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Authors

Ong, Paul M.
Haselhoff, Kim

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SCS FACT SHEET

FINDINGS FROM THE SOUTHERN CALIFORNIA PUBLIC OPINION SURVEY (SCS)

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Residents Split on the State of the Region's Economy

INTRODUCTION

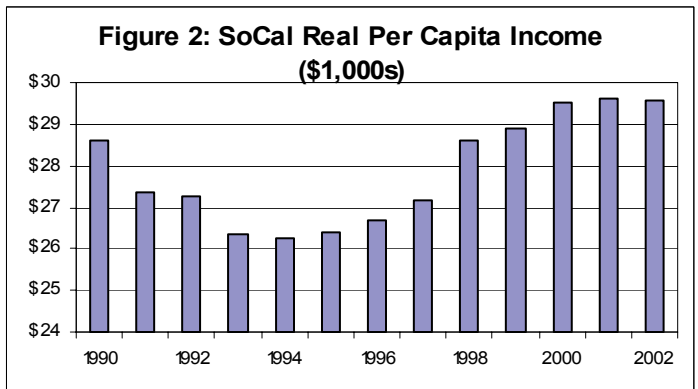
Public opinion surveys can play an important role in decision making because public policy should be informed by both objective data and the values held by people. While opinions may be subjective and biased, they nonetheless shed light on people's concerns and priorities, and their views on what government should do. This fact sheet presents findings from a recently completed survey of Southern California residents (those living in the counties of Los Angeles, Orange, Riverside, San Bernardino, and Ventura). Details of the survey can be found in the appendix to this fact sheet. One key result is that a majority is pessimistic about the current state of the regional economy. This is not surprising since the regional economy has experienced a recession and slow recovery over the last few years. It is important to note that there is a diversity of views, and assessments of current economic conditions vary systematically across demographic and economic groups. Opinions on the comparative strength and direction of the region's economy are also mixed. Finally, only a minority believes that local government is adequately addressing some of the economic problems facing the region.

BACKGROUND

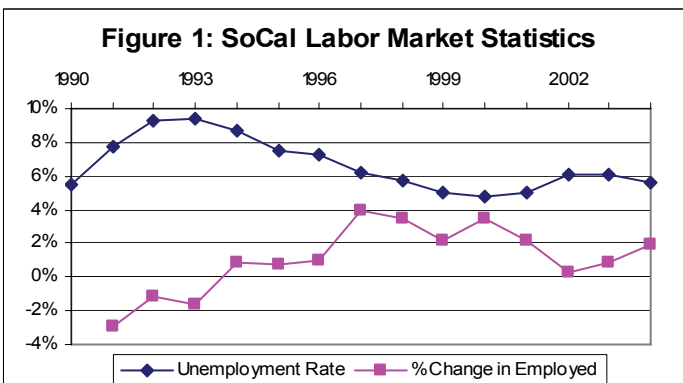
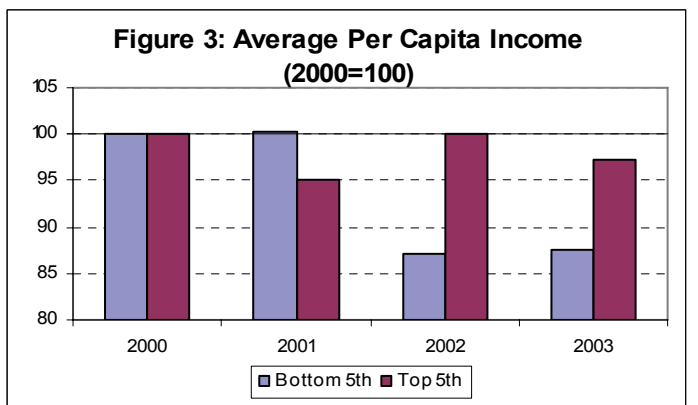
Over the last few years, the regional economy has been in a doldrums. Unemployment increased in the early 2000s, from 4.7 percent in 2000 to 6.1 percent in 2003, but the increase was not as dramatic as the increase dur-

ing the early 1990s. In recent months, the Southern California unemployment rate has declined moderately (see Figure 1).

The mild recovery rate can also be seen in the data for the moderate 2% growth of the employed population from 2003 to 2004. During this period, real per capita income has been relatively flat. This was particularly true in the early 2000s (see Figure 2).



While the economic slowdown was moderate, the impact was particularly hard on those at the bottom of the income ladder. The average (median) per capita income for the bottom fifth took a much larger hit than for those at the top fifth (see Figure 3).



