



The Centre for Economic Justice

PUBLIC SUPPORT FOR A PARADIGM SHIFT IN ECONOMIC POLICY

**WILL THE 2019 ELECTION BE
ANOTHER 1945 OR 1979?**

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The IPPR Centre for Economic Justice

The Centre for Economic Justice at IPPR is our ambitious initiative to provide the progressive and practical ideas for fundamental reform of the economy. We want an economy where prosperity and justice go hand in hand.

The Centre for Economic Justice will carry forward the work of the acclaimed IPPR Commission on Economic Justice, producing rigorous research to show how the Commission's ten-part plan for the economy can be put into practice.

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The progressive policy think tank

SUMMARY

Polling conducted by YouGov for the Institute of Public Policy Research shows clear support for fundamental reform of the UK economy, on a scale comparable to the 'paradigm-shifting' changes which followed the elections of 1945 and 1979.

60 per cent of the British electorate want the next government to make changes to the way the economy is run, split between 31 per cent for 'moderate' changes and 29 per cent wanting 'radical' changes. Twenty-one per cent want only 'small' changes, and just 2 per cent of those polled believe things should carry on as they are.

The desire for change is widespread across the electorate, with 44 per cent of Conservative voters supporting significant change, rising to 82 per cent for Labour voters – with 59 per cent of Labour voters supporting 'radical' changes. Every region of the country has clear majorities calling for change. A majority of Leave voters and Remain voters are united in supporting change. The consensus on the need for a change in how the British economy is run is overwhelming.

The poll reveals a widespread view of what is wrong with the way the economy currently works. 59 per cent believe the economy is currently run in the interests of the wealthiest people or big companies, and 56 per cent believe the gap between the wealthy and the rest of the population has widened too much - including 40 per cent of Conservative voters. Three in five people (61 per cent) think public spending cuts have damaged public services, including 53 per cent of Conservative supporters.

In place of current economic arrangements, the public favour more government intervention to support new industries, greater protections at work, and increased taxation of those on high incomes.

- **64 per cent support more investment by government in combatting climate change**, including investment in renewables and insulating homes, with only 9 per cent opposed.
- **61 per cent support increasing taxes on those earning more than £100,000 a year**, or approximately the top 2.5 per cent of earners. Only 15 per cent oppose.
- **62 per cent support increases in the taxation of capital gains** (28 per cent supporting higher taxes on capital gains than on income, and 34 per cent supporting equalising the two), with only 11 per cent supporting the status quo (in which income from work is taxed more highly than capital gains).
- **57 per cent support increased regulation of banks and financial companies**, with the same number believing they presently “focus on short-term profits over the interests of the economy as a whole”. Only 7 per cent oppose more regulation, and only 9 per cent believe banks and financial companies act in the interest of the economy as a whole.
- **52 per cent support stricter regulation of working conditions for the self-employed and contract workers**, with only 12 per cent opposed.
- **45 per cent support devolving more powers over investment and planning to the English regions and the devolved administrations**, with only 9 per cent opposed.

More than any election for a generation or more, people in Britain are demanding a fundamental shift in how the economy is run. After nine years of spending cuts, stagnant wages since the financial crisis of 2008, and four decades of low investment, the current model of capitalism in the UK has exhausted whatever public support it may once have held. Like the paradigm-shifting elections of 1945 and 1979, victory in the coming election may well fall to whichever party can best capture the public mood for transformational change.

INTRODUCTION

In its report last year, *Prosperity and Justice: A Plan for the New Economy*, the IPPR Commission on Economic Justice made the case for a fundamental reform of the UK economy, presenting overwhelming evidence that the current economic settlement is delivering neither prosperity nor economic justice. Polling conducted at the time of the report launch showed clear public support for the analysis and policies presented.¹

A year later, Britain faces a potentially era-defining election, comparable to those of 1945 and 1979. We wanted to understand how people in the UK themselves understood the economy, not only in terms of policy changes they would like to see, but more fundamental questions about the purpose and role of the economy and government in a modern society. The commission had identified the need for change, and public support for individual policies. But were people ready for the kind of transformational approach the commission had argued for?

