b>Everyday retail &amp; groceries (Walmart, Kroger, Amazon)</b>				
Older Gen Zs (18-24)	34%	14%	39%	13%
Younger millennials (25-31)	35%	16%	40%	9%
Older millennials (32-40)	31%	17%	44%	9%
<b>Entertainment (Netflix, Disney+)</b>				
Older Gen Zs (18-24)	34%	12%	44%	10%
Younger millennials (25-31)	33%	14%	43%	10%
Older millennials (32-40)	24%	16%	51%	9%
<b>Taxi/rideshare (Uber, Yellow Cabs)</b>				
Older Gen Zs (18-24)	25%	16%	41%	19%
Younger millennials (25-31)	31%	16%	39%	14%
Older millennials (32-40)	24%	17%	44%	15%
<b>Airlines (United, JetBlue)</b>				
Older Gen Zs (18-24)	20%	17%	42%	22%
Younger millennials (25-31)	27%	19%	39%	15%
Older millennials (32-40)	25%	17%	43%	15%
<b>Hotel and homestay (Airbnb, Marriott)</b>				
Older Gen Zs (18-24)	15%	15%	52%	19%
Younger millennials (25-31)	18%	17%	51%	14%
Older millennials (32-40)	13%	16%	57%	15%

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## Views on big business

Many industries represented in Figure 22 are exemplified by very large and very profitable companies. We've described the tension among millennials between views of government as wasteful while also expecting it to do more to solve problems. Now let's ask a question to which most of us already know the answer: Which do Americans dislike more – big business or big government? Traditionally, Americans dislike the accumulation of power and will like or dislike these entities depending on their general perception of the economy. When we asked if respondents believe "Big business has too much power in American life", 77% of respondents agreed and only 7% disagreed (with similarity across all age groups), indicating real concern about the role of big business in society.

Americans also expect government to keep an eye on business. One question about government oversight is commonly phrased "The way industry is behaving, we need government to keep an eye on them." In a 1975 survey, for example, 62% agreed with the statement. In our survey 65% agreed with the statement. Government oversight of industry has not translated into high level of support for ownership of industry. A question about government ownership is commonly phrased "Government ownership of business and industry should be increased in this country." Agreement with this question fluctuates but has not changed dramatically since the 1970s.<sup>48</sup> In a 1975 survey, for example, 20% agreed it would be a good idea. In our survey, 29% agreed and 40% disagreed. We did not ask respondents who support government ownership if certain industries or all business should be targeted.

## Views on entrepreneurship and economic opportunity

Entrepreneurship is a process that transforms an innovative idea to an enterprise and an enterprise to value. This process only works in societies where the culture and system support creativity, risk-taking, and business formation. Entrepreneurship and capitalism co-exist because the process of creation generates economic benefit for the creator and others.<sup>49</sup> Entrepreneurs require accessible markets – meaning that they are easy to enter and exit and fair markets – meaning that they provide a realistic chance to compete and win. They also require access to capital. Beginning in the early 2000s, declining business formation in America inspired the Kauffman Foundation and other nonprofits to invest millions of dollars in high school and college programs teaching the principles of entrepreneurship.

Figure 22 encapsulates questions we asked about the government's role in fostering business formation and perceptions about the origin of entrepreneurial success. Among millennials and older Gen Zs, the government's role in ensuring market fairness and a level playing field for entrepreneurs is clear. Their views about the origin of some of the ideas that drive entrepreneurial success are less clear. The United States has a well-developed tradition of government funding "basic research", especially in institutions of higher education. This research is often spun out under varying licensing and other legal arrangements into for-profit companies. Some of these for-profit companies succeed in the market and some do not. Millennials and older Gen Zs, however, do not seem particularly enthusiastic about this process. This lack of enthusiasm warrants further study.

Unfortunately, when we asked what it takes to be successful as an entrepreneur, about 60% of respondents stated that it takes coming from a family that can provide you with resources. In Cato's 2019 survey, only about 31% of adults listed family connections as important for determining a person's wealth and success, although family connections did rank among the top three reason for success, below ambition and hard work/grit.