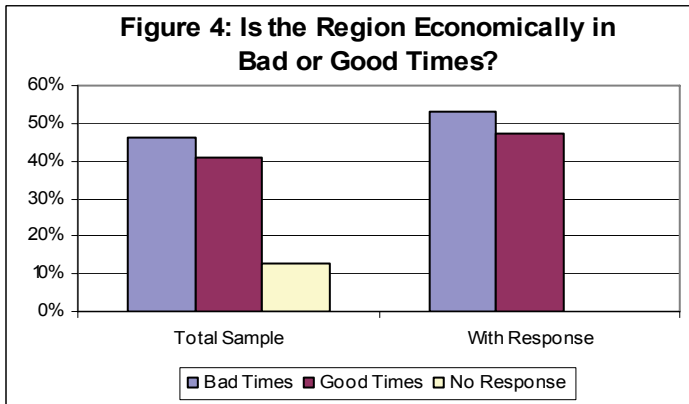
ABOUT THE AUTHORS

Paul Ong is a professor in urban planning, social welfare, and Asian American studies at UCLA and Director of the Ralph and Goldy Lewis Center for Regional Policy Studies

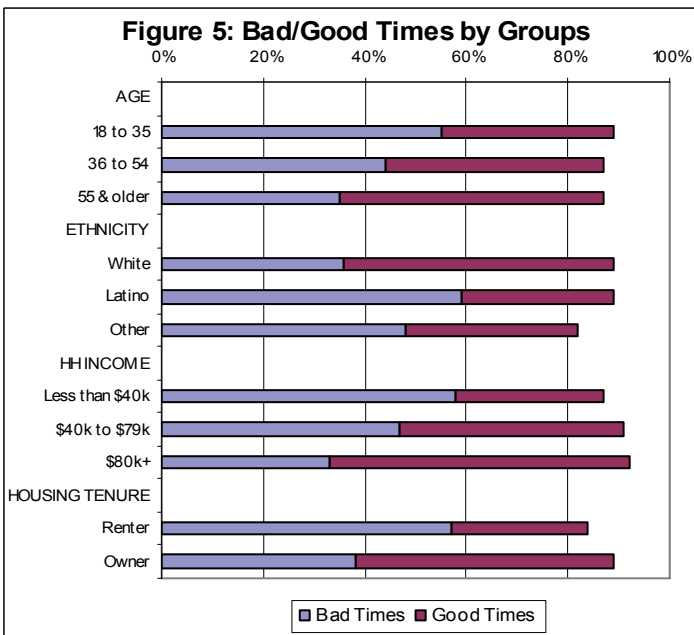
Kim Haselhoff is a post-doctoral fellow at the Lewis Center for Regional Policy Studies

OVERVIEW OF PUBLIC OPINION OF THE STATE OF THE REGION'S ECONOMY

Public opinion mirrors the hard statistics. Overall, there is a sense that things are not going well. A small majority believes that economically the region is in bad times right now. This is consistent with the 2004 California Field Poll, which found that a small majority of registered voters in California stated that the state's economy was in bad times. Not surprising given the divergence in per capita income among the residents of Southern California, the public is divided in its view of the state of the regional economy along demographic and economic lines. Younger residents are more pessimistic, with a sizeable majority believing that the region is in bad times. A majority of older residents, however, are more optimistic, believing that the region is in good times (see Figure 4).



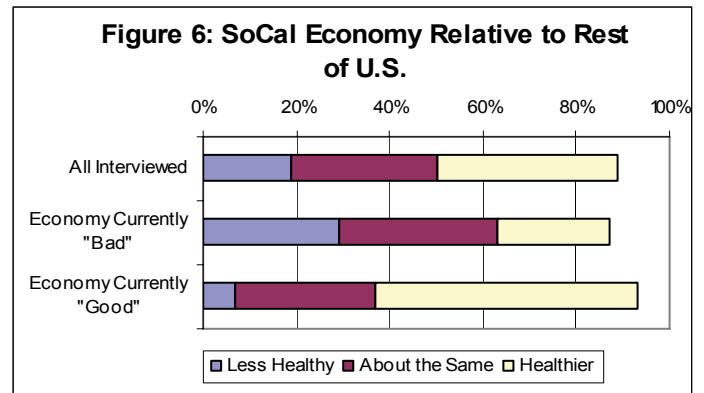
There are also ethnic differences, with minorities being more pessimistic and whites more optimistic. There is also a divide along economic lines (see Figure 5).



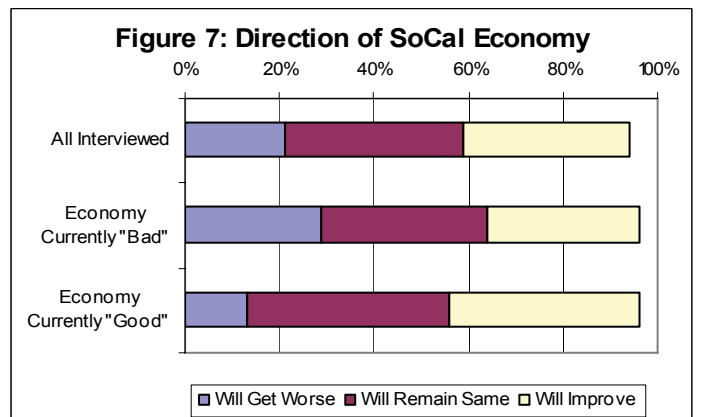
Lower income residents are more pessimistic, while higher income residents are more optimistic. The difference in opinions is not limited to just current income, but is also apparent by wealth. Renters, who on the average have lower net assets, are more pessimistic, while homeowners are more optimistic. This may be due in part to the run up in housing values over the last couple of years.

