



# PUBLIC OPINION MONITOR

## Perceptions of Michigan's Economic Climate

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With recession looming, gas prices and inflation rising as a result of the problems in the Middle East, and confidence slipping in our political leaders, it is not surprising that Michigan residents are less than optimistic about the economic future of the state. When *Public Opinion Monitor* asked whether job opportunities will be better, worse, or the same a year from now, nearly 50 percent said worse, and only 15 percent said better. Although we do not have comparable survey results from previous years, these appear to be recession-level numbers. *Monitor* findings also tally with national survey results. In an October 10 poll for *Time*, 58 percent of Americans said they believe the country is in a recession. The University of Michigan Consumer Sentiment Index, based on a national survey, fell in September to its lowest level in almost eight years.

As can be seen in Exhibit 1, *Monitor* found some variation across the state: The central region is the least optimistic about jobs, and the City of Detroit is the most optimistic. This surprising finding may reflect a feeling that opportunities are so bad in Detroit, they have to get better. In August the unemployment rate in the city was 11.6 percent, the highest among the seven areas examined in this analysis. The lowest unemployment rates were in the West and Southeast (excluding Wayne, Oakland, and Macomb counties). Perhaps opportunities have been so good in these two regions that people believe the situation is bound to change.

By age group, those 18–24 are the most optimistic (better/worse ratio of 2:1), and those 35–44 are the most pessimistic (a ratio of 5:1). *Monitor* did not find a great variation across income groups, although it is surprising that lower income persons tend to be more optimistic than people with high income. Again, perhaps the poor feel that things cannot get much worse.

The concern about future job opportunities is reflected in the responses to the question about the most important problems confronting the state. The top three, identified by 19 percent of respondents in each case, are: creating more jobs, reducing drug usage, and improving education. Jobs are the concern in the Thumb (23 percent) and in the West (27 percent). This issue rates lowest in the Southeast (14 percent), where economic growth has been strong since 1982.

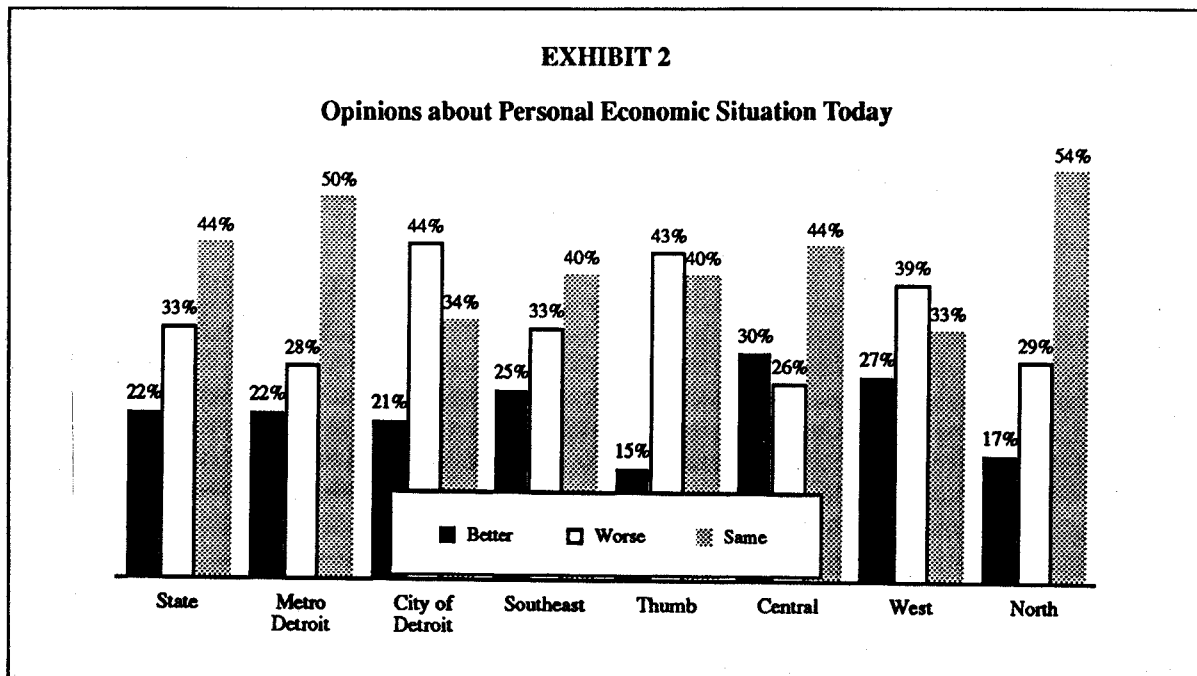
In terms of their personal economic situation, Michigianians are a little more optimistic. *Monitor* asked whether their current financial situation was better, worse, or the same as a year ago; the respective results were 22 percent, 33 percent, and 44 percent. As shown in Exhibit 2, the City of Detroit and the Thumb