**Figure 22. Older Gen Z and millennial views on the government’s role in entrepreneurship and how entrepreneurs achieve success.**

	AGREE	NEUTRAL	DISAGREE
<b>The role of government is to ensure fair business competition and to make it easy for people start new businesses</b>			
Older Gen Zs (18-24)	64%	25%	11%
Younger millennials (25-31)	70%	23%	7%
Older millennials (32-40)	72%	22%	7%
<b>The role of government is to fund research and development that can be used by businesses to make money</b>			
Older Gen Zs (18-24)	35%	35%	30%
Younger millennials (25-31)	36%	31%	33%
Older millennials (32-40)	34%	32%	34%
<b>Most entrepreneurs are successful because they start businesses using existing resources from parents or family.</b>			
Older Gen Zs (18-24)	59%	31%	11%
Younger millennials (25-31)	61%	27%	13%
Older millennials (32-40)	58%	28%	14%

To further explore ideas about entrepreneurs, we decided to forego a typical survey question such as “Do entrepreneurs get rich creating value for others or taking advantage of others?” and instead ask about specific entrepreneurs. We consider that the seven individuals listed in Figure 23 meet these criteria. In fact, all the entrepreneurs listed aside from PewDiePie (real name Felix Arvid Ulf Kjellberg) are billionaires. We asked respondents to choose one of four answers about each person. Overall, 32% of people didn’t know Jamie Diamon, 22% didn’t know PewDiePie, 6% didn’t know Elon Musk, and 4% didn’t know Oprah Winfrey, LeBron James, Kim Kardashian, or Jeff Bezos. To better compare, we took out all the “don’t know” answers and calculated percentages based on the number of people who knew the person. For each person, the choices were – earned their wealth, neutral, or took advantage of others.

**Figure 23. How older Gen Zs and millennials view well-known successful entrepreneurs. Percentages are based on the number of people in each cohort who said they know the identity of the entrepreneur.**

		EARNED	NEUTRAL	ADVANTAGE
Kim Kardashian, a media entrepreneur and actor	Older Gen Zs (18-24)	13%	34%	53%
	Younger millennials (25-31)	19%	29%	53%
	Older millennials (32-40)	17%	32%	52%
Jamie Diamon, the CEO of JPMorgan Chase, a bank	Older Gen Zs (18-24)	20%	32%	49%
	Younger millennials (25-31)	21%	29%	50%
	Older millennials (32-40)	19%	28%	52%
Jeff Bezos, the founder of Amazon	Older Gen Zs (18-24)	28%	20%	52%
	Younger millennials (25-31)	29%	19%	52%
	Older millennials (32-40)	33%	22%	46%
Elon Musk the founder of Tesla and SpaceX	Older Gen Zs (18-24)	36%	24%	40%
	Younger millennials (25-31)	34%	26%	41%
	Older millennials (32-40)	38%	28%	34%
PewDiePie, the most subscribed YouTuber and comedian	Older Gen Zs (18-24)	55%	31%	13%
	Younger millennials (25-31)	44%	32%	25%
	Older millennials (32-40)	37%	36%	27%
Oprah Winfrey, a media entrepreneur and personality	Older Gen Zs (18-24)	45%	38%	17%
	Younger millennials (25-31)	49%	34%	17%
	Older millennials (32-40)	55%	29%	16%
LeBron James, a basketball player and entrepreneur	Older Gen Zs (18-24)	69%	24%	7%
	Younger millennials (25-31)	62%	28%	10%
	Older millennials (32-40)	60%	29%	11%

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A recent study by Jesse Walker, Stephanie J. Tepper, and Thomas Gilovich shows that adults are not typically hostile towards wealthy entrepreneurs. In their study, participants were more likely to attribute the wealth of a billionaire to talent and hard work and be less supportive of policies redistributing wealth when they were shown pictures of an individual billionaire and not pictures of groups of billionaires. Their study also used pictures of anonymous billionaires to try and avoid predisposed feelings towards known individuals.<sup>50</sup> Our questions, in contrast, welcomed predisposition to these individuals.

We were simultaneously surprised and not surprised by the results, which are mostly consistent across age cohorts. All these entrepreneurs have created millions of dollars in wealth for themselves and for others. We assume that respondents are influenced by a predisposition to how the person made their fortune.

