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# ANUpoll

THE AUSTRALIAN NATIONAL UNIVERSITY

## Public Opinion Towards the Economy and the Global Financial Crisis

Results from the ANU Poll

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**REPORT 5**

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*Contents*

The Recession	3
The Stimulus Package	6
Tax Policy	8
Economic Policies	10
Key Trends: Most Important Problems and Political Mood	14

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## The Recession

### *Key points*

- The public is more likely to blame consumers or business for the global financial crisis, rather than the government.
- A narrow majority of the public favours the government spending more money to stimulate the economy, rather than dealing with debt.
- Two-thirds of the public are concerned about the effect that the debt will have on future generations.

The performance of the economy and how it is managed necessarily represents a continuing preoccupation for the public. The public's views about the economy and how it is managed come into sharper relief in periods of economic recession, when large sections of the population suffer a decline in material wealth and there are widespread concerns about unemployment. The Global Financial Crisis (GFC) of 2008-09 has brought volatility to stock markets around the world, and resulted in the collapse of a series of major financial institutions which has necessitated unprecedented government intervention.

The purpose of this ANUpoll is to examine the public reaction to the GFC, who the public sees as primarily responsible for the crisis, and how effective they believe the government has been in responding to it. The poll also examines public opinion towards tax reform and long-term economic policies.

Blame for the Global Financial Crisis (Percent)

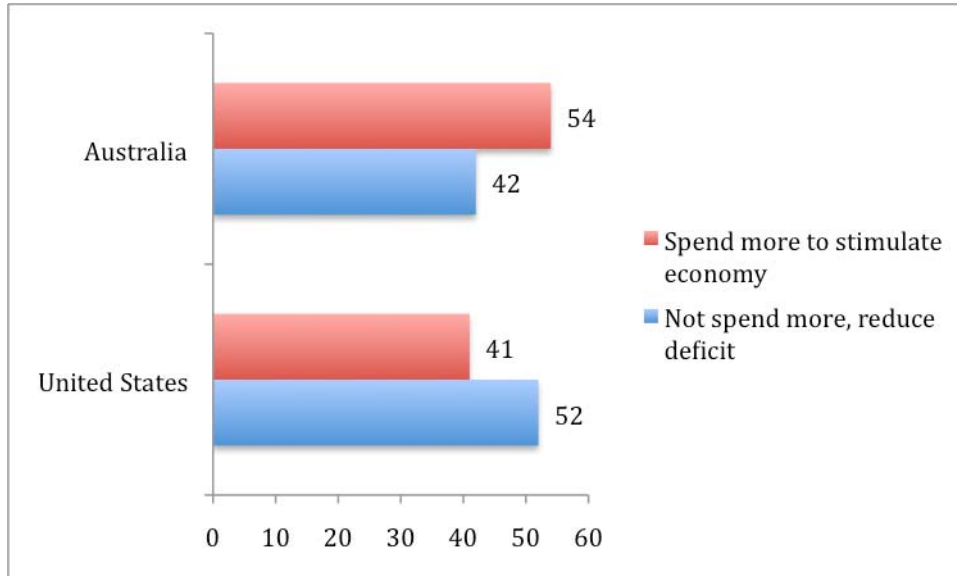
	Consumers	Large business	Banks	Government
Great deal	39	36	31	25
Fair amount	38	38	44	41
Not very much	18	18	20	25
None	3	3	4	6

How much blame do you think the following groups deserve(s) for the country's economic situation? ... banks and other financial institutions, for taking unnecessary risks. ... the government, for inadequate regulation of the financial industry. ... large business corporations, for poor management decisions. ... consumers, for taking on too much debt.

The public blames a range of groups for the GFC, but particularly consumers, who 39 percent of the survey respondents see as sharing 'a great deal' of the blame for the crisis. This is followed by large business and banks, with 36 percent and 31 percent of the mentions. Least likely to be blamed among the four groups is the government; only 25 percent see them as sharing 'a great deal' of blame for the crisis. These results contrast sharply with those in the United States where the public is mostly likely to blame the banks and large business for the GFC, and are least likely to blame consumers.