To help answer this question, IPPR commissioned YouGov to conduct a nationally representative online poll of 1,644 adults in the UK, with fieldwork conducted between 10 and 11 November 2019. The sample has been weighted to ensure it is representative of the population as a whole. YouGov asked the sample about how they thought the economy worked, for whose benefit, and about the broad areas in which they thought reform was needed. This report presents a summary of the most important findings.

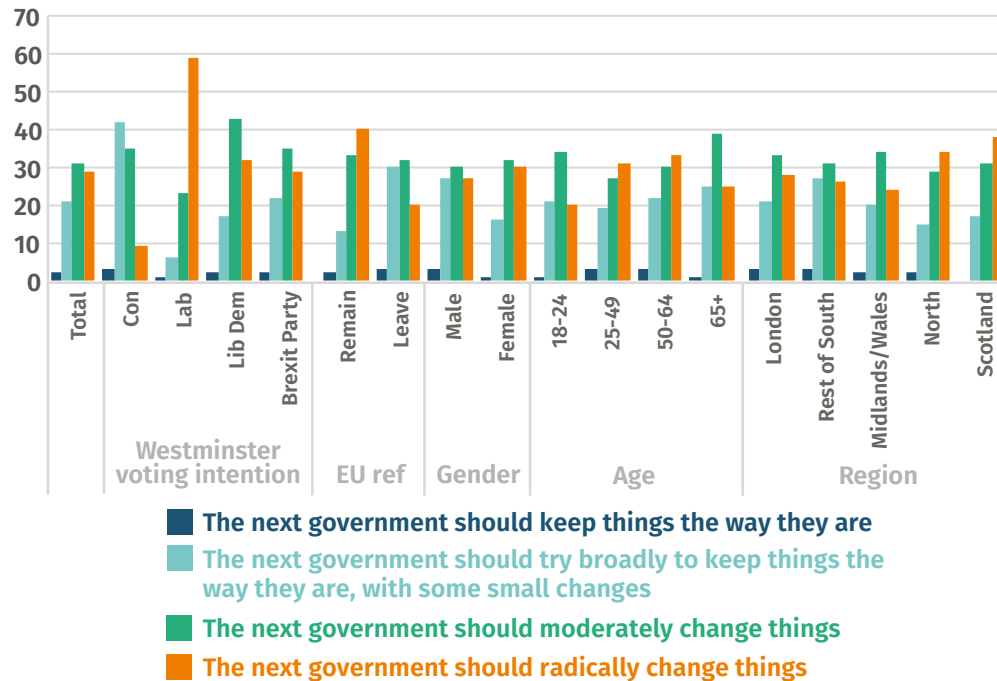
DO WE NEED ECONOMIC CHANGE?

The survey asked whether people wanted to see change in the way the economy is run. We found that support for a significant change is overwhelming, across the sample; strikingly, just 2 per cent overall believe that no change is necessary. Given the option of making 'small', 'moderate' or 'radical' changes, 60 per cent wanted to see 'moderate' or 'radical' change. As might be expected, Labour supporters are most in favour of the most dramatic shift, with 59 per cent supporting 'radical' changes to how the economy is run, whilst Conservative supporters were more likely to favour smaller changes. A majority of both Leave and Remain voters in the EU referendum favour change, with Remain voters – perhaps unexpectedly – more enthusiastic about more substantial changes to how the economy is run, 73 per cent answering in favour.

¹ Colebrook C (2018) *Unfair and in need of reform: Public attitudes to the UK economy*, IPPR. <http://www.ippr.org/research/publications/unfair-and-in-need-of-reform>

FIGURE 1: A MAJORITY OF THE PUBLIC SUPPORT SIGNIFICANT CHANGES TO HOW THE ECONOMY IS RUN

"Thinking about the way the British economy is run, which of the following comes closest to your view?"



WHO BENEFITS FROM THE CURRENT ECONOMIC SET UP?

