



The California Public's Sense of Economic Well-Being

February 1998

Summary

In the space of just four years, Californians' view of the state's economy, as well as their own economic well-being, has moved from an extremely dismal outlook to among the most positive ever recorded by The Field Institute.

The state's economy is now seen as being in "good times" and the public expects it to either stay the same or to get even better during the next twelve months. On a personal level, twice as many people feel they are now better off economically compared to last year as said this in 1994. Further, Californians express a most optimistic outlook for next year.

Other aspects of the public's rosy economic appraisal: concern about future employment is at a very low point; inflation doesn't appear to be a serious concern; now is a good time to buy a major household item; and there continues to be confidence that the stock market will stay at its present high level or move even higher.

Findings in Brief

- "In good times" is the way fully three-fifths (61%) of residents describe the present state of the California economy. Just 18% believe the state's economy is in bad times and 17% say it is somewhere in between. As recently as 1994 the appraisal of the state's economy was most dismal — 84% believing it was in bad times and just 4% saying it was in good times.
- Only once in the previous twenty years has the public viewed California's economy so positively. This was in 1985 when the ratio of good times vs. bad times was 62% to 19%.
- Almost one-half of the public (48%) think economic conditions in the state will stay the same during the next twelve months and another 34% expect things to get even better. Just 11% see the state's economy getting worse next year.
- Looking further out over the next five years, opinions are divided as to whether the state's economy will be generally good (44%) or whether there will be periods of serious economic downturns (41%).
- Paralleling the public's favorable view of the state's economy is the appraisal of their own financial well-being compared to a year ago. More than three times as many residents say they are better off (55%) than worse off (17%). This is the most positive description given by the public of their personal economic status ever recorded by The Field Institute, which began these measures in 1961.
- About one-half (49%) of the public see themselves as being better off next year and 42% see no diminishment in their present economic state. Just 6% see themselves as being worse off next year.
- Almost four out of five (78%) of those now employed are very confident that they will be employed six months from now. Another 16% are somewhat confident and 6% are not confident of being employed.
- In the late 1970's the public lacked confidence that inflation could be kept within reasonable bounds. Then, almost twice as many were *not* confident that inflation could be held in check. Since then, the public's outlook on inflation has varied from time to time. However, during the past two years a large majority of Californians has expressed confidence that inflation can be kept within reasonable bounds. Currently 64% are confident and 32% are not confident.
- Two in three residents (66%) think now is a good time to purchase a major household item, up from 50% who felt this way last year. Just one in seven (14%) say it is a bad time. These findings are among the most upbeat assessments given since 1982.
- Even with the stock market at an all-time high, more than one-third of California investors (37%) think the market will go even higher in 1998. Another 40% think it will stay at current levels. Just 16% see the market declining.
- A majority of self-employed Californians (57%) are not concerned about doing enough business in the next six months. Self-employed people have remained generally optimistic about doing enough business in the short term, during each of the past three years.

State's economy seen as thriving

Six in ten Californians (61%) believe that the state economy is in good times right now. This is nearly double the proportion who said this last year (34%) and more than three times the number who said this just two years ago (19%). The proportion of Californians who say the state's economy is in bad times (18%) is less than half the proportion (42%) who held this opinion in 1997.

As recently as 1994, the public's appraisal of the state's economy was most dismal—84% believing it was in bad times and just 4% in good times.

The public's current assessment matches the view it held in 1985, which was the most robust view of the state's economy ever found in the three decades that The Field Institute has been making these measurements.

Table 1
Present state of California's economy

	Good times	In between	Bad times
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.)

Economic expectations for next year remain buoyant

By an almost three to one margin (34% to 11%), Californians are also optimistic about the state's economic outlook for the next 12 months. About half (48%) expect things to stay about the same.

Table 2
Expectations for California economy during the next twelve months

	Will get better	Stay the same	Will get worse
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

Long-term outlook: up and down

When asked about their own assessment of the economic outlook for the next five years, a plurality (44%) expects times to be generally good, while a slightly smaller proportion (41%) expects periods of serious economic downturns. These estimates are somewhat more optimistic than those expressed in recent years.

Table 3
California economy over the next 5 years

	Generally good	Periods of serious economic downturns
1998	44%	41
1997	36%	52
1996	38%	49

Personal finance well-being at record high

Paralleling the public's favorable view of the state's economy is the appraisal of their own financial well-being compared to a year ago. More than three times as many residents (55% to 17%) say they are now better off rather than worse off compared to last year. This is the most positive description given by the public of their personal economic status ever recorded by The Field Institute which began these measures in 1961.