### EXHIBIT 1

#### Job Opportunities a Year from Now

	Better	Worse	Same	Unemployment Rate <sup>a</sup> (August 1990)
State	15%	49%	33%	7.4%
Metro Detroit	13	51	34	6.7
City of Detroit	23	48	26	11.6
Southeast	12	53	32	6.6
Thumb	19	45	32	8.4
Central	7	42	44	6.1
West	16	52	31	6.6
North	12	46	34	7.3

<sup>a</sup>Michigan Employment Security Commission.



are the most negative, and the Central region and West are the most upbeat. This finding is almost exactly opposite the results concerning future job opportunities, which may indicate that people continue to be hopeful despite economic hardship.

When asked about their financial situation a year from now, 33 percent expect to be better off, 29 percent worse off, and 36 percent the same. Again, this reflects slightly more optimism about the future than the past, but there is still a strong indication that many people expect tough times. By region, as shown in Exhibit 3, these findings tally with those on job opportunities: City of Detroit residents are the most optimistic, and people in the Thumb are the most pessimistic. A very interesting correlation emerges between age and financial future. In the age group 18–24, 65 percent expect to be better off next year and only 11 percent worse off. Among those 65 or older, only 8 percent expect to be better off, and 38 percent believe their situation will be worse (see Exhibit 3). This may reflect the natural optimism of youth, or it may reveal concern that the budget negotiations in Washington will adversely affect senior citizens because of changes in the Medicare program. There was not much variation by income group, although those at the highest level are a little more positive than those in the lowest income category.

