



Economic Well-Being

October 2000

Findings in Brief

- Nearly two thirds of state residents (65%) describe the California economy as being in good times, while only 18% say it is in bad economic times. This favorable assessment is down only slightly from last year's all-time high.
- About half of Californians (47%) expect the state's economy to remain about the same for the next twelve months. Among those anticipating some change, more are optimistic than pessimistic, with 28% expecting things to improve next year and 16% foreseeing worsening economic conditions.
- Californians are almost evenly divided over the prospect of facing bad times over the next five years, with 42% expecting some serious economic downturns while 39% expect the economy to remain generally good over this period.
- A majority of Californians (55%) indicate that they are better off financially than in the previous year, whereas 28% report no change and 17% say they are worse off. This finding equals the record high level of personal financial well-being reported by Californians in 1998.
- By a ratio of almost eight to one (67% to 9%), people making \$50,000 or more a year say they are now better off than worse off compared to a year ago. Those making less than \$50,000 a year say they are better off by a nearly two to one ratio (50% to 26%).
- Just 4% of all Californians expect they will be worse off financially next year. There is an even split --- 46% to 44% between those who feel they will be better off versus those who expect no change.
- Nearly half of Californians (48%) expect the stock market to stay at about the same level for next year, with 26% believing it will go higher and 14% that it will go lower.
- Most California households (62%) continue to have money invested in the stock market, either directly or through a retirement plan or pension fund. Thirty-six percent (36%) are not invested in the market.
- By a nearly two to one margin (60% to 34%), state residents are confident that inflation will be kept within reasonable bounds.

Near record number believe state is in good economic times

Nearly two thirds of state residents (65%) describe the California economy as being in good times, while only 18% say it is in bad economic times. This favorable assessment is down only slightly from last year's all-time high.

Just six years ago, the public's view of the economy was most dismal, with just 4% describing the state as being in good times, and 84% saying that California was in bad times.

Table 1
Present state of California's economy

	Good times	In between	Bad times
2000	65%	11	18
1999	70%	13	14
1998	61%	17	18
1997	34%	21	42
1996	19%	20	57
1995	12%	15	71
1994	4%	12	84
1993	4%	7	88
1992	2%	4	93
1991	5%	8	85
1990	30%	20	47
1989	55%	18	24
1988	59%	19	21
1987	51%	24	22
1986	59%	22	15
1985	62%	16	19
1984	50%	25	22
1983	10%	11	77
1982	16%	23	60
1981	24%	19	54
1980	21%	21	56
1979	40%	17	41
1978	42%	26	26

(In this and in other succeeding tables, the difference between 100% and the sum of each year's percentages equals the proportion with no opinion.)

Good times expected to continue

Nearly half of Californians (47%) expect the state's economy to remain about the same for the next twelve months. Among those anticipating some change, more are optimistic than pessimistic, with 28% expecting things to improve next year and 16% foreseeing worsening economic conditions.

This is the eighth consecutive year that more Californians expect the state's economy to improve rather than worsen.

Table 2
Expectations for California economy during the next twelve months

	Will get better	Stay the same	Will get worse
2000	28%	47	16
1999	27%	55	14
1998	34%	48	11
1997	39%	43	14
1996	38%	46	12
1995	34%	43	20
1994	35%	36	26
1993	42%	35	21
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

Public is split over long term forecast

Californians are almost evenly divided over the prospect of facing bad times over the next five years, with 42% anticipating some serious economic downturns while 39% expect the economy to remain generally good over this period. The proportion of Californians who report being uncertain about the economic outlook over the next five years increased significantly in this year's survey.

Table 3
Expectations for the California economy over the next 5 years

	Periods of serious economic downturns	Generally good	Not sure/ no opinion
2000	42%	39	19
1999	52%	38	10
1998	41%	44	15
1997	52%	36	12
1996	49%	38	13

Californians better off personally

A majority of Californians (55%) indicate that they are better off financially than in the previous year, whereas 28% report no change and 17% say they are worse off. This finding equals the record high level of personal financial well-being reported by Californians in 1998. For the past six consecutive years, more people have said they were better off than said they were either the same, or worse off, than in the previous year.

Table 4a
Californians' personal financial well-being compared to one year ago

	Better off	No change	Worse off
2000	55%	28	17
1999	52%	31	17
1998	55%	28	17
1997	45%	28	27
1996	38%	35	27
1995	35%	31	34
1994	29%	34	37
1993	31%	26	43
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
1981	33%	25	42
1976	28%	33	39
1971	29%	36	35
1966	37%	45	18
1961	40%	41	19

Across income groups, more people are better off

By a ratio of almost eight to one (67% to 9%), people making \$50,000 or more a year say they are now better off than worse off compared to a year ago. Those making less than \$50,000 a year also say they are better off by a nearly two to one ratio (50% to 26%).

