

WORLDPUBLICOPINION.ORG

Publics Want More Aggressive Government Action On Economic Crisis: Global Poll

Favor Global Body to Monitor Big Financial Institutions

Nations Divided on Increasing Protectionism

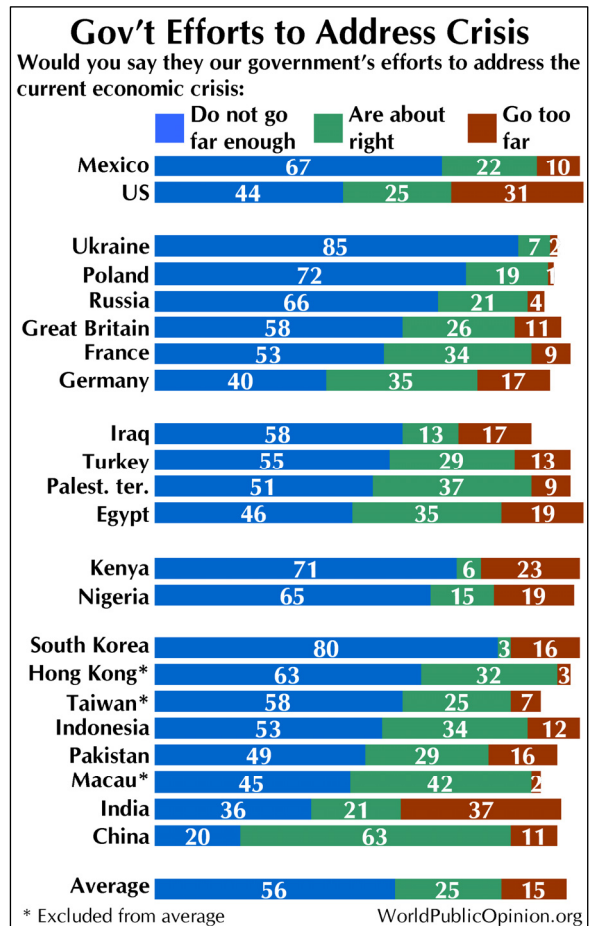
A new poll by WorldPublicOpinion.org finds that the public in 14 of 19 nations surveyed feels that their government’s efforts to address the economic crisis do not go far enough, while in three more nations the public leans toward this view. Most publics favor government support for troubled companies and a global body that would monitor large financial institutions.

However, nations differ on whether, in the current crisis, their government should put up new trade barriers to protect domestic industries.

A majority or plurality of the public in nearly every nation polled faults their government for not doing enough to remedy the economic crisis. Across all nations polled, an average of 56 percent say their “government’s efforts to address the current economic crisis” “do not go far enough;” 25 percent say they “are about right”; and only 15 percent say these efforts “go too far.”

The notable exceptions are the Chinese public, where 63 percent feels that its government’s efforts “are about right,” and the public in India, where as many think efforts “go too far” (37%) as think they “do not go far enough” (36%; 21% say “about right). China and India are two of the rare countries where substantial growth in real GDP is forecast in 2009.

Government action to provide financial support for large industries in trouble is widely supported around the world. Respondents were asked to choose between two positions, one arguing in



favor and one against government support for troubled industries. Majorities in 16 nations and a plurality in another endorse the view in favor of governments using “public funds to help large manufacturing companies in trouble because if they fail it damages the general economy and too many people lose their jobs.” On average, 58 percent favor their government providing public funds to such companies.

Only 34 percent on average support the counter-position to public funding offered in the poll—that the government should not use funds to help such companies because they “are likely to fail anyway and the economy will be more vital if weak companies are allowed to fail.”