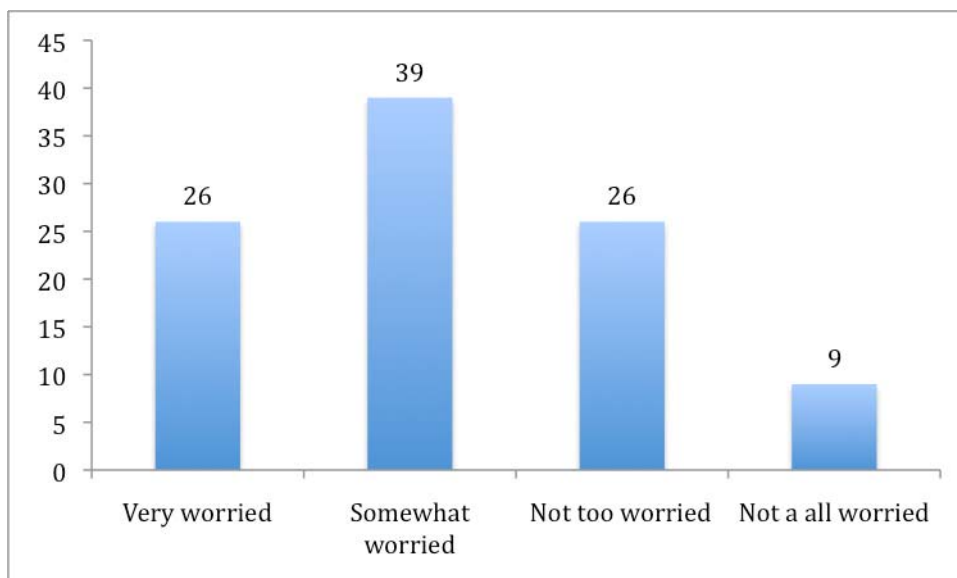
A majority of Australians are in favour of the government spending more public money to stimulate the economy; 54 percent support this policy. However, a sizeable minority—42

percent—take an opposing view, and believe that the government's priority should be to reduce the deficit. Again, these figures contrast with those from a similar question asked in the United States, where the balance of public opinion is reversed, with a narrow majority favouring reducing the deficit rather than spending money on an economic stimulus.



Which comes closer to your view? The government should spend money to stimulate the national economy, even if it means increasing the budget deficit. The government should not spend money to stimulate the national economy and should focus instead on reducing the budget.

While the Australian public supports the financial stimulus package, they are also concerned about the effects of government debt on future generations. One in four are 'very worried' by the effect that the debt will have on future generations, and a further four in 10 say they are 'somewhat worried'.



How worried are you that increasing government debt will harm the financial future of future generations?

### *International Comparisons*

- The US public are most likely to blame large business and banks for the GFC, and least likely to blame consumers. An ABC News/Washington Post Poll conducted in March 2009 found that 57 percent said large business shared a 'great deal' of blame for the crisis, while 39 percent mentioned consumers.
- The US public is more likely to be in favour of reducing the deficit rather than spending more money to stimulate the economy.
- More respondents in US surveys are concerned about the effect of the debt on future generations. While two-thirds of Australians say they are 'very' or 'somewhat worried' by this, an April 2009 poll in the US found that 79 percent of Americans were worried.

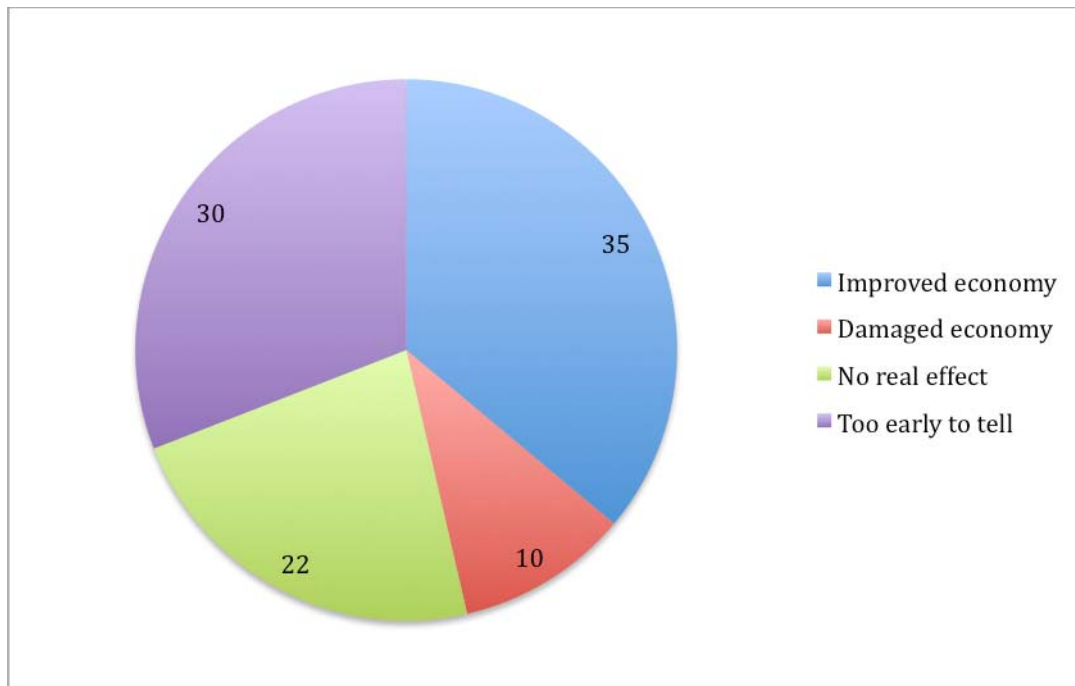
Sources <http://www.pollingreport.com/business.htm>; <http://pewresearch.org/pubs/1264/stimulus-spending-deficit-reduction-polling>; [http://www.weeklystandard.com/weblogs/TWSFP/AP-GfK\\_Poll\\_Topline\\_April\\_2009.pdf](http://www.weeklystandard.com/weblogs/TWSFP/AP-GfK_Poll_Topline_April_2009.pdf).