While between 47% (Kim Kardashian) and 91% (LeBron James) of respondents are either supportive (earned) or unconcerned and disinterested (neutral) about how these people made their money, we can distinguish differences in attitudes. Older millennials are more likely to think Jeff Bezos and Oprah Winfrey earned their wealth and less likely to think PewDiePie and LeBron James earned their wealth.

Overall, LeBron James garnered the most support. He is roundly considered one of the most talented athletes ever to play basketball. Kim Kardashian, who we would say works very hard at what she does, garnered the least support. She is commonly described as being famous for being famous. Jamie Dimon possesses the double negative of being a banker and leader of a big business, two entities Americans tend to distrust.

What about Jeff Bezos and Elon Musk? Jeff Bezos started Amazon from his garage. Now, Amazon is a huge company with significant market share in some areas of its business, such as e-commerce. Elon Musk's Tesla and SpaceX do not dominate an industry the way Amazon does, and he has generally managed to hold on to a disruptor image.

The outcomes align with a cluster of American values that allow economic individualism to exist within a cultural ideology of egalitarianism. People who take initiative and risks, work hard, and have clearly identifiable talent should be allowed to advance themselves and gain material wealth. Millennials and older Gen Zs find inequality of wealth acceptable. They do not find inequality of opportunity acceptable.

## **SOLVING CONFLICTS BETWEEN DEMOCRACY, EGALITARIANISM, AND CAPITALISM**

Millennials and older Gen Zs are concerned about fairness, access to opportunity, and meeting basic needs. How might they address their concerns? Do millennials and older Gen Zs think people can change? Do they think systems can change? Do they think people can change systems?

Understanding policy proposals and engaging in advocacy – voting for representatives who share your views and collaborating with like-minded citizens to drive desired outcomes (whether that is joining a civic organization or participating on a more individual scale such as through social media) – takes time, effort, and interest. Common wisdom indicates people vote more regularly as they grow older. Millennials have been turning out at higher rates to vote, although those rates are still lower than older generations.<sup>51</sup>

We've described research suggesting millennials and older Gen Zs are less engaged than previous generations in public affairs. Other surveys suggest they are less likely than older generations to consider that voting gives them a say about how government runs things. A 2019 Pew Research Center poll *Partisan Antipathy*:

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*More Intense, More Personal* on voting and political rules, found two thirds of adults under 50 thought voting gave them a say about how the government runs things, compared to about three quarters of older adults. It also suggested people aged 50 and under do not think that it is as important to follow the rules to get things done. 20% of younger adults thought it was sometimes necessary to bend the rules in order to get things done in politics compared to 13% of older adults.<sup>52</sup>

We can't say specifically what people envision by "rule bending" however, in our survey, we asked millennials and older Gen Zs a few questions about the best way to achieve success. The results differed little among the three groups. One statement phrased "The best way to get adults to do something is to use force" recorded a 14% agreement, 22% neutral, and 64% disagreement. Another phrased "I don't like to use pressure to get my way" recorded a 67% agreement, 22% neutral, and 11% disagreement.

Disengagement with public affairs also can stem from a lack of belief in change or fear of failure. These feelings can be exacerbated by a general lack of trust. Millennials and older Gen Zs currently exhibit a low level of trust in others. To the statement "I believe most people are trustworthy" almost as many people disagreed as agreed – 37% agreed, 27% were neutral, and 35% disagreed. This is 9% lower than a July 2021 Ipsos poll that asked 1,000 Americans their views on the statement "People are generally trustworthy." In that sample, 46% agreed, 27% were neutral, and 27% disagreed.<sup>53</sup>

To dig into views around change, we used questions developed by psychologists. The first measure we use is called generally called "mindset" and was developed by psychologist Carol Dweck and her colleagues. It considers whether someone is open to personal growth and new experiences by exploring implicit beliefs about morality, intelligence, and human nature. Some people believe that these things are malleable – that they change and develop over time. Some people do not. These views drive the kinds of inferences, judgements, and reactions someone will have, especially when confronting negative events. Mindset is important because people who see traits as malleable are more likely to blame bad outcomes (I didn't get a job offer) as less related to their innate traits (I'm not smart) and more related to effort and strategy (next time, I'll read up about the company before the interview). People who exhibit fixed traits are more likely to be debilitated by bad outcomes stemming from their own efforts and more likely to focus on punishing others who they judge to be lacking in essential moral qualities.<sup>54</sup>