We asked respondents in whose interests they thought the economy is currently run. Strikingly, a majority – given exclusive options – favoured either “people with high incomes” or “big business”, 59 per cent choosing one or another. Party differences, as we might expect, were perhaps more clear this time, Labour supporters (58 per cent) being notably more likely to choose “people with high incomes” compared to Conservative supporters (27 per cent). But around a fifth to a quarter from every party thought that the economy was largely run to the benefit of “big business”.

We also asked for respondents’ opinions on inequality. Again, and consistent with every other result, a clear majority (56 per cent) thought inequality had grown too wide. Notably, this included 40 per cent of Conservative voters, indicating support for tackling inequality across the whole population. Remain voters were significantly more likely to report that inequality had widened too much than Leave voters (by 70 per cent to 47 per cent), perhaps reflecting the high Conservative support for Leave, but on every other subdivision a clear majority felt inequality was now too high.

FIGURE 2: A MAJORITY OF THE PUBLIC THINK THE ECONOMY IS RUN FOR THE WEALTHY AND BIG BUSINESS

"Thinking about who the British economy works in the interests of, which of the following comes closest to your viewpoint?"

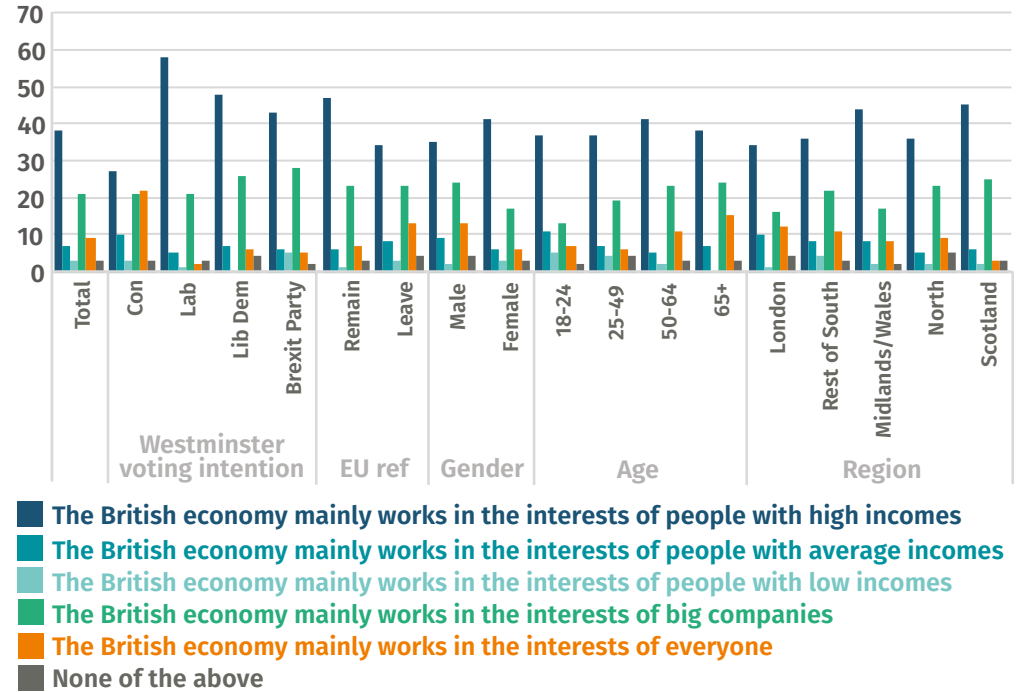
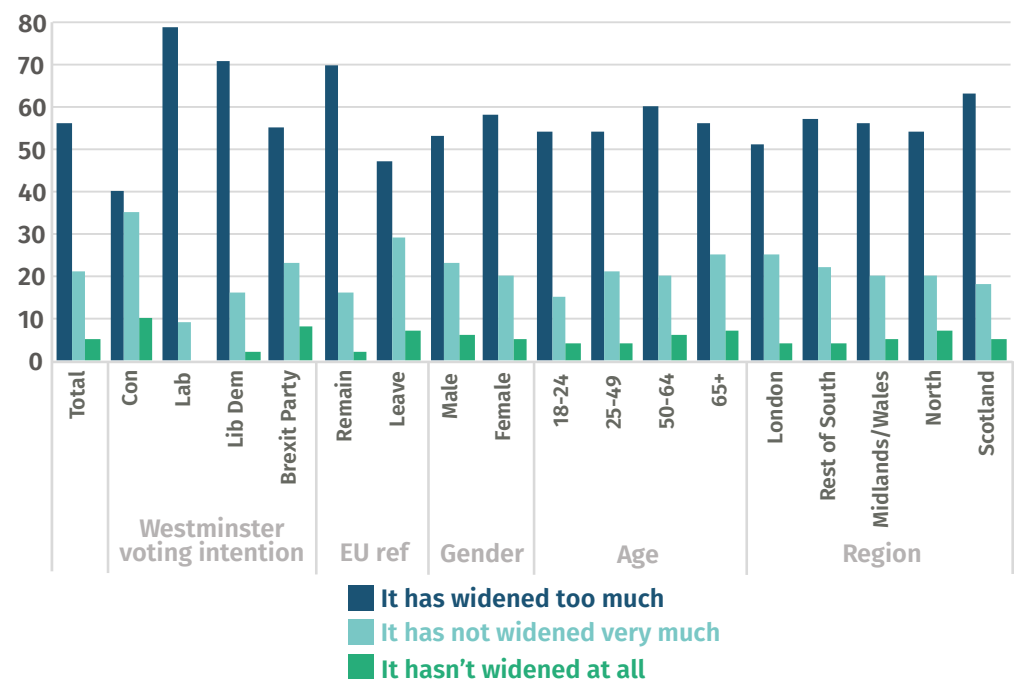