## The Stimulus Package

### Key points

- Opinions are mixed about the effectiveness of the household stimulus package, with 35 percent saying that it has improved the economy, but 30 percent saying that it is too early to tell.
- Two-thirds of the respondents to the survey reported receiving the household stimulus package, and within this group, 40 percent said that they had spent it, with 35 percent saying that they spent it on bills, paying the mortgage or on reducing credit card debt.

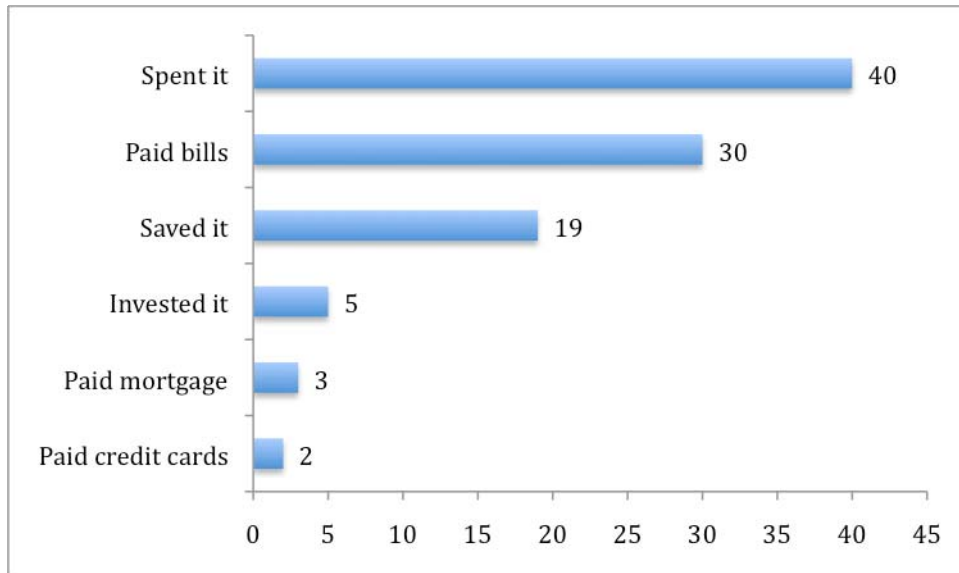
In February 2009 the government proposed a \$42 billion stimulus package to combat the recession, covering spending on a range of infrastructure projects, as well as a \$950 cash payment to low and middle income families. The public is divided in their views about the effectiveness of the package. While one-third of the survey respondents think that it has helped to improve the economy, about three in 10 believe that it is too early to tell and 22 percent consider that it has had no real effect. One in 10 believe that it has done more damage to the economy.



Thinking about the household stimulus package that was introduced by the government in February to help improve the economy, do you think that the stimulus package has helped bring about improvements to the economy, did even more damage to the economy than would have happened otherwise, had no real effect on the condition of the economy, or it's too early to tell?

In the ANUpoll, 67 percent of the respondents reported that they had received a payment from the government as part of the household stimulus package, with 32 percent saying that they did not receive anything.

