

## Poll finds dark view of economy in California

Sam Zuckerman, Chronicle Staff Writer

Thursday, July 24, 2008

Californians have turned overwhelmingly grim about the economy, with an unprecedented proportion saying their situations have worsened, according to the Field Poll.

Sixty-three percent reported that their finances have deteriorated in the last year. The Field Poll has asked respondents since 1961 whether they were better or worse off economically, and never before had a majority said worse.

"It's the broadest sentiment of pessimism we've ever seen," said Field Poll director Mark DiCamillo.

The latest reading, based on a survey of 422 registered voters earlier this month, represents the sharpest drop in sentiment about personal finances the poll has ever recorded. In a survey conducted in December, only 33 percent of those responding said worse when asked about their family economic situation.

"It's all around me. I can feel the distress of the people around me," said Michelle Finton, 65, a software engineer from the Sacramento suburb of Rocklin.

"Everything is a lot more expensive. I see the stock market going down. I've seen all the equity in my house gone," Finton said. "I'm not in distress. But there's a sense of depression everywhere, that nothing is going well on all fronts."

The surge in pessimism stems from the brutal combination of soaring food and energy prices and plunging stock and housing prices. Add to that slow wage growth and a rising number of people find themselves squeezed, if not pushed over the edge.

"People really are worse off," said Kit Yarrow, a consumer psychologist at Golden Gate University in San Francisco. "A lot of people, especially lower-income people, are suffering. This is genuine pain."

A series of negative economic events coming in rapid succession intensified the feeling that things are out of control, prompting people to feel even worse, Yarrow said.

The sharp drops in the housing and stock markets have taken chunks out of the value of the two biggest assets most households rely on to build wealth. As a result, economic insecurity is spreading up the income ladder, so that even many with good-paying jobs feel worse off.

"Nearly everybody in California has come to the realization that the value of their home is something between 10 percent and 30 percent lower than it was a year ago," said Jon Haveman, a principal with the research firm Beacon Economics.

Karen Bishop, 49, a bank trust officer from Oakland, has a managerial job with good benefits. But the condo she bought several years ago has plunged in value. She paid about \$323,000. An identical unit in her building was just put up for sale at a little less than \$200,000.

"I now have a lot better job," she said. "On the other hand, I have a condo I'm paying a mortgage on and it's not worth anything like what I paid for it, so in that way I feel worse."

Most Californians don't expect their situations to improve in the next year. Forty-eight percent said there will be no change in their finances during the period, while 22 percent expected to be better off and an equal percentage worse off, according to the Field Poll.

Fully 86 percent described the current state of California's economy as "bad times," with only 19 percent predicting improvement and 34 percent responding that things will stay the same. Fifty-seven percent said they were not confident inflation could be kept within reasonable bounds in the near future.

Virtually the only readings not at extreme levels were responses to a question about jobs. Thirty-nine percent said unemployment is a very serious problem in California, below the levels reached during past recessions.

### How californians rate the economy



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86%

say California is in

bad times.

63%

say they are worse off financially than a year ago.

43%

say they expect the

economy to get worse

in the next year.

Source: Field Poll, survey of 422 registered voters, July 8-14

*E-mail Sam Zuckerman at [szuckerman@sfchronicle.com](mailto:szuckerman@sfchronicle.com).*

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This article appeared on page **C - 1** of the San Francisco Chronicle

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