FIGURE 3: A MAJORITY OF THE PUBLIC THINK INEQUALITY IS TOO HIGH

"Thinking about recent years, and the gap between wealthy people and the rest of the population, which of the following comes closest to your view?"



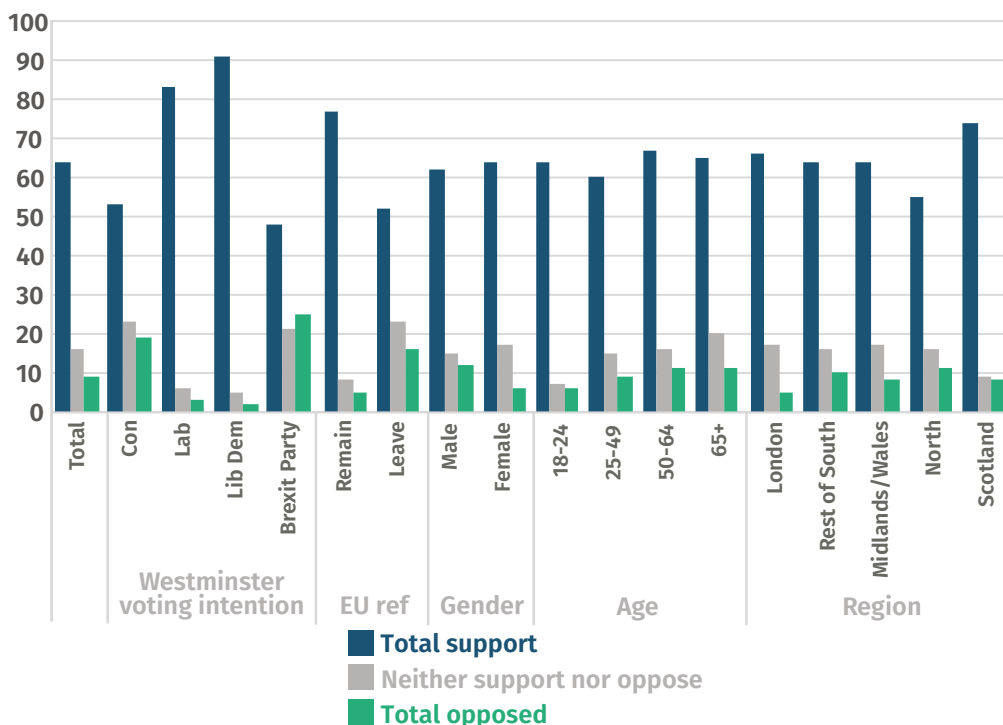
WHAT KIND OF ECONOMIC CHANGE SHOULD HAPPEN?