Of the two-thirds of the public who reported receiving a payment, around four in 10 said that they had spent the money on things other than bills or debts, the purpose for which the government intended it. A further 30 percent paid bills with the money, and 5 percent said that they paid the mortgage or a credit card bill with it. About one in four said that they either saved the money or invested it.



#### *International Comparisons*

- Americans are more negative about government spending on the economy than Australians. Just 10 percent of Americans in an April 2009 poll said that the stimulus package had improved the economy, while the majority—57 percent—said that it was too early to tell.

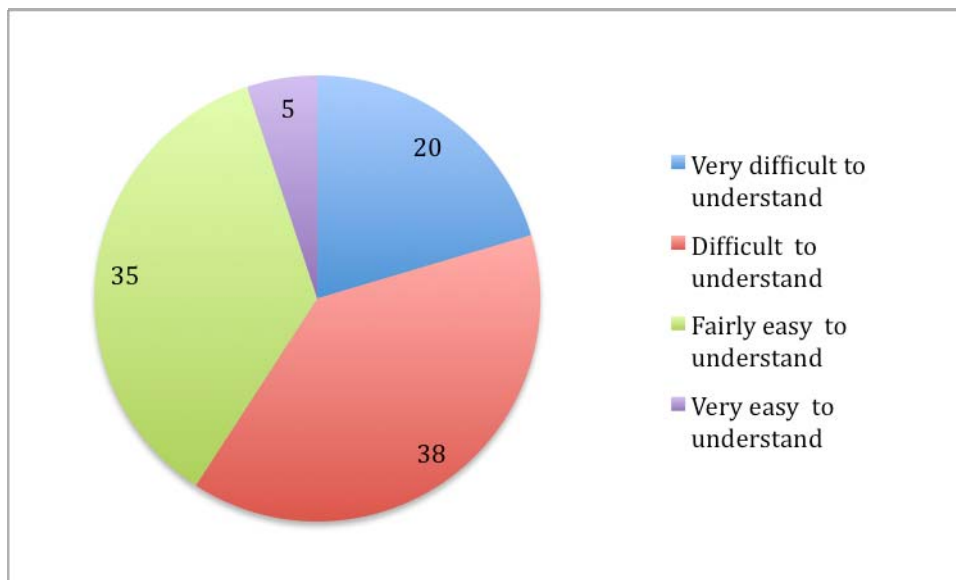
Source [http://www.weeklystandard.com/weblogs/TWSFP/AP-GfK\\_Poll\\_Topline\\_April\\_2009.pdf](http://www.weeklystandard.com/weblogs/TWSFP/AP-GfK_Poll_Topline_April_2009.pdf)

## Tax Policy

### Key points

- A majority of the public regards the tax system as difficult to understand.
- A majority also believe that the amount they pay in tax is about right, a higher proportion than is found in the United States.
- The tax system is seen as most equitable for middle income people, and least equitable for upper income people and large firms.

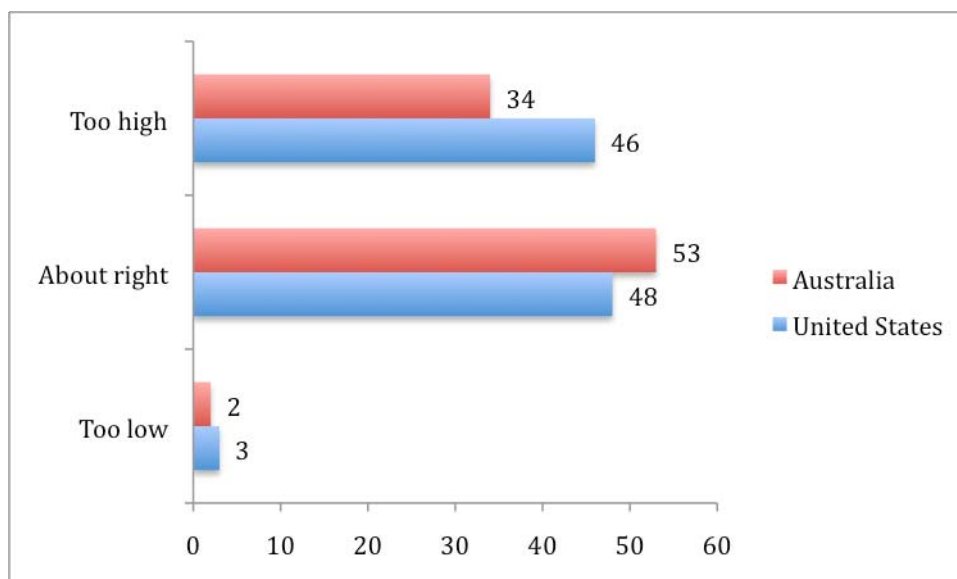
In May 2008 the government established a committee to recommend changes to the tax system, chaired by the treasury secretary, Ken Henry. The committee was tasked to review the tax system in order to improve the efficiency of the system, to ensure equity across the society, and to reduce complexity. There is little doubt among the public about the complexity of the tax system. One in five see the system as 'very difficult to understand', and a further 38 percent see it as 'difficult to understand.' Just 5 percent regard it as 'very easy to understand.'