Mindset statements are described in Figure 24. Statement 24A is about change and more people agree than disagree with the statement "the fundamental nature of our world is not something that can be changed very much." Older millennials were slightly less likely to agree. Statement 24B is about character and moral makeup. More people agree than disagree "whether a person is responsible and sincere or not is deeply ingrained in their personality. It cannot be changed very much." Only 24C, the intelligence statement "you have a certain amount of intelligence, and you really can't do much to change it" evokes majority disagreement. If people who exhibit fixed traits are more likely to focus on punishing others whom they judge to be lacking in essential moral qualities rather than mediating, educating, and reforming, these results are, from our perspective, less than ideal.

**Figure 24. How open or closed is the older Gen Z and millennial mindset?**

	AGREE	NEUTRAL	DISAGREE
<b>A. Some societal trends may dominate for a while, but the fundamental nature of our world is something that cannot be changed much.</b>			
Older Gen Zs (18-24)	41%	30%	29%
Younger millennials (25-31)	39%	34%	28%
Older millennials (32-40)	37%	31%	29%
<b>B. Whether a person is responsible and sincere or not is deeply ingrained in their personality. It cannot be changed very much.</b>			
Older Gen Zs (18-24)	32%	27%	40%
Younger millennials (25-31)	39%	30%	31%
Older millennials (32-40)	40%	29%	31%
<b>C. You have a certain amount of intelligence, and you really can't do much to change it.</b>			
Older Gen Zs (18-24)	20%	20%	59%
Younger millennials (25-31)	27%	21%	52%
Older millennials (32-40)	28%	21%	51%

A second set of statements (listed in Figure 25) commonly called a Locus of Control assessment, consider belief in personal agency, specifically how someone perceives world order and their ability to control destiny. On one end of the spectrum is a feeling that the world lacks order and life is driven by luck, chance, fate, or other powers beyond the control of humans. On the other end of the spectrum is a feeling that the world is ordered, the future can be shaped, and individual agency drives outcomes. A third important idea is that the world is ordered but controlled by “powerful others.” People who exhibit a strong belief in an unordered world and in “powerful others” are more limited in thinking that personal agency can achieve goals or drive change.<sup>55</sup> Assessing Locus of Control is another way to consider the degree to which millennials and older Gen Zs consider the world and the people in it as changeable and if they see themselves as possessing the ability to change it.

**Figure 25. Older Gen Zs and millennial views on statements assessing belief that the direction of one’s life is controllable through personal agency.**

	AGREE	NEUTRAL	DISAGREE
<b>Internal Locus of Control: agreement indicates a sense that your life is within your control.</b>			
<i>When I make plans, I am usually able to protect my own interests.</i>			
Older Gen Zs (18-24)	59%	33%	8%
Younger millennials (25-31)	58%	33%	9%
Older millennials (32-40)	63%	29%	8%
<i>Whether or not I get to be a leader depends mostly on my ability.</i>			
Older Gen Zs (18-24)	57%	29%	14%
Younger millennials (25-31)	56%	25%	19%
Older millennials (32-40)	57%	25%	19%
<i>When I make plans, I am almost certain to make them work.</i>			
Older Gen Zs (18-24)	57%	32%	12%
Younger millennials (25-31)	57%	31%	13%
Older millennials (32-40)	58%	29%	13%
<i>When I get what I want, it’s usually because I worked hard for it.</i>			
Older Gen Zs (18-24)	65%	26%	10%
Younger millennials (25-31)	67%	25%	8%
Older millennials (32-40)	66%	25%	9%
<i>My life is determined by my own actions.</i>			
Older Gen Zs (18-24)	66%	23%	11%
Younger millennials (25-31)	66%	23%	11%
Older millennials (32-40)	65%	22%	13%
<b>Powerful Others: agreement indicates a sense that the world is controllable but not by you.</b>			
<i>I feel like what happens in my life is mostly determined by powerful people.</i>			
Older Gen Zs (18-24)	32%	36%	32%
Younger millennials (25-31)	39%	30%	31%
Older millennials (32-40)	33%	29%	38%

The results show general consistency across all age groups. At first glance, the results suggest less than 20% of all respondents feel the events in their lives are beyond their control. The results of the “Powerful Others” question, however, is almost evenly split between agree, neutral, and disagree. When we compare our results for millennials and older Gen Zs on these questions, they show a change from those of all adults as surveyed by Cato in 2019, most notably in the percentage of respondents who agree with the for the "powerful others" view.