As well as asking if how the economy is run should be changed, we asked a series of questions about the kinds of changes people would like to see. Consistent with the results published at the commission’s launch in late 2018,² our polls today point towards clear support for more government intervention and investment (particularly on climate change), greater regulation and control of finance, higher taxes for the rich, and greater protections at work.

Put together, and these would point in radically different direction to the 'neoliberal' paradigm of economic governance that has dominated Britain’s economic policymaking for 40 years. In the place of a belief in limited government intervention, weak labour market protections, and low taxation for the wealthy, there is a clear public appetite for a significant, transformational break with core free market beliefs towards a more interventionist role for government, and greater equality.

FIGURE 4: A MAJORITY OF THE PUBLIC WANT GOVERNMENT INVESTMENT TO COMBAT CLIMATE CHANGE

"To what extent do you support or oppose a significant increase in public spending to invest in solutions to climate change including renewable energy, insulating homes and public transport?"



2 Colebrook (2018)

FIGURE 5: A MAJORITY WANT HIGHER TAXES FOR THE RICH

"To what extent do you support or oppose the increase of tax for those earning more than £100,000 a year?"

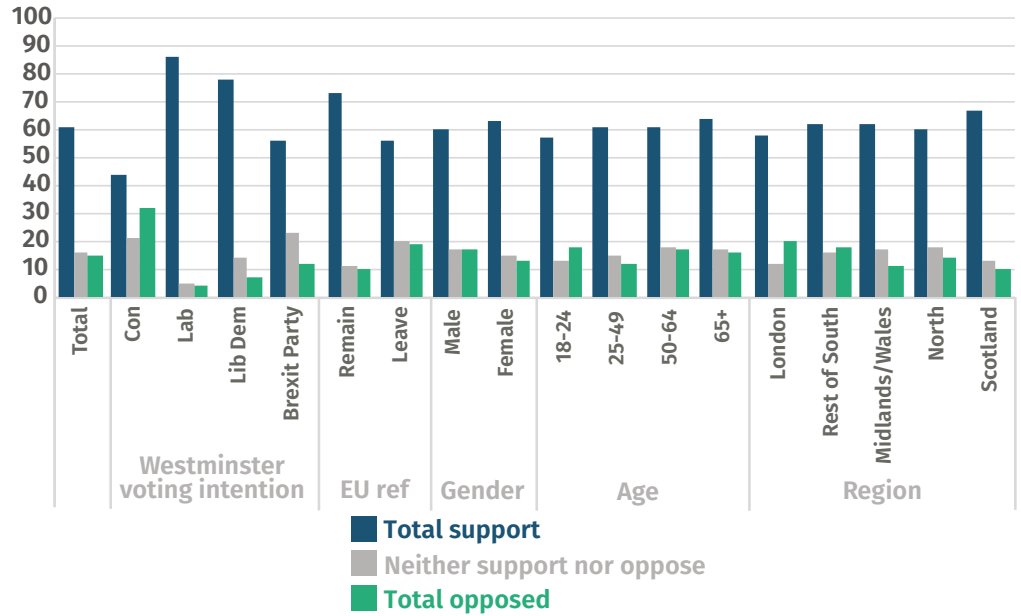


FIGURE 6: A MAJORITY OF THE PUBLIC WANT CAPITAL GAINS TAXES INCREASED

"There are currently different rates of tax for income which people receive from work and income they receive from investments and capital gains. Which of the following statements most closely reflects your views?"