As recently as 1995, the public was evenly split in appraising their own finances — 35% said they were better off, 34% worse off and 31% no change.

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

	Better off	No change	Worse off
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
1985	54%	27	19
1984	55%	24	21
1981	33%	25	42
1976	28%	33	39
1971	29%	36	35
1966	37%	45	18
1961	40%	41	19

Economic optimism for next year

Forty-nine percent of Californians expect to be better off in their own personal financial situation a year from now. This percentage is the most optimistic assessment in the 1990s, and is close to the record proportions who felt this way during the period 1984 through 1986. Only 6% expect their financial situation to be worse one year from now, tying the lowest proportions reporting this in over three decades of state polling.

Table 5
Personal financial expectations for next year

	Will be better off	No change	Will be worse off
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

Employment confidence remains high

Nearly eight in ten employed Californians (78%) remain very confident that they will be employed six months from now. Another 16% are somewhat confident, while just 6% have little confidence they will be employed by next summer. These findings are similar to those found at this time last year, and are comparable to those found during other periods of economic good times.

Table 6
Confidence of being employed six months from now (among those employed by someone else)

	Very confident	Somewhat confident	Not confident
1998	78%	16	6
1997	79%	15	5
1996	71%	23	6
1995	66%	26	8
1994	62%	26	12
1993	65%	23	12
1992	62%	25	13
1991	69%	20	10
1990	78%	17	5
1985	80%	14	4
1984	82%	13	4
1983	78%	16	5
1982	68%	19	12
1981	81%	14	5
1978	83%	10	5

Confidence high that inflation will remain low

By a two to one margin (64% to 32%), Californians are confident that inflation will be kept within reasonable bounds in the near future. This represents the sixth consecutive year that a majority was confident that inflation could be kept under control. The public's current confidence that inflation will remain under control is near its highest level ever recorded over the past thirty years.

Table 7		
Confidence that future inflation can be kept within reasonable bounds		
	Confident	Not confident
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

Most say time to buy is now

Two in three Californians (66%) say now is a good time to purchase a major household item, up from 50% who felt this way last year. Just 14% feel now is a bad time to make a major purchase. These findings are among the most upbeat since these measures began in 1982.

Table 8			
Good or bad time to buy major household item?			
	Good time to buy	Not sure/depends	Bad time to buy
1998	66%	16	14
1997	50%	27	23
1996	52%	26	22
1991	34%	17	49
1990	40%	26	34
1988	57%	20	23
1987	56%	18	26
1986	68%	21	11
1985	64%	22	14
1984	64%	20	16
1983	47%	18	35
1982	35%	23	42

Bullish on the stock market

Confidence in the stock market's future has ebbed a little since last year, but the bulls (32%) still outnumber the bears (18%).

Table 9			
Expectations of U.S. stock market during the coming year			
	Higher	About the same	Lower
1998	32%	39	18
1997	36%	38	16

Those with money invested on Wall Street are more likely to think the market will go higher next year compared to those who are not invested (37% to 22%).

Table 10			
Expectations of 1998 stock market, among investors and non-investors			
	Higher	About the same	Lower
Invested	37%	40	16
Not Invested	22%	39	20

Fewer concerned about business decline

A majority of self-employed Californians (57%) remains unconcerned about doing enough business in the next six months. This compares to 26% who are somewhat concerned, and just 14% are very concerned about their business prospects during the first half of this year.

Table 11			
Concern about doing enough business in the next six months (among those self-employed)			
	Not concerned	Somewhat concerned	Very concerned
1998	57%	26	14
1997	58%	19	22
1996	45%	33	22
1995	38%	40	22
1994	32%	38	28
1993	32%	37	31
1992	22%	35	42
1991	31%	38	30
1990	53%	32	15

About the Survey

The findings in this report are based on a survey conducted January 29 – February 2, 1997 among a representative state-wide sample of 493 adult Californians. The survey was completed by telephone in either English or Spanish using random digit dialing methods. The sample was selected according to probability principles and reflects an accurate and reliable representation of the California adult public. Percentages based on the total sample have a sampling error of $\pm 4.5\%$ at the 95% confidence level.