**Figure 26. The percentage change in answers to statements assessing belief the direction of one’s life is controllable through personal agency as compared to data from Cato’s 2109 survey *What Americans Think about Poverty, Wealth and Work*.**

	THIS SURVEY: PERCENTAGE OF PEOPLE 40 AND UNDER THAT AGREE	CATO 2109 SURVEY: PERCENTAGE OF ALL ADULTS THAT AGREE	DIFFERENCE IN THIS SURVEY'S RESULTS
Whether or not I get to be a leader depends mostly on my ability.	56%	65%	9 points lower
When I make plans, I am almost certain to make them work.	57%	66%	9 points lower
When I get what I want, it's usually because I worked hard for it.	66%	78%	12 points lower
My life is determined by my own actions.	66%	74%	8 points lower
I feel like what happens in my life is mostly determined by powerful people.	36%	23%	13 points higher
I am usually able to protect my personal interests	59%	71%	12 points lower

We looked more closely to see if responses were influenced by gender, race, and employment status and determined none of these factors was significant. Self-described party affiliation is the only factor that makes it more likely that someone will agree with the idea that the world is controlled by powerful others: 40% of people who consider that the world is controlled by powerful others identify as democrats; 35% as independents, and 24% as republicans. Our results regarding ideology and Locus of Control mirror results previously identified in the Cato survey.

Younger people may tend to feel less in control and unsure of personal agency. As they age, they may feel less that the world is controlled by powerful others and more that they possess personal agency. In our analysis the correlation between this item and age is statistically significant at  $p = 0.05$  so, as individuals age, they are slightly less likely to agree with this statement. Potentially, the Covid pandemic has impacted beliefs about personal agency, meaning the pandemic has led millennials and older Gen Zs to feel less in control. If this is the case, our outcomes may change as the pandemic recedes and millennials and older Gen Zs experience environments that counteract these feelings. Alternatively, they may not change if the environment does not counteract these feelings, or if these feelings have become ingrained in attitudes and perspectives.

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# SUMMARIZING MILLENNIAL AND OLDER GEN Z VIEWS OF DEMOCRACY, EGALITARIANISM, AND CAPITALISM

Democracy and capitalism are the core ideals underlying American society. In the early 1980s, political scientists Herbert McCloskey and John Zaller studied the range of conflict between them. Between democracy and capitalism, they suggested, democracy has seen a narrower range of debate and its tight grasp on the American ethos has been a key driver of the growth of the welfare state since the early 1900s. After reviewing decades of survey results, they stated “one finds few if any opinion leaders who openly oppose such values as freedom or equality or who advocate any form of authoritarian rule. No political parties of any standing in the United States advocate a one-party system, the abolition of elections, a government-controlled press, or the prohibition of dissent.”<sup>56</sup> Almost forty years later, we see more political polarization including the open return of extremist groups, conversations on limiting free speech, diminished trust in the election process, and other indications the range of dissent around democracy has widened.

Millennials, the oldest of whom were born in 1981, have grown up in an environment where political polarization is stronger than among Baby Boomer and older generations, shaping their views of democracy. Capitalism, in contrast, has always exhibited a broad range of debate, from advocates of a pure laissez-faire system to advocates of state welfare and even proponents of government ownership of industry. This cultural atmosphere is one element that has shaped millennial and Gen Z views about the relationship between democracy and capitalism. Going forward, another element will be aging. Millennials are now 40 and entering “mid-life”, a time when physical and psychological changes may begin to shift some political views to the right. Although hard to pick apart, there are differences between conservatism in economic and social spheres. Economic conservatism is driven by the self-discipline of work, the accumulation of material assets, and the impact of marriage and children. Attitudes on highly moral issues such as abortion may remain relatively stable across adulthood.