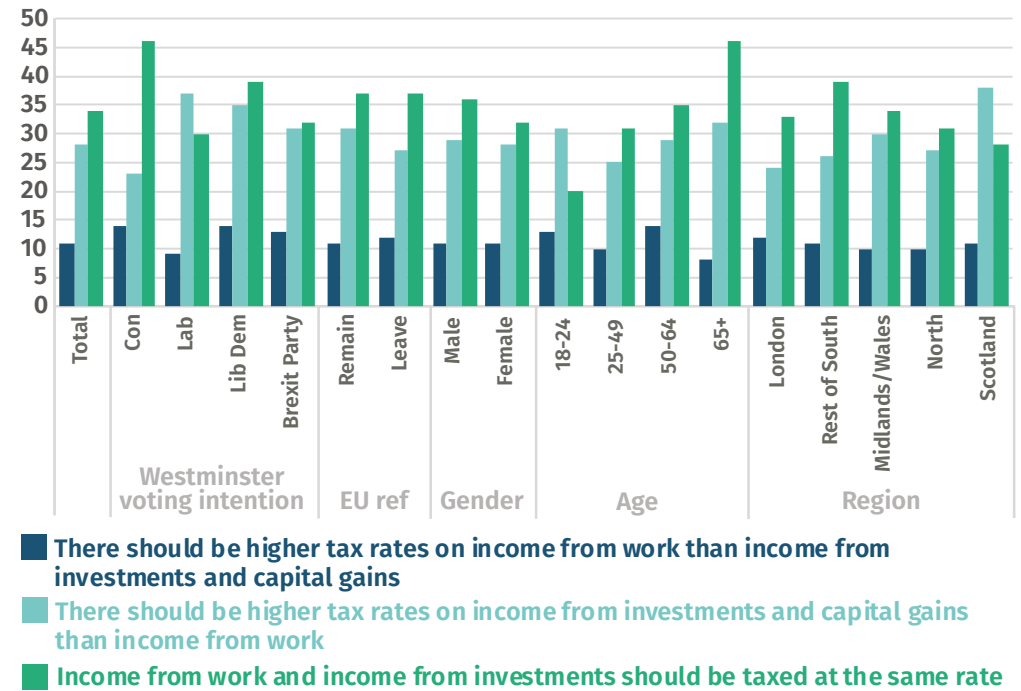
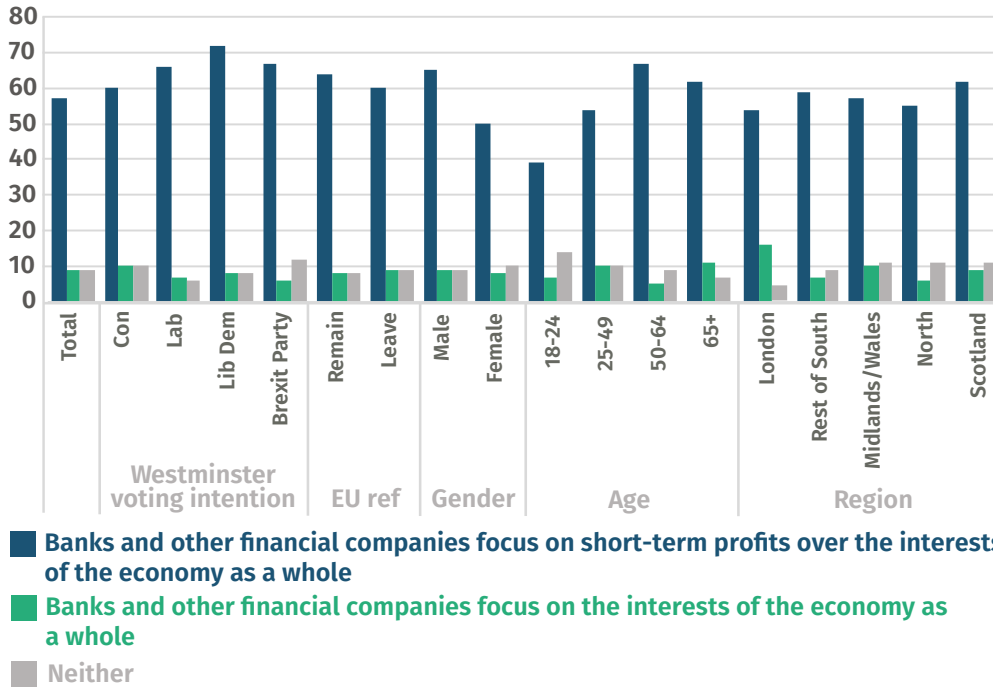


FIGURE 7: A MAJORITY OF THE PUBLIC WANT BANKS AND FINANCIAL COMPANIES MORE HEAVILY REGULATED

"Thinking about banks and other financial companies, which of the following comes closest to your viewpoint?"



