

Economic Well-Being

August 2004

Findings in Brief

- Californians' previous very dismal assessment of the state's economy has moderated over the past year. While 53% of voters still describe the state as being in bad economic times, this is less negative than opinions held last year, when 75% felt this way.
- A larger proportion of voters (44%) expect the state's economy to improve next year than felt this way last year (30%). In addition, the proportion who believe the state's economy will worsen next year has declined from 30% to 14% at present.
- There has been a small improvement in voter assessments of their own personal finances, with more now saying they are better off (41%) than worse off (27%). In each of the two prior years about as many said they were worse off as better off.
- A large majority of voters describes Californian's unemployment situation as very serious (35%) or somewhat serious (43%).
- Voters continue to have a high degree of confidence that inflation can be held in check (61% confident vs. 35% not confident), although the proportion who are confident is down slightly from recent years.

Easing of negative outlook of the economy

There has been a significant decline in the large proportion of Californians who have a negative view of the state's economy. Last year a large majority (75%) of registered voters believed that economically the state was in bad times, while just 11% felt it was in good economic times. Now, that very dismal appraisal has moderated somewhat. Today, 53% describe the state as being in bad economic times, while 24% think it is in good times. Another 22% volunteer that California's economy is mixed.

During the 1999-2001 period, Californians offered their rosier assessment of the state's economic situation. Then, about seven in ten rated the state's economy as being in good times. By contrast, the most negative appraisal of the state's economy occurred between 1992-93, when the proportions believing the state was in bad times exceeded nine in ten voters.

There are some partisan differences in current voter assessments of the economy. By a 61% to 18% margin, Democrats think the state is in bad times rather than good times. On the other hand, Republicans are somewhat less negative in their characterization of the state's economy, with 43% saying California is in bad times and 32% feeling we are in good times.

Views about the state's economy are also related to income. Those in the lower income brackets are more negative in their appraisal of the state's economy than those in the upper income categories.

Table 1

**Perceived state of California's economy
(among registered voters)**

	Bad times	In-between/ mixed	Good times
2004	53%	22	24
2003	75%	12	11
2002	56%	21	20
2001	22%	7	69
2000	13%	10	71
1999	11%	14	72
1998	15%	16	65
1997	42%	23	33
1996	57%	20	19
1995	72%	16	11
1994	81%	14	5
1993	91%	6	3
1992	93%	4	2
1991	85%	8	5
1990	47%	20	30
1989	24%	18	55
1988	21%	19	59
1987	22%	24	51
1986	15%	22	59
1985	19%	16	62
1984	22%	25	50
1983	77%	11	10
1982	60%	23	16
1981	54%	19	24
1980	56%	21	21
1979	41%	17	40
1978	26%	26	42
Party (Aug. 2004)			
Democrats	61%	21	18
Republicans	43%	25	32
Non-partisans/others	53%	26	21
Household income (Aug. 2004)			
Less than \$20,000	60%	21	19
\$20,000 - \$39,999	59%	19	23
\$40,000 - \$79,999	52%	27	21
\$80,000 or more	45%	26	30

(In this and in other succeeding tables, trend data prior to 1993 are based on all adults. Differences between 100% and the sum of each year's percentages equal the proportion with no opinion.)

Next year's outlook

Californians express a greater sense of optimism as they look to next year's economy than they have in recent years. Greater than four in ten (44%) think the state's economy will get better next year, 39% believe it will stay the same, while just 14% fear things will get worse. This is a better outlook than last year, when as many (30%) thought things would get worse as felt things would improve (30%).

Californians have always been somewhat guarded in their expectations of how next year's economy would look. There has been only two times (in 1983 and 1984) when 50% or more thought next year's economy would get better.

A larger proportion of voters across all partisan subgroups now expects things to improve than get worse, although Republicans are a little more rosy in their outlook than Democrats and non-partisans.

Voters in the highest income bracket are somewhat more optimistic that things will improve next year than those earning less than \$40,000 per year.

Table 2
Expectations for the California economy
over the next 12 months
(among registered voters)

	Will get better	Stay the same	Will get worse
2004	44%	39	14
2003	30%	35	30
2002	36%	42	18
2001	14%	43	40
2000	21%	53	16
1999	24%	58	14
1998	29%	53	10
1997	37%	44	14
1996	38%	46	12
1995	32%	44	21
1994	38%	39	20
1993	38%	38	22
1992	22%	38	36
1991	22%	37	35
1990	10%	32	48
1989	15%	49	30
1988	18%	53	24
1987	24%	54	19
1986	36%	47	12
1985	42%	40	12
1984	50%	40	6
1983	58%	30	10
1982	35%	39	22
1981	32%	36	29
Party (Aug. 2004)			
Democrat	37%	41	18
Republican	54%	34	9
Non-partisan/other	39%	42	12
Household income (Aug. 2004)			
Less than \$20,000	39%	41	12
\$20,000 - \$39,999	34%	40	21
\$40,000 - \$79,999	44%	38	16
\$80,000 or more	52%	37	18

Personal financial well-being

There has been a small improvement in voters' assessments of their own personal financial well-being. The proportion of California voters who say they are now better off than they were one year ago has increased over levels found in 2002 and 2003. In addition, those who now say they are worse off has declined from 35% and 36% in 2002 and 2003 to 27% at present.