OPINION ON THE RELATIVE STATE OF THE REGION'S ECONOMY

The public also differs with respect to its views on the relative strength of the region's economy compared to the rest of the U.S. and on the direction of Southern California's economy in the immediate future. Overall, a plurality believes that the region's economy is healthier than the rest of the United States (see Figure 6).

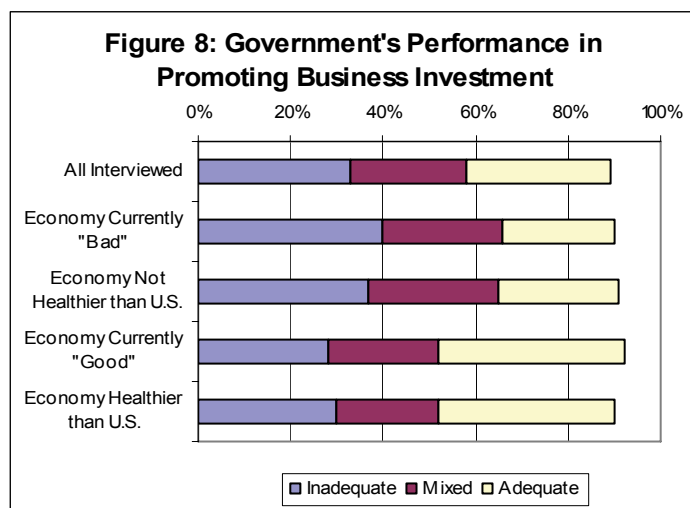


However, among those who believe that the economy is currently bad, more believe that the region's economy is less healthy than the rest of the nation. Among those who believe that we are currently in good times, a majority believes that the region's economy is faring better than the rest of the nation. There is also a difference of opinion about the direction of the region's economy (see Figure 7). A large majority of those who believe that the economy is currently in bad times do not believe that things will improve, while a majority of those who believe that the economy is currently in good times believe that things will not get worse.



OPINION ON GOVERNMENT ACTIONS

While employment opportunities are determined largely by market forces, local government can play a role in enhancing the region's competitiveness through supporting business development. On this point, the public does not give local government good grades. Overall, a majority of the residents believe that Southern California's elected officials are not doing an adequate job in keeping and attracting business investment (see Figure 8). Those who are pessimistic about the state of the economy are more likely to believe that elected officials are doing an inadequate job.



APPENDIX: SOUTHERN CALIFORNIA PUBLIC OPINION SURVEY, 2005

The 2005 Southern California Public Opinion Survey is supported by the UCLA Ralph and Goldy Lewis Center for Regional Policy Studies and is designed to gather the views and opinions of Southern California residents on critical public policy issues in this region. The survey was developed with input from the campus and community organizations. UCLA units include the Center for Communications and Community, the Institute of Transportation Studies, the Center for Civil Society, and the Anderson School of Management. Three public agencies participated in the process, the Southern California Association of Governments (SCAG), the Los Angeles Economic Development Corporation (LAEDC), and the Los Angeles County Metropolitan Transportation Authority. Several UCLA faculty provided valuable input: Professors Vickie Mays, Michael Stoll, Brian Taylor, Amy Zegart, Frank Gilliam, Helmut Anheier, Chris Thornberg, and Ed Leamer.

The 2005 Survey gathered basic demographic data and covered seven topical areas: 1) major issues facing the region, 2) the efficacy of local government, 3) transpor-

tation, 4) the state of the regional economy, 5) housing, 6) civic engagement, and 7) major disasters. When possible, questions were worded to parallel existing questions from other surveys. Half of the respondents were asked questions related to the state of the regional economy.

The Survey was conducted in English and Spanish during the months of January and February 2005 using random digit dialing, and the data were collected by The Social Science Research Center at California State University, Fullerton. There are 1544 completed surveys for the five counties: Los Angeles, Orange, Riverside, San Bernardino, and Ventura. The sample is divided proportionally by county household population. The characteristics of the sample by age, ethnicity, income and home ownership categories are consistent with the 2004 March Current Population Survey. There is a sampling error of +/- 2.6 percent at the 95 percent confidence level for the full sample, and +/- 3.7 percent for the subsample answering the questions related to the state of the economy. The sampling error may be larger for subpopulations. A version of these findings are in "The UCLA Anderson Forecast for the Nation and California, March 15th, 2005."

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RECOMMENDED LEWIS CENTER PUBLICATIONS

McConville, S. & Ong, P. (2003). *The Trajectory of Poor Neighborhoods in Southern California, 1970 - 2000*.

Mitchell, D.J.B. (Ed.). (2004). *California Policy Options 2004*.

Mitchell, D.J.B. (Ed.). (2005). *California Policy Options 2005*.

Ong, P., Haselhoff, K., Zonta, M., & Thornberg, C. (2004). *The State of Southern California's Housing*.

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