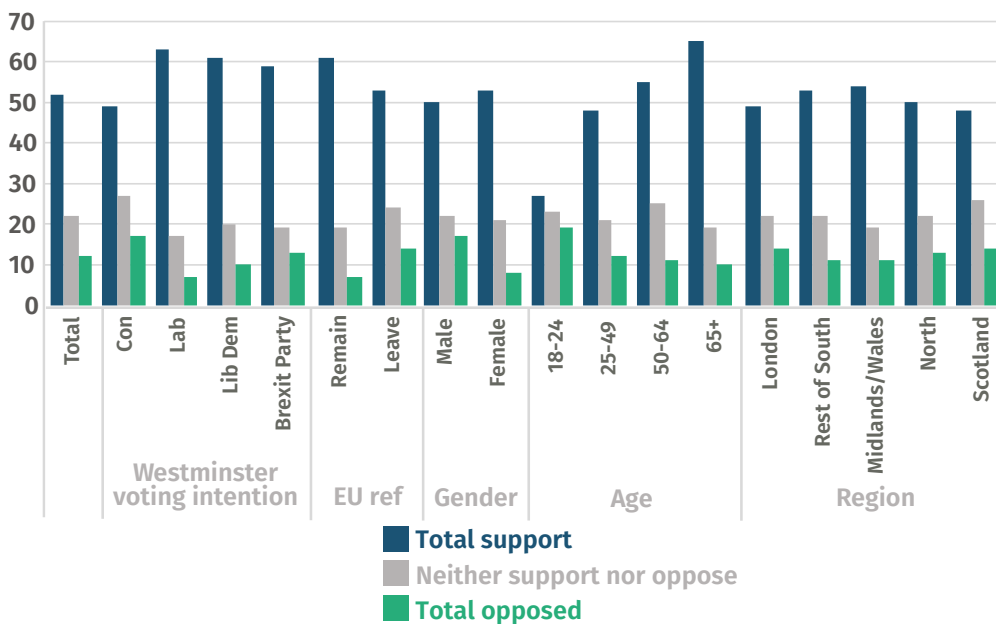
■ Banks and other financial companies focus on short-term profits over the interests of the economy as a whole

■ Banks and other financial companies focus on the interests of the economy as a whole

■ Neither

FIGURE 8: A MAJORITY OF THE PUBLIC WANT MORE PROTECTION FOR THE SELF-EMPLOYED AND THOSE ON CASUAL CONTRACTS

"To what extent would you support or oppose stricter regulations on working conditions for people working on self-employed and casual contracts?"



■ Total support

■ Neither support nor oppose

■ Total opposed

FIGURE 9: A PLURALITY OF THE PUBLIC WANT MORE DEVOLUTION, WITH VERY LIMITED OPPOSITION

"To what extent do you support or oppose moving more powers over job creation and infrastructure from central government to local and regional government and devolved governments?"