Generally speaking, do you think Australia's tax system is...

Notwithstanding the majority view that the tax system is too complex, a majority believe that the amount they have to pay in tax is about right, suggesting a high level of perceived equity in the system. A total of 53 percent take this view, compared to 34 percent who believe that the tax they pay is too high, and 2 percent who regard their tax as too low. Australians are generally more accepting of the amount they have to pay in tax compared to Americans. A similar question asked in an April 2009 poll in the US found that 46 percent said that the amount they had to pay was too high.





Do you consider the amount of income tax you have to pay this year as too high, about right, or too low?

Part of the perceived fairness in a tax system relates to how equitable it is seen to be across the population. The ANUpoll asked the respondents whether five groups paid too much or too little tax, or if their share of tax was about right. Most of the respondents saw middle income people as paying the fairest share, with 63 percent taking this view. Lower income people were most likely to be seen as paying too much tax; 41 percent took this view. The groups least likely to be seen to be paying their fair share of tax were upper income people and large firms, with 57 percent saying that each was paying too little tax.

	Too much	Fair share	Too little
Lower income people	41	46	5
Small business	39	41	5
Middle income people	29	63	4
Upper income people	13	25	57
Large firms	4	24	57

As I read off some different groups, please tell me if you think they are paying their fair share in taxes, paying too much, or paying too little. How about ...

### *International Comparisons*

- Americans are less charitable to their tax system than Australians are to theirs. Around 46 percent of Americans believe that the tax they pay is too high, compared to 34 percent of Australians.
- The US public sees the groups that pay their fair share of tax in a similar way to the Australian public. A total of 50 percent see middle income people as paying their fair share of tax, followed by 41 percent who see lower income people as paying their fair share. Just 8 percent see large corporations as paying their fair share of tax.

Source <http://www.pollingreport.com/budget.htm>

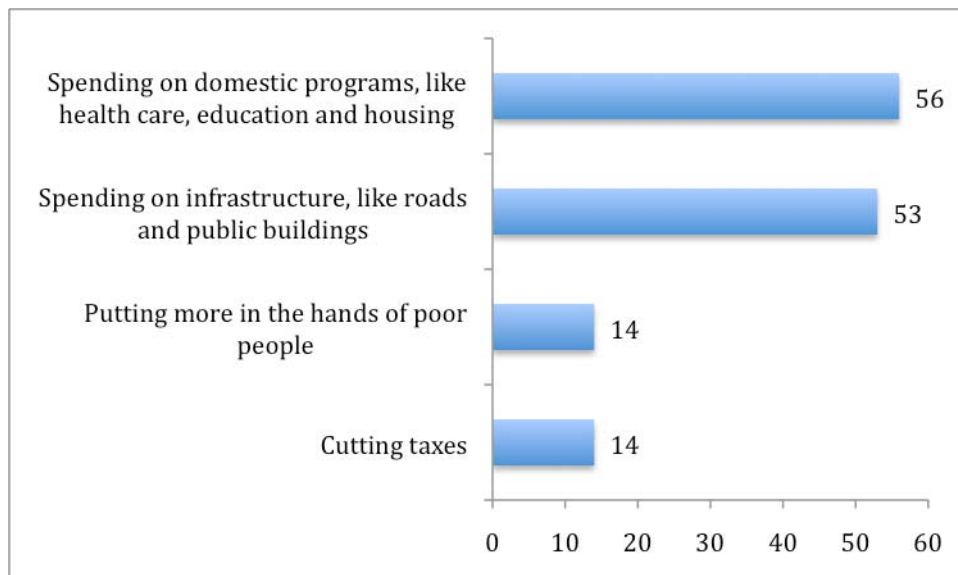
## Economic Policies

### Key points

- A majority of the public sees infrastructure spending as the main means of improving the economy, as opposed to cutting taxes.
- There is a continuing trend in public opinion towards favouring spending more on social services rather than reducing tax.
- Around 18 percent of the public are very worried about unemployment, a rise of 7 percent from 2007. However, there is considerable optimism about the prospects for the economy in the years ahead.

