

Mitchell's Musings 3-30-15: What's Important is Changing

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The Public Policy Institute of California (PPIC) regularly publishes state opinion poll data on political, economic, and social issues. Among the questions included as part of the survey is an open-ended inquiry in which respondents are asked about what they think is the most important issue facing the state:

"Thinking about the state as a whole, what do you think is the most important issue facing people in California today?"

Respondents don't choose from a menu of issues. Rather their responses are coded into various categories by the interviewer. (So far, the inelegant use of participles by pollsters has not been among the coded top issues reported to be facing the state!) The table below summarizes the responses of the March 2015 poll and the trend in responses going back to 2007.

**California Unemployment Rate and Percentage of Adults in PPIC
Poll Listing Jobs/Economy or Some Other Issue as the First or
Second Most Important Issue Facing the State**

	Unem- poy- ment^a	Jobs/ Economy	Second Most Important Issue^b
March 2007	5.4%	13%	immigration/illegal immigration 19%
March 2008	7.3%	35%	education/schools 12%
March 2009	11.2%	58%	state budget/deficit/taxes 13%
March 2010	12.2	57%	education/schools 12%
March 2011	11.7%	53%	state budget/deficit/taxes 14%
Feb. 2012	10.4%	52%	education/schools 8%
March 2013	8.9%	45%	education/schools 11%
March 2014	7.5%	32%	Water/drought 15%
March 2015	{6.9% ^c }	24%	water/drought 23%

^aAnnual unemployment rate except 2015.

^bIn 2007, jobs/economy was the second most cited issue; immigration/illegal immigration was first.

^cFebruary 2015, preliminary, seasonally adjusted.

As might be expected, the Great Recession and its aftermath had a major effect on the responses given by those surveyed to the poll. The rise in unemployment during the Great Recession and its high level during the subsequent recovery made jobs/economy the number one response for most of the period. Before the Great Recession took hold, however, another issue – immigration – was the lead concern and the percentage citing jobs/economy was low (number 2). In the latest survey, jobs/economy is

essentially tied for first with the drought California is experiencing.¹ The level of concern over jobs/economy shown on the table has been roughly cut in half from the peak. Various water districts are currently imposing limits on water use and raising the price of water. Scary headlines about the drought have appeared. So it's not surprising that as jobs/economy has faded in perceived importance, the water/drought issue has risen in relative prominence.

As noted, jobs/economy was in second place just prior to the Great Recession and before the unemployment rate shot up. At that time, drought was not an issue. However, the immigration issue had simmered somewhat during the gubernatorial election year of 2006 which may account for its showing in the early 2007 poll. Within California in the most recent survey, there is regional variation. Jobs/economy receives the most attention in the higher unemployment areas of the state. Thus, it is seen as more important in the Inland Empire, an area generally east of Los Angeles which was a center of flaky mortgages, foreclosures, and has featured the municipal bankruptcy of San Bernardino. In contrast, jobs/economy is a low concern in the San Francisco area which is now in the midst of a tech boom. An exception to the unemployment effect is the Central Valley which has high unemployment but also an agricultural base and therefore has heavy water dependence. Water and jobs/economy are tied together in that region.

Percentage of California Adults in March 2015 PPIC Poll Listing Jobs/Economy or Water/Drought as the First or Second Most Important Issue Facing the State

	Jobs/economy	Water/drought
All Adults	24%	23%
Central Valley	17%	32%
San Francisco Bay Area	15%	32%
Los Angeles, Long Beach, Anaheim	29%	13%
Orange, San Diego	27%	22%
Inland Empire	35%	15%

Despite the recovery, California, as has the rest of the U.S., shows signs of labor-market distress that go beyond the basic unemployment rate. For example, the labor force participation rate has fallen in the state, as it has in the country as a whole. The drop in participation seems particularly marked among younger age groups. The current overall participation rate for the state (62.4%) is below the level at the pre-Great Recession peak of the last business cycle (65.7%) and below the level at the trough date of the Great Recession (65.3%). But while the news media have carried stories about such job market difficulties,² there has not been much political traction to them.

¹Among "likely voters," the statistical tie was reversed with the drought as the lead issue. For the most recent poll, see http://www.ppic.org/content/pubs/survey/S_315MBS.pdf. The question about the most important issue is asked several times during the year. I picked the earlier March surveys, or a date close to March if that month was not available, to match the most recent survey month.

²<http://www.latimes.com/business/la-fi-shrinking-workforce-20141204-story.html>.

California at the statewide level is a “blue” state and its (Democratic) political establishment tends to focus on jobs created since the Great Recession and the decline in the unemployment rate. Issues such as poverty and labor force participation are more likely to be raised on the right side of the political spectrum, but mainly to decry perceived state overregulation and high taxes to which such ills are attributed. As the PPIC survey suggests, however, the problems of the labor market – whatever their cause - are receding from public view. The political significance of jobs/economy is becoming progressively limited.

PPIC data refer only to California, of course, but it is likely that similar attitudinal and political developments have occurred throughout the U.S. as the general unemployment rate has fallen. The unemployment rate may not capture all of the aspects of the labor market on which economists focus. However, at least at the state and local level, and absent another economic downturn, both the unemployment rate’s decline and its current reduced level suggest that other issues are likely to dominate future political contests. Unemployment may not capture all that is occurring in the labor market, but it seems to capture the level of public attention to that market.