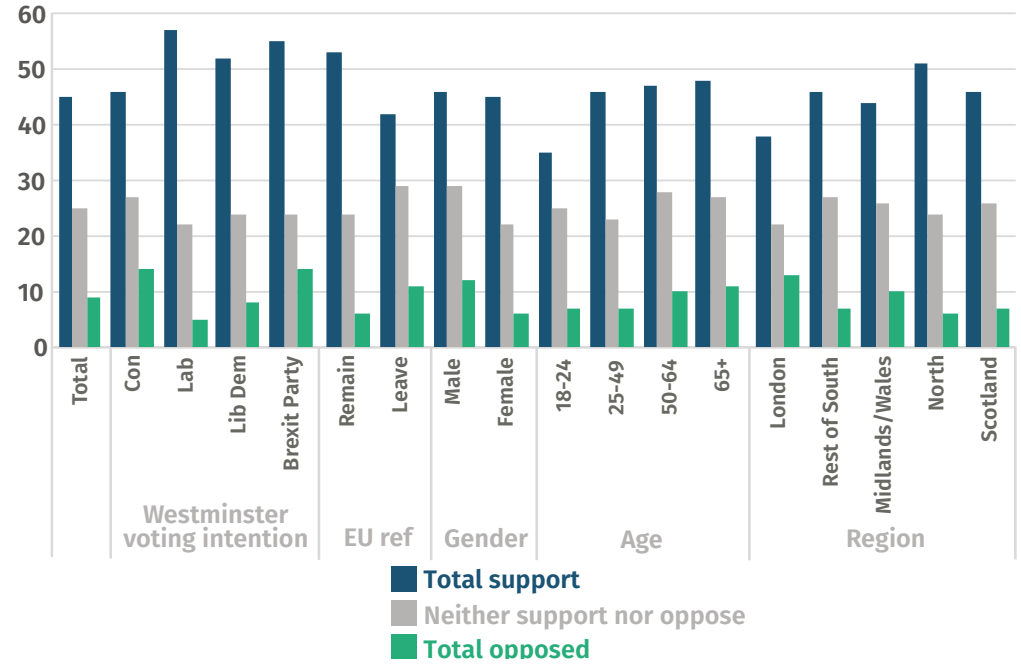
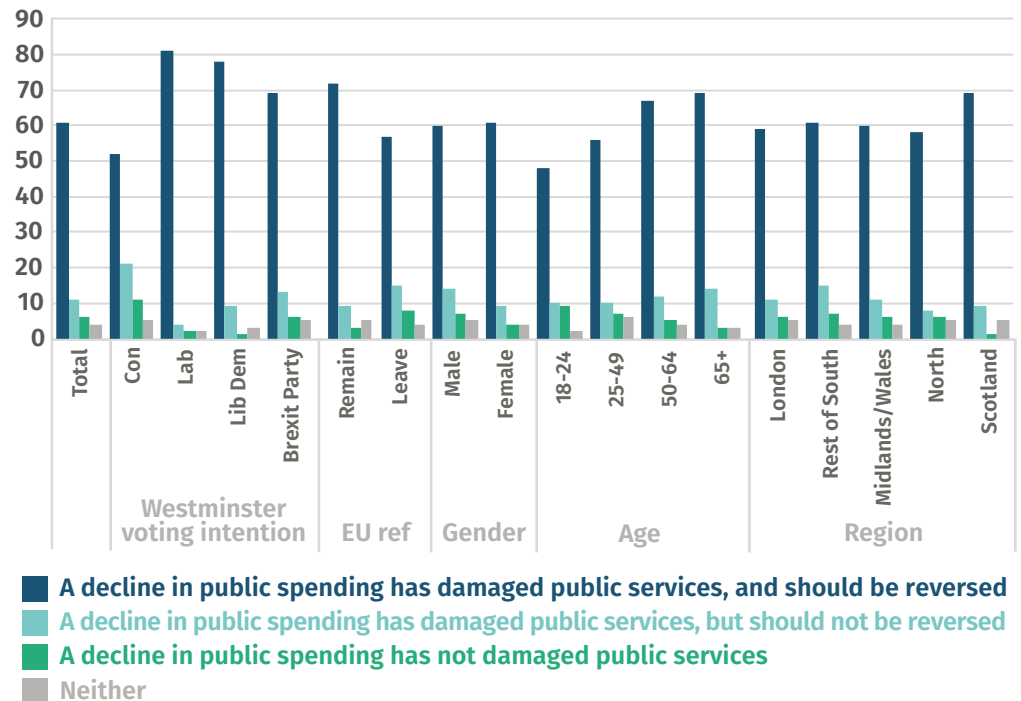


FIGURE 10: A MAJORITY OF THE PUBLIC BELIEVE SPENDING CUTS HAVE DAMAGED PUBLIC SERVICES

"Thinking about public spending, which of the following comes closest to your view?"



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