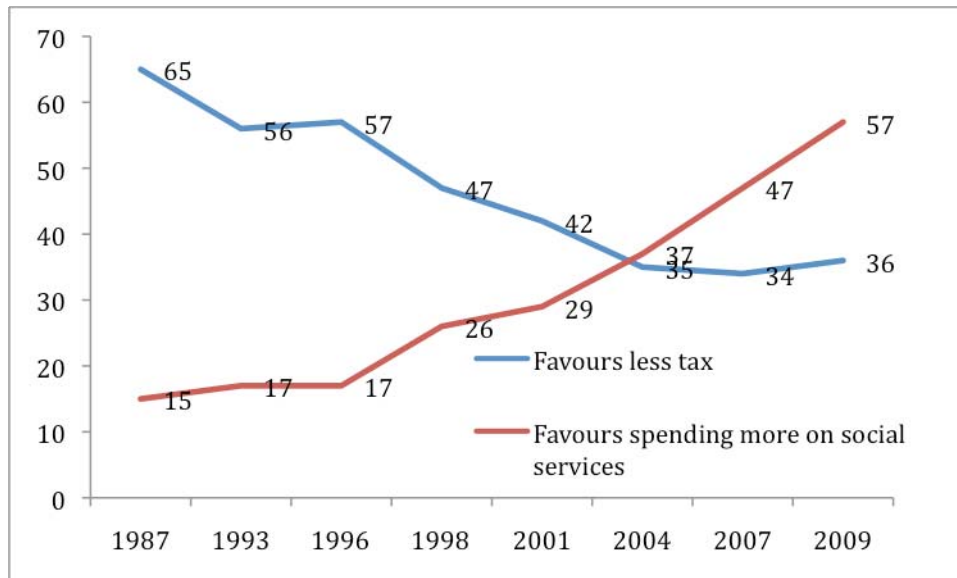
The Global Financial Crisis has obviously shaped the public's immediate economic priorities and concerns. In addition to these immediate concerns, there are also a wide range of medium and long-term policies that successive governments have initiated in order to make Australia more prosperous and internationally competitive.

When asked what measures are most likely to improve the economy, the public are in no doubt that government spending is a priority. When asked if 'spending on domestic programs like health care, education and housing' would benefit the economy, 56 percent said that it would provide 'a great deal' of benefit, and a further 28 percent said 'some' benefit. Almost as many respondents—53 percent—mentioned 'spending on infrastructure like roads and public buildings' as a measure that would contribute 'a great deal' to improving the economy. Least favoured for improving the economy is cutting taxes and 'putting more money in the hands of poor people.'



People have suggested various ways that the government could act to try to fix the economy. How much do you think each of the following would help fix the country's economic problems ...

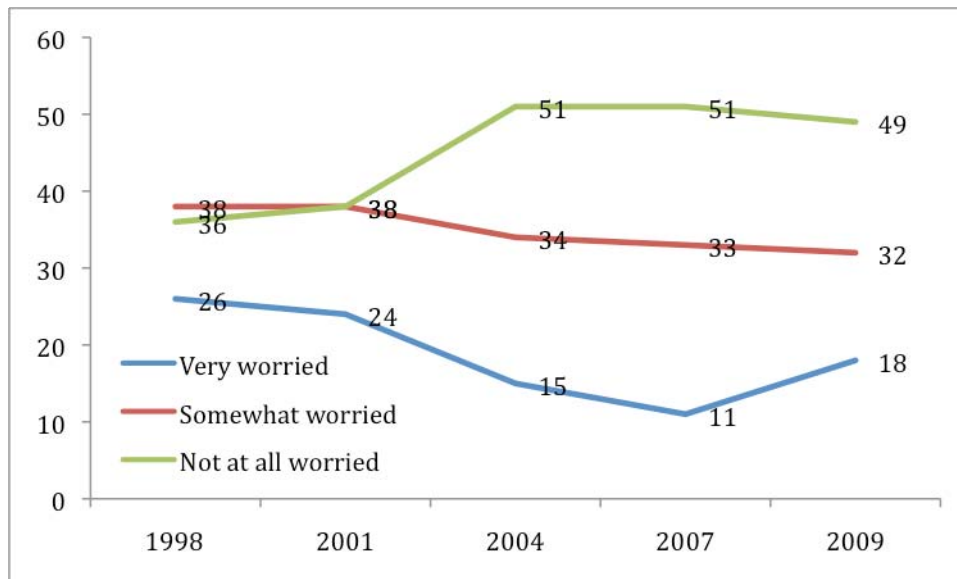
Successive governments have been preoccupied, to a greater or lesser degree, with whether to reduce taxes or spend more on government services. The late 1980s and 1990s were the period when reductions in taxation were most in favour, and this is reflected in the poll findings, with more than half of the respondents in the 1987 to 1996 Australian Election Study (AES) surveys favouring reduced taxes, and no more than 17 percent favouring more spending on social services.