## Democracy

Research on political attitudes over time suggests we should expect that younger cohorts skew liberal and democratic. This is exactly the case in our sample. The sample may also show a recognized trend in the numbers of strong independents versus movement towards political extremes. However, there also may be movement among older millennials away from “very liberal” towards moderate. We saw a 6% difference between older millennials and Gen Zs self-identifying as very liberal (with more Gen Zs favoring that label) and an 8% difference between Gen Zs and older millennials identifying as moderate (with more older millennials favoring that label).

Views on tolerance are one way to consider how accepting people at one extreme are of those at the opposite pole. When we consider information on tolerance, it’s helpful to separate views of idealized tolerance and the actual community standards and morals individuals project onto others. Traditionally, 75% of Americans have professed to have libertarian-leaning ideals and embrace the freedom to live as one sees fit, while upwards of 40% also project their individual morals as the community standards that should inform the overarching law of the land.

The attitudes of millennials and older Gen Zs generally track those of previous generations in mandating a broad-based tolerance towards views some or most citizens find offensive while, at the same time, exhibiting conflict around allowing individuals to say what they like. The statement “I would not trust any person to decide

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what opinions can be freely expressed and what must be silenced” received 77% agreement, while the statement “I currently believe that I should be able to say what I like on social media, even if others find it offensive, as long as I do not threaten anyone with physical harm” received 57% agreement.

Although millennials and older Gen Zs are broadly supportive of free speech, other research suggests members of younger generations with more extreme views are more likely to advocate “banning” certain views they find offensive (enforcing their “community standards” on people with divergent moral systems). Younger generations are less trusting of the political system and may be more disengaged with representative democracy. While most would agree that limiting free speech is not a solution to solving problems they find important, such as social inequality, future surveys can track ideological polarization and the ways millennials and Gen Zs envision balancing free speech and community standards. Employing the principles of tolerance and trust and working within the system to resolve conflicts are important elements of a well-functioning democracy. Balancing these issues is difficult in any environment, especially one potentially experiencing enhanced conflict.

## Capitalism

In the past, the intensity of conflict between capitalism and democracy has largely been driven by the performance of capitalism. When capitalism is perceived of as providing a broad distribution of economic opportunity, conflict is less. As McCloskey and Zaller noted, when capitalism is perceived of as producing “dramatic inequalities between the rich and the poor, attempts by business classes to dominate the government, and a narrow range of opportunities” democratic values have been invoked to justify reforms of the free enterprise system.<sup>57</sup>

We have suggested that millennials and older Gen Zs probably have different views than older Americans about “basic needs.” When earlier generations of Americans thought about security and sustenance they largely considered the state had the responsibility for safety and security while society had a moral responsibility to help those who could not help themselves, with debates around the role of government, charities, and businesses in providing help. Capitalism-driven economic prosperity expanded ideas about government support for the needy to include a social safety network, free public education and healthcare.

Millennials and Gen Zs support welfare but do not necessarily consider the government should be the unique provider of healthcare, unemployment benefits, or a college education or that individuals have no responsibility. Consider unemployment insurance, welfare most salary workers take for granted. When asked about responsibility for financial support during periods of unemployment, millennials and older Gen Zs assign a slight majority (53%) of the responsibility to government and the rest to individuals and business. When asked about education after high school, however, they assign 51% of the responsibility to individuals. Not all Americans need, want, or choose to undertake a college degree.

In two areas – healthcare and climate – responses indicate the government needs to do more to solve problems. When it comes to climate, millennials and older Gen Zs assign 51% of the responsibility to the government. For healthcare, they assign 57% of the responsibility to the government. But 35% of older Gen Zs and 48% of older millennials said healthcare, a highly regulated industry, lacked competition. Older millennials are probably paying for their own healthcare. Systemic problems around climate and healthcare are institutional and multi-faceted – they are embedded in government structures, business incentives, and individual behavior.