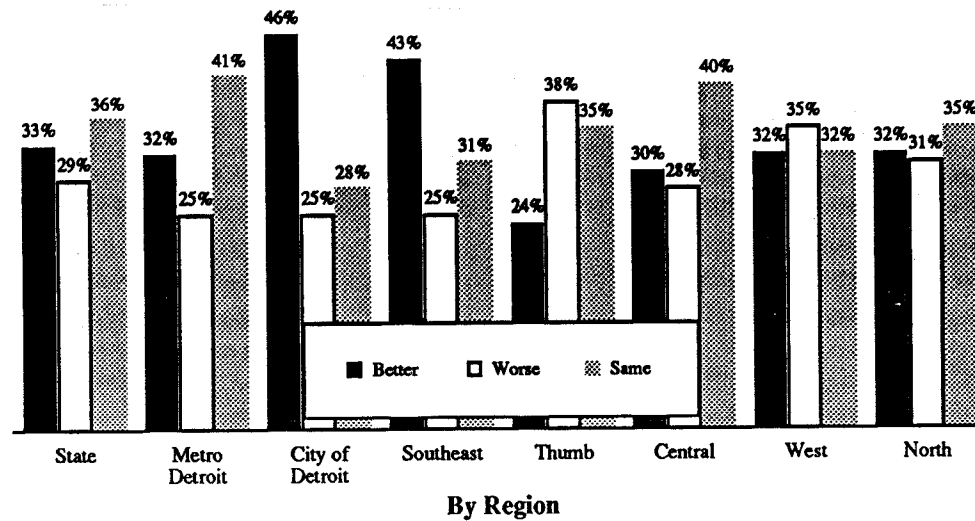
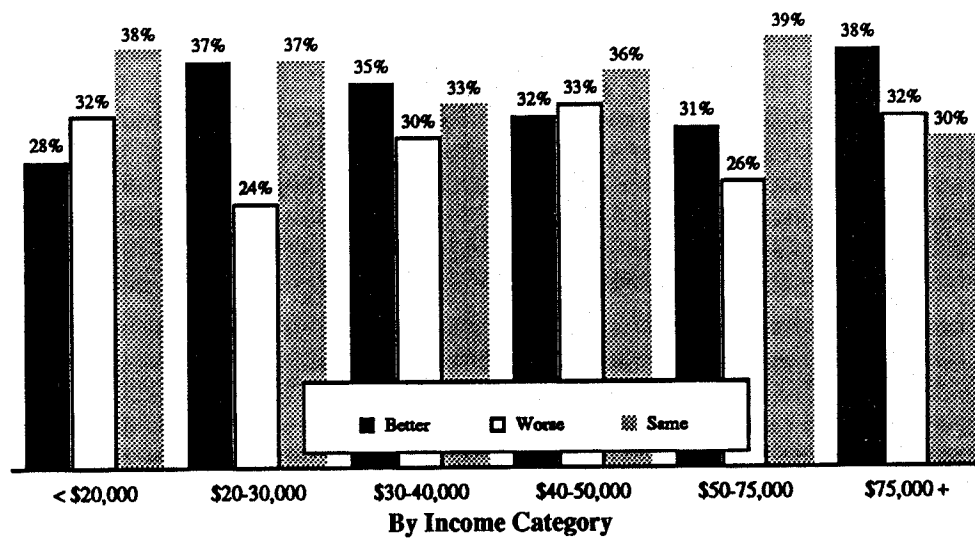
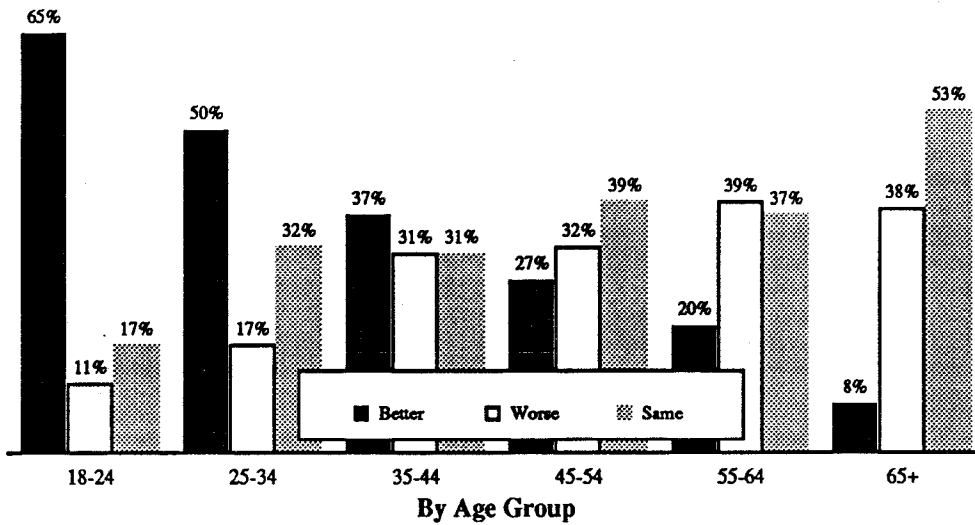
*Monitor* found minimal variation by race, although blacks are slightly more positive about their financial future than are whites. There is a considerable difference by gender, however: Working females are much more optimistic than males and than women who are retired or homemakers.