If the government had a choice between reducing taxes or spending more on social services, which do you think it should do?

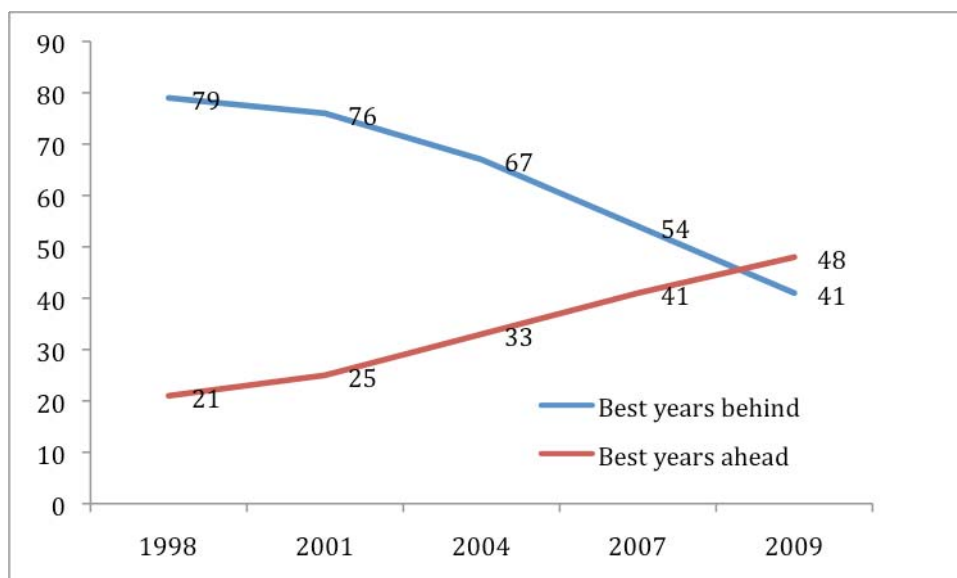
From the mid-1990s onwards, public support for reduced taxes has declined consistently, reaching 35 percent in 2004. Since then, the decline appears to have bottomed out, and the current ANUpoll shows that 36 percent favoured a reduction in tax. Conversely, those supporting more spending on social services has increased substantially, reaching 57 percent in the ANUpoll, almost four times the figure in the 1987 survey.

Economic recession also brings concerns about unemployment, either for the person themselves or for someone else in their household. Successive AES surveys have asked a question about concern for unemployment. In 1998, when the question was first asked, 26 percent were 'very worried' about unemployment, a figure that declined incrementally to 11 percent in 2007, at the height of the economic boom. However, notwithstanding the major effects of the GFC on the economy, the proportion who said that they were 'very worried' about unemployment only increased marginally, to 18 percent in the current ANUpoll.



How worried are you that in the next 12 months you or someone else in your household might be out of work and looking for a job for any reason

Another question in the survey gives weight to the interpretation that public concern about the economy is not as great as might have been expected. When the respondents were asked if the best days for employment were in the past or in the future, for the first time since the question was asked in 1998, more respondents said that the best times were ahead than were behind. Given the effects of the GFC, this is an interesting and unexpected finding, and suggests that in spite of the economic recession, there remains considerable public optimism about the resilience of the economy.



When it comes to the availability of good jobs for Australian workers, some say that the best years are behind us. Others say that the best years are yet to come. What do you think?

*International Comparisons*

- The US public is less likely to see infrastructure spending as improving the economy than the Australian public, and more likely to favour cutting taxes. Among American respondents, 36 percent say that cutting taxes will do a 'great deal' to improve the economy, compared to just 14 percent of Australians..