By a 32% to 27% margin, Democrats say they are worse off rather than better off compared to last year. On the other hand, Republicans' self assessment is much more positive - 59% saying they are better off compared to 18% maintaining they are worse off. Non-partisans are somewhat evenly divided on this issue.

Voters at the lower end of the income scale are more likely to say they are worse off than those in the higher income groups, particularly those in the top income group.

Table 3
Trend of Californians' personal financial well-being
compared to one year ago
(among registered voters)

	Better off	No change	Worse off
2004	41%	32	27
2003	38%	26	36
2002	35%	30	35
2001	47%	26	27
2000	54%	28	18
1999	49%	35	16
1998	54%	30	16
1997	42%	31	27
1996	38%	35	27
1995	34%	32	34
1994	37%	32	31
1993	29%	26	45
1992	26%	24	50
1991	25%	28	47
1990	42%	28	30
1989	46%	27	27
1988	50%	23	27
1987	49%	26	25
1986	52%	28	20
1985	54%	27	19
1984	55%	24	21
1981	33%	25	42
1979	30%	28	41
1978	41%	35	24
1977	34%	36	30
1976	28%	33	39
1974	28%	29	43
1973	39%	33	28
1971	29%	36	35
1970	34%	33	33
1966	37%	45	18
1961	40%	41	19
Party (Aug. 2004)			
Democrat	27%	41	32
Republican	59%	23	18
Non-partisan/other	38%	27	35
Household income (Aug. 2004)			
Less than \$20,000	23%	47	30
\$20,000 - \$39,999	32%	33	35
\$40,000 - \$79,999	43%	26	31
\$80,000 or more	55%	17	28

Expectations for next year

A plurality of voters (48%) expects no change in their financial situation next year, while 38% believe they will be better off. Only a very small group (7%) expects to be worse off. This assessment is similar to how voters felt last year.

Democrats are a little more inclined to expect no change in their economic situation, while a somewhat larger proportion of Republicans anticipates better financial times ahead for themselves.

Very small proportions of voters (5% - 11%) across all household income subgroups anticipate being worse off next year.

Table 4
Personal financial expectations for next year
(among registered voters)

	Will be better off	No change	Will be worse off
2004	38%	48	7
2003	36%	48	10
2002	41%	45	8
2001	32%	55	13
2000	44%	53	3
1999	41%	54	5
1998	46%	49	5
1997	40%	50	10
1996	35%	57	8
1995	34%	56	10
1994	40%	48	12
1993	37%	49	14
1992	29%	53	18
1991	30%	53	17
1990	38%	47	15
1989	38%	47	15
1988	40%	51	9
1987	47%	45	8
1986	52%	42	6
1985	50%	42	8
1984	51%	42	7
1981	35%	46	19
1979	25%	40	31
1978	37%	46	17
1977	35%	47	18
1976	37%	45	18
1974	33%	39	28
1973	41%	46	13
1971	37%	44	19
1970	34%	44	22
1966	43%	49	8
1961	48%	46	6
Party (Aug. 2004)			
Democrat	32%	55	7
Republican	44%	43	5
Non-partisan/other	41%	41	10
Household income (Aug. 2004)			
Less than \$20,000	28%	51	11
\$20,000 - \$39,999	32%	49	6
\$40,000 - \$79,999	42%	46	5
\$80,000 or more	45%	45	8

Seriousness of unemployment

The large majority of this state's voters describe the unemployment situation in California as very or somewhat serious (35% very serious and 43% somewhat serious). This compares to just 19% who think it is not serious.

Californians' gloomiest appraisal of the unemployment situation occurred between 1991 and 1994, when large majorities of between 68% and 80% considered the problem very serious.

Democrats and Republicans hold diametrically different assessments of the state's unemployment situation. Nine in ten Democrats consider the problem serious, with half (50%) saying it is very serious. By contrast, 63% of Republicans term the problem serious, with just 18% saying it is very serious. The views of non-partisans are about halfway between members of the two major parties.

The amount of a voter's household income is again related to how one feels about the seriousness of unemployment. Lower income families consider the unemployment situation as being much more serious than those in middle and upper incomes.