Table 4b
Californians' personal financial well-being — by annual household income

	Better off	No change	Worse off
Statewide	55%	28	17
Less than \$30,000	50%	24	26
\$30,000–\$50,000	51%	28	21
\$50,000 or more	67%	24	9

High expectations for next year's personal finance

Just 4% of all Californians expect they will be worse off financially next year. There is an even split---46% to 44% between those who feel they will be better off versus those who expect no change.

	Will be better off	No change	Will be worse off
2000	46%	44	4
1999	44%	45	6
1998	49%	42	6
1997	41%	44	10
1996	35%	52	8
1995	35%	50	11
1994	44%	40	12
1993	40%	44	13
1992	29%	46	18
1991	30%	48	17
1990	38%	41	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
1976	37%	45	18
1971	37%	44	19
1966	43%	49	8
1961	48%	46	6

Public mildly optimistic about the stock market

Nearly half of Californians (48%) expect the stock market to stay at about the same level for next year, while 26% expect it to go higher and 14% believing it will go lower.

The proportion of Californians expecting no change in the stock market in the coming year is greater now than at any time since 1997, when this measure was initiated.

	Higher	About the same	Lower
2000	26%	48	14
1999	28%	44	18
1998	32%	39	18
1997	36%	38	16

Most households continue investing in the market

Most California households (62%) continue to have money invested in the stock market, either directly or through a retirement plan or pension fund. Thirty-six percent (36%) are not invested in the market.

	Yes	No	Don't know
2000	62%	36	3
1999	64%	35	2

Confidence remains high that inflation will stay moderate

By a nearly two to one margin (60% to 34%), state residents are confident that inflation will be kept within reasonable bounds in the near future.

	Confident	Not confident
2000	60%	34
1998	64%	32
1997	59%	36
1996	71%	26
1995	55%	42
1994	51%	45
1993	60%	37
1992	49%	48
1991	47%	51
1989	49%	49
1988	52%	45
1987	50%	46
1986	60%	37
1985	63%	35
1984	66%	30
1982	57%	42
1981	50%	48
1979	33%	65
1977	32%	66
1974	35%	63

(The findings in this report are based on a survey among a representative sample of 516 California adults conducted September 29-October 8, 2000. The survey was completed by telephone in English and Spanish using random digit dialing methods. According to statistical theory, survey results from the overall sample have a sampling error of +/-4.5 percentage points at the 95% confidence level. There are many possible sources of error in any survey other than sampling variability. Different results could occur because of biases in question wording or sequencing or through undetected errors in sampling, interviewing or data processing. Extensive efforts were made to minimize such errors.)

About The Field Institute

Background

The Field Institute is a non-partisan research organization supported by media, academic institutions, foundations and others for the purpose of conducting public opinion research on a variety of social, economic and political issues. The Institute undertakes regularly scheduled opinion and attitude surveys each year on a variety of topics as well as *ad hoc* studies in California, its primary area of focus. Revenue received by The Institute goes entirely toward covering the cost of its operations and in disseminating its reports.

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The Field Institute was established in 1976 with funds and support from Field Research Corporation. FRC has contributed to The Institute all of the operations of *The Field Poll*, including its data archive going back to 1947. FRC's staff of more than fifty full-time professional and operations people, together with its large corps of experienced interviewers and its extensive in-house computer capability, provides basic data gathering and data processing services for The Institute on a sub-contract basis.

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where The Institute's demonstrated objectivity can contribute to a greater understanding of a problem.

The Field Poll

The Field Poll was established in 1947 as *The California Poll* by Mervin Field and has operated continuously since that time. It is a unique, state-wide public opinion news feature service covering a wide range of political and social topics.

Statewide surveys are made at frequent intervals throughout the year. Continuing measures are made of voter support for leading political figures vying for major state and federal elected offices, job ratings of important political figures, and reactions to significant political events. Voter awareness, understanding and predispositions for major campaign issues and controversial ballot propositions are also tracked over time.

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The California Opinion Index

The California Opinion Index regularly charts public attitudes on such issues as taxes and government spending, economic well-being, crime, immigration, education and the schools, political demography, the initiative process and other important state issues.

Each *California Opinion Index* report is printed in a four to eight page newsletter format and are provided to mailing list subscribers of *The Field Poll* at no additional cost.

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Officers

Officers of The Field Institute are Mervin Field, Mark DiCamillo and Dr. E. Deborah Jay.