Source <http://www.pollingreport.com/budget2.htm>

## Key Trends: Most Important Problems and Political Mood

### *Key points*

- The economy and jobs are viewed by the public as by far the most important problems facing Australia, with 42 percent mentioning them. This is a decline of 10 percentage points since the previous ANUpoll in March 2009.
- The majority of Australians are satisfied with the way the country is heading, with the proportions virtually unchanged since the previous poll.

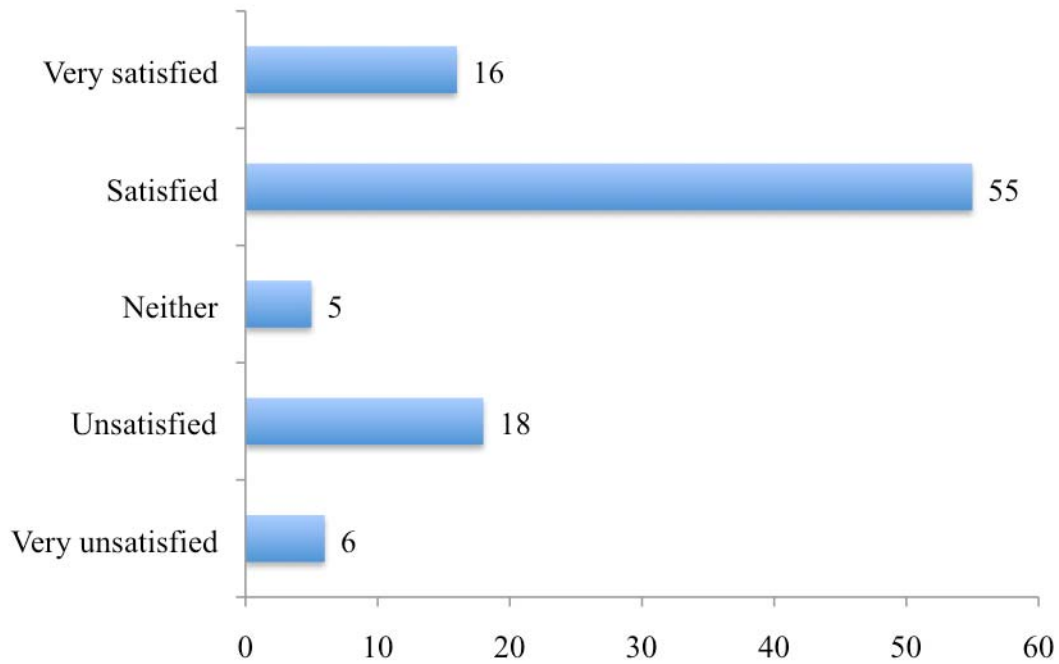
Throughout 2008, the two main problems mentioned as priorities for Australia by the ANUpoll respondents were the economy and the environment, the latter also encompassing global warming. The GFC and the recession have resulted in the economy dominating the mentions of the most important problems facing the country.

In the current ANUpoll, 42 percent mentioned the economy as the most important problem, a decline from the 52 percent of the respondents who mentioned the economy in the March 2009 ANUpoll. The environment and global warming were mentioned by 10 percent of the respondents, a decline of two percentage points, followed by immigration (up 3 points) and health care (up 2 points).

Rank	Issue	Percent mentioned	(March-July Change)
1	Economy/jobs	42	(-10)
2	Environment/global warming	10	(-2)
3	Immigration	9	(+3)
4	Health care	5	(+2)
5	Better government	4	(+1)
	Other	30	(+6)

What do you think is the most important problem facing Australia today?

Despite the public's preoccupation with the economy and jobs, the political mood remains positive and is virtually unchanged from the March 2009 ANUpoll. A remarkably high 71 percent are satisfied with the way the country is heading, compared to 70 percent in March. Just 18 percent say that they are unsatisfied, and a further 6 percent are 'very unsatisfied'. However, the predominant picture remains one of general satisfaction, with relatively little change since the last poll in March 2009 (and indeed since the October 2008 poll). The GFC has had relatively little effect on the political mood of the country.



All things considered, are you satisfied or dissatisfied with the way the country is heading?

### About the Survey

The *ANU Poll* is conducted for The Australian National University by the Social Research Centre, Melbourne. The survey is a national random sample of the adult population aged 18 years and over conducted by telephone. In this survey, 1,200 people were interviewed between 17-30 June 2009, with a response rate of 32 percent. The results have been weighted to represent the national population. The survey's margin of error is  $\pm 2.5$  percent. Full details of survey can be found at <http://www.anu.edu.au/anupoll/>.