When *Monitor* combined responses to the two question on personal finances, five categories emerged: highly optimistic, optimistic, about the same, pessimistic, and highly pessimistic. On this basis, the results are rather evenly split, with 38 percent of respondents optimistic or highly so and 38 percent at the other extreme. There is not much variation by income group, although more higher as compared to lower income persons tend to fall into the two optimistic categories. As indicated above, age has far more correlation with optimism or pessimism. Among those aged 18–24, 77 percent are in the positive categories, as opposed to only 10 percent of those aged 65 or older.

One indication of how people feel about the economy is whether they expect to be living in Michigan in ten years. In response to this question from *Monitor*, 53 percent plan to remain in the state, 26 percent believe they will be here but are open to moving, 11 percent would be happy to move given a good opportunity, and 8 percent doubt they will be here a decade from now. These responses are difficult to interpret without historical data or information from other states, but a poll elsewhere probably would not find more than about 80 percent of residents expecting to be in the same state ten years hence.

**EXHIBIT 3**

**Personal Financial Expectations for a Year from Now**



*Monitor* discovered no substantial variation by region. The people most likely to remain are in the North, where 89 percent hope to be or think they probably will be residing in ten years. The most unlikely are in the Southeast, where 69 percent expect to remain (see Exhibit 4).

<b>EXHIBIT 4</b>				
<b>Likelihood of Remaining in Michigan</b>				
	Hope to remain	Probably, but open to move	Happy to move	Likely to move
State	53%	26%	11%	8%
Metro Detroit	52	26	11	9
City of Detroit	48	30	15	8
Southeast	47	22	17	10
Thumb	60	13	19	2
Central	42	40	5	14
West	52	32	5	8
North	65	24	5	4
Age				
18-24	36	17	24	16
25-34	49	25	15	9
35-44	47	37	10	5
45-54	41	32	12	12
55-64	58	24	8	6
65+	78	13	3	4

Some difference was found by income category. High income people are slightly more willing to leave Michigan than are low income persons, possibly because those better off have the means to move. Nevertheless, these results do not confirm fears that the most skilled and talented workers are abandoning Michigan because of their concerns about the economy or high taxes. Not surprisingly, the young seem more open to leaving Michigan than are the old. Among those aged 18-24, 40 percent indicate they are willing or likely to move, compared to only 7 percent of those aged 65 or older.

From the *Monitor* survey it can be concluded that Michiganians see tough economic times ahead, but there is some optimism about personal finances; roughly 70 percent expect to be in the same or a better position a year from now. There seems to be no great dissatisfaction with Michigan as a place to live. One possible negative is that so many in the 18-24 age group are willing to leave the state in the next ten years. This 40 percent (57 percent if those open to the idea are included) appears to be a large number, but we have no comparable figures from previous years or from other states against which to measure. As several observers have noted, however, it is vital for Michigan's future that we train our young people and provide the jobs to keep them here.

*Public Sector Consultants* conducted this survey of opinion among Michigan residents between October 10 and October 15, 1990. Eight hundred Michiganians were interviewed by professional interviewers from the Florence Morris Interviewing Agency of Oak Park, Michigan. Participants were chosen from throughout the state using randomly selected telephone numbers. A subsample of the total was validated to ensure that appropriate interviewing techniques were used. Technical assistance was provided by William Sederburg and Harry Moxley.

The sample was "stratified" according to sex (50 percent male and 50 percent female) and by region. This stratification assured PSC of an accurate geographic mix and that a sufficient number of males were interviewed.

A sample of 800 individuals from a population of slightly more than 9 million yields an accuracy rate of plus or minus 3.7 percent. Given the nature of statistics, 95 out of 100 samples will be accurate within the 3.7 percent range. The "sampling error" is slightly greater within subgroups based on the size of each category. PSC is convinced that this poll accurately reflects public opinion at the time of the survey.