Like most Americans, millennials and older Gen Zs are supportive of principles of economic freedom and free enterprise. Most prize competition, believe they possess the freedom to earn as much money as they honestly can, and assert the government should ensure free markets so people can start businesses and fairly

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compete. Even evaluations of our entrepreneurs suggest only a slight majority think three of them (Jeff Bezos, Jamie Diamond, and Kim Kardashian) earned their wealth by “taking advantage.” Most millennials and older Gen Zs were neutral or supportive of how these entrepreneurs become wealthy.

Unfortunately, other results suggest their drive for personal for economic advancement are mitigated by feelings of inadequacy (almost 50% of Gen Z are troubled by feeling of inadequacy) and frustration in social comparisons (50% of all groups agree it is its frustrating to see some people succeed so easily). These factors likely contribute to the nearly 50% of all groups who consider most success to be unearned (“people at the top deserve their high position”) and the 60% who consider that most entrepreneurs are successful because they start businesses using existing resources from parents or family. Going forward, we can explore how feelings (such as feelings of inadequacy) may be age-related (and if they were heightened by the pandemic) and how they may stem from a perception the economic system is captured by wealthy or special interests.

These groups are not particularly optimistic about their financial prospects. While 50% of all groups agree wealth can grow so there is enough for everyone, 48% of older Gen Zs (excluding students) expect to earn less than \$25,000 a year as individuals. Among millennials, this figure drops to about 28%, still a full 10% over the national average for households (about 18%).

Before the pandemic, the wealth of older millennial households was 11% below that of older generations when they were at the same stage in life. For younger millennials, the gap was 50%. Recently, more millennials have purchased homes and the wealth gap has closed a bit; however, it will take more than just increasing the number of millennial homeowners to really close the gap. Although millennials and Gen Z enjoy social and economic advantages older generations did not, they also face unique economic pressures. These pressures, not a lack of will, are cementing delayed adulthood. Younger generations don’t have the self-discipline that comes from independent living, a steady job, the accumulation of material assets, and the impact of marriage and children. Baby Boomers, who got married around age 21, considered living independently, working, getting married, buying a car and house, and having kids were normal adult activities for people in their 20s.

In general, emerging adulthood will be reinforced or not by government welfare and the performance of the economy. For many millennials, the economy has not been working optimally to support financial independence and economic advancement. The conditions cohorts find in the market supporting financial responsibility and independence are important. Home ownership is one important store of wealth and, although interest rates have been low, home prices have been high, supply has been constrained, and mortgages have been harder to get after the 2008 financial crisis. In our sample, 56% of older millennial males, 50% of younger millennial males, and 46% of older Gen Z males owns their home compared to about 65% of the overall population.

Car ownership also shows a sharp uptick from older Gen Zs (37%) to older millennials (62%), but is well below the 83% rate for all Americans. We’d like to know more about the relationship between lack of *interest* in car ownership and lack of purchasing power (and if this changes with age). We don’t believe these groups are disinterested in engaging in the financial system for their economic benefit: 29% claim to own stock (comparable to the national average in 2017) and 16% reported owning cryptocurrencies (compared to 13% of all Americans), with little generational change.

As outlined by Prospect Theory, people are driven more strongly to avoid loss than to achieve gain. Our psychological makeup plays a large role in how we evaluate the benefits of one outcome versus another and how we evaluate whether an outcome is fair. People who are optimistic and hold positive views about risk and competition are more likely to think they can do well in competitive market economies. However, if they consider markets are anti-competitive and captured, or they repeatedly make choices that have bad outcomes, such as

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investing significant resources in an education and then becoming underemployed, they will certainly look for mechanisms to mitigate and spread risk.

About 47% of millennials and older Gen Zs agree with the abstract statement “Rewards and benefits in society should be distributed according to what people need, not what they produce.” This is 14-to-17-percent higher than all adults surveyed in 2019. There is less distance between these groups and all adults full regarding the more specific assertion “People should be allowed to keep what they produce, even if there are others with greater needs.” To this statement, 69% of older Gen Zs, 73% of younger millennials, and 74% of older millennials agree or are neutral, compared to 78% of all Americans. Finally, questions about our successful entrepreneurs (regarding if they earned their wealth or took advantage of others) indicates most millennials and Gen Zs are neutral or supportive about how billionaires made their money, but they approve of the way some earned their success more than others.