Table 5
Seriousness of unemployment in California
(among registered voters)

	Very serious	Somewhat serious	Not serious
2004	35%	43	19
2003	33%	52	12
2002	30%	48	18
1995	48%	44	7
1994	74%	22	3
1993	76%	22	2
1992	80%	18	2
1991	68%	27	4
1990	29%	40	28
1989	23%	35	39
1988	21%	40	36
1987	28%	45	25
1986	26%	50	22
1985	30%	43	24
1984	40%	45	14
1983	71%	24	5
1982	54%	36	9
1981	34%	45	18
Party (Aug. 2004)			
Democrat	50%	41	9
Republican	18%	45	32
Non-partisan/other	33%	46	17
Household income (Aug. 2004)			
Less than \$20,000	56%	31	9
\$20,000 - \$39,999	42%	36	18
\$40,000 - \$79,999	31%	52	16
\$80,000 or more	24%	48	26

Good time to buy major household item?

The results of prior *Field Poll* surveys have found that, except for those rare periods when the economy was seen as being in very bad shape, most voters tend to describe times as being favorable for making major household purchases.

At present about half (52%) feel it is a good time to make a major household purchase, a proportion that has not varied a great deal in recent years.

A larger proportion of Republicans (65%) feel it is a good time to buy than Democrats (44%) or non-partisans (46%).

While 62% of those in the highest household income category think times are good to make major household purchases, even 40% of those in the lowest income class feel this way.

Table 6
Good or bad time to buy major household item?
(among registered voters)

	Good time to buy	Bad time to buy	Not sure/ depends
2004	52%	21	27
2003	44%	33	23
2002	50%	25	25
2001	56%	28	15
1998	64%	14	22
1997	55%	19	26
1996	52%	22	26
1991	34%	49	17
1990	40%	34	26
1988	57%	23	20
1987	56%	26	18
1986	68%	11	21
1985	64%	14	22
1984	64%	16	20
1983	47%	35	18
1982	35%	42	23
<u>Party</u> (Aug. 2004)			
Democrat	44%	25	31
Republican	65%	14	21
Non-partisan/other	46%	24	30
<u>Household income</u> (Aug. 2004)			
Less than \$20,000	40%	26	34
\$20,000 - \$39,999	49%	23	28
\$40,000 - \$79,999	55%	22	23
\$80,000 or more	62%	13	25

Fear of inflation

For each of the past ten years, substantial majorities of voters in this state have expressed confidence that inflation can be kept within reasonable bounds in the near future. The last time large majorities were not confident that inflation could be kept in check was back in 1979.

The current findings show that voters continue to have a high degree of confidence that inflation can be held in check, with 61% confident and 35% not confident, although the proportion who are confident is down slightly from recent years.

Majorities of all partisan and income subgroups are confident that inflation can be kept within reasonable bounds.

Table 7
Confident future inflation can be kept within
reasonable bounds in the near future
(among registered voters)

	Confident	Not confident
2004	61%	35
2002	67%	30
2001	72%	27
2000	67%	30
1998	69%	28
1997	61%	34
1996	71%	26
1995	58%	40
1994	59%	47
1993	61%	37
1992	49%	48
1989	49%	49
1987	50%	46
1986	60%	37
1984	66%	30
1982	57%	42
1981	50%	48
1979	33%	65
1977	32%	66
1974	35%	63
<u>Party</u> (Aug. 2004)		
Democrat	52%	46
Republican	71%	24
Non-partisan/other	61%	33
<u>Household income</u> (Aug. 2004)		
Less than \$20,000	51%	42
\$20,000 - \$39,999	53%	44
\$40,000 - \$79,999	64%	35
\$80,000 or more	69%	28

About the Survey

The findings in this report are based on a statewide Field Poll survey of 602 registered voters in California. The survey was administered by telephone in English and Spanish during the period July 30-August 8, 2004. Sampling was carried out using random digit dial methods which give all voters, including those whose phone is listed or unlisted, an equal chance of being contacted. Up to five attempts were made to reach a randomly selected voter at each number dialed. After the completion of interviewing the sample was weighted to Field Poll estimates of the state's total registered voter population.

According to statistical theory, the overall results in this report have a sampling error of +/- 4.1 percentage points at the 95% confidence level. There are other possible sources of error in any survey in addition to sampling variability. Different results could occur because of differences in 2question wording, sequencing or through omissions or errors in sampling, interviewing or data processing. Extensive efforts were made to minimize such potential errors. Results from previous years' surveys were conducted in a comparable manner.

The Field Poll is owned and operated by Field Research Corporation, a market and opinion research organization, founded in 1945 by Mervin Field, which operates regionally and nationally.