For Americans, fairness has limits. Social policy can mitigate the worst outcomes of markets, but everyone cannot have the same economic outcome because that will directly conflict with individual freedom. Economic redistribution and government-provided safety nets can mitigate unknowns and society can provide basic need for those who cannot provide for themselves. Psychological and self-fulfillment needs, however, can only be achieved through individual effort. Going forward, we can track perceptions that the current system is limiting the potential of to reach self-actualization based on effort and access to opportunity.

## Resolving Conflict

Americans dislike the concentration of power in business and government. Most Americans agree with the statement that government is “wasteful and inefficient” but also expect it to keep an eye on business. Younger generations are concerned about the role of big business in society. When asked to evaluate the statement “Big business has too much power in American life”, 77% of respondents agreed and only 7% disagreed (with similarity across all age groups). Tension between big business and government is normal, but not at current levels. This is reflective of a broader range of debate about democracy and the increasing conflict between democracy and capitalism.

Our data on mindset and personal agency suggest that millennials and older Gen Zs are currently cautious, dissatisfied, or worse – disengaged in the continuous debate about the right balance between democracy and capitalism. Mindset shapes ideas about human nature, the ability of a society to progress, and one’s ability to weather difficult situations. People who see traits as malleable are more likely to blame bad outcomes on forces less related to their innate traits and more related to effort and strategy. They are more likely to consider that other people can change and conditions can improve. Consistent across these groups, only 39% of millennials and older Gen Zs think the “fundamental nature” of the world can change, and only 34% of think a person’s moral makeup is malleable. In contrast, 54% think intelligence is malleable. A belief the world is ordered and can be shaped by individual agency supports engagement in efforts to drive change. Although most millennials and older Gen Zs (56% to 66%), respond positively to questions evaluating feelings of control and personal agency, they are less likely to feel this way than surveys polling all American adults in 2019. Millennials and older Gen Zs also are 13% more likely than all adults to consider that the world is controlled by powerful people. Those who self-identify as democrats are more likely to feel this way and younger members of these groups are slightly more likely to feel this way than older members.

Going forward, we can consider how millennials and Gen Zs participate in business and public affairs. We have asserted that democracy and capitalism are interdependent. The ideal of egalitarianism has a strong influence that pulls Americans away from pure laissez-faire economic systems while capitalism pulls Americans

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away from communist political systems. Fundamentally, society must agree to a range of conflict. Outside that range, America can no longer claim to be a free and open society. Within that range, there is always room for ongoing systemic change and improvement. This is always a difficult process.

## **SURVEY METHODOLOGY**

The YouGov panel, a proprietary opt-in survey panel, is comprised of 1.8 million U.S. residents who have agreed to participate in YouGov's Web surveys. YouGov conducted the surveys online with its proprietary web enabled survey software using a method called Active Sampling. Restrictions are put in place to ensure that only the people selected and contacted by YouGov are allowed to participate.

YouGov interviewed 2,472 respondents between July 19, 2021 and July 29, 2021 who were then matched down to a sample of 1,999 to produce the final dataset. The respondents were split into three samples: Gen-Zs (18-24), younger millennials (25-31), and older millennials (32-40) before being matched to separate sampling frames of 666 or 667 based on gender, age, race, and education.

The margin of error for the survey is +/- 2.2 percentage points at the 95% level of confidence. This does not include other sources of non-sampling error, such as selection bias in panel participation or response to a particular survey.

The frames were constructed by stratified sampling from the 2019 American Community Survey (ACS) 1-year sample with selection within strata by weighted sampling with replacements (using the person weights on the public use file).

The matched cases were weighted to the full 18-40 sampling frame using propensity scores. The matched cases and the frame were combined, and a logistic regression was estimated for inclusion in the frame. The propensity score function included age, gender, race/ethnicity, years of education, and region. The propensity scores were grouped into deciles of the estimated propensity score in the frame and post-stratified according to these deciles.

The weights were then post-stratified on 2016 and 2020 Presidential vote choice, and a four-way stratification of gender, age (3-categories identified above), race (4-categories), and education (4-categories), to produce the final weight.

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