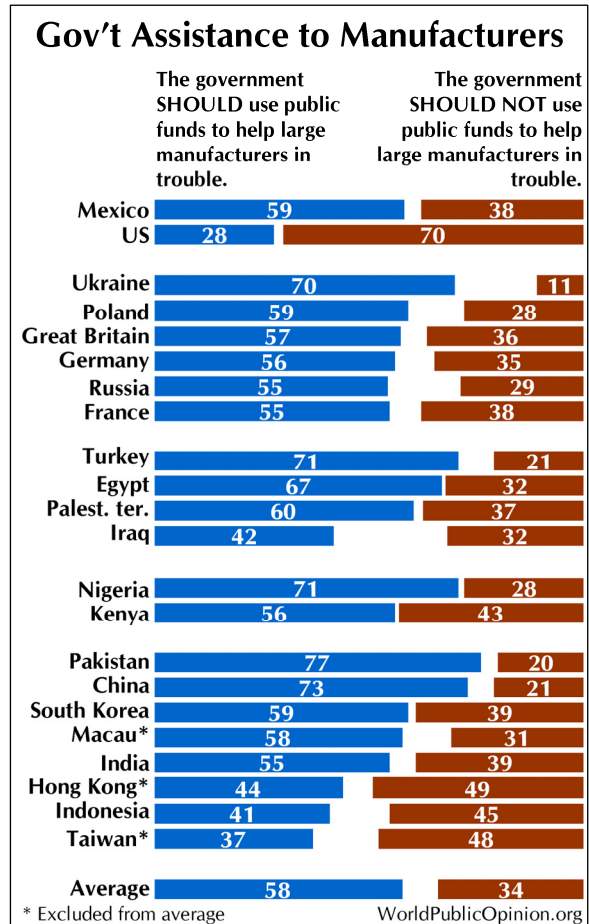
The American public, alone among nations polled, opposes government financial intervention for these companies by a robust 70 percent (28% favor government financial aid). The survey was conducted in the US following massive interventions by the government to support the banking industry and also General Motors and Chrysler. Polling in the US has generally shown public discomfort with bailout strategies.

WorldPublicOpinion.org conducted the poll of 18,066 respondents in 19 nations that comprise 62 percent of the world's population. This includes most of the largest nations—China, India, the United States, Indonesia, Nigeria, Pakistan, and Russia—as well as Mexico, Germany, Great Britain, France, Poland, Ukraine, Kenya, Egypt, Turkey, Iraq, the Palestinian territories, and South Korea. Polling was also conducted in Taiwan, Hong Kong and Macau.

WorldPublicOpinion.org, a collaborative project involving research centers from around the world, is managed by the Program on International Policy Attitudes (PIPA) at the University of Maryland. The margins of error range from +/-3 to 4 percentage points.. The surveys were conducted across the different nations between April 4 and June 12, 2009.

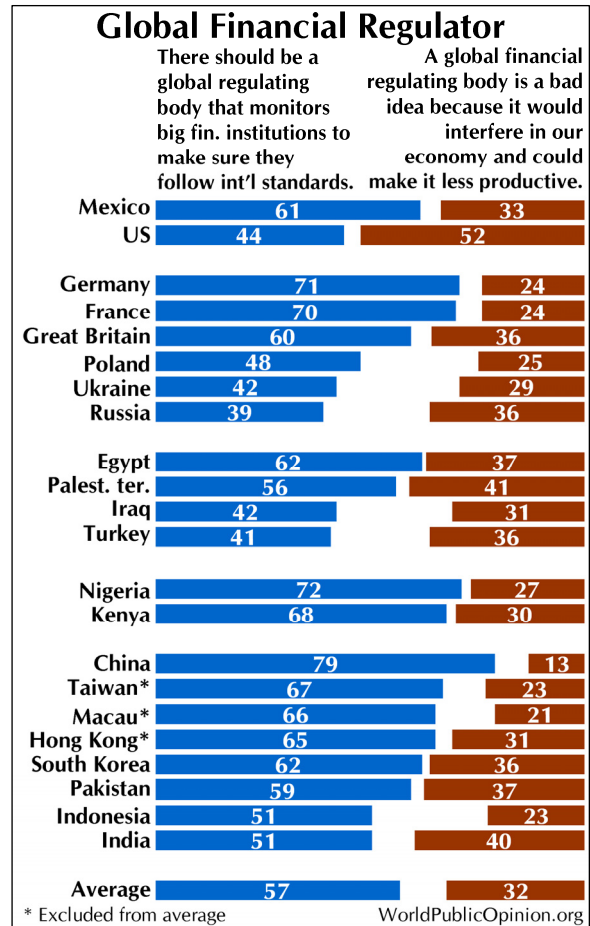
International Regulation

International regulation of large financial institutions is a difficult policy issue for leaders of major nations, and the public has complex views as well. When asked whether “to



prevent international economic instability, there should be a global regulating body that monitors big financial institutions” or whether such a body “is a bad idea because it would interfere in our economy and could make it less productive,” 17 of 19 nations favor a regulatory body. Only the US public opposes the idea (52% to 44%) and Russia is divided (39% favor, 36% oppose). On average 57 percent favor the argument for international regulation and 32 percent are opposed.

However, for many it appears there are some limits on how far they are ready to go in giving international regulatory agencies direct power over their banks. In a separate question, the argument in favor of international standards for banking was countered by the argument that “each nation should maintain the freedom to make its own decisions about regulating its banks.” In this context, in seven nations majorities or pluralities endorse this argument against regulation, while seven still favor the argument for regulation and five are divided. On average 45 percent favor the argument for regulation while 47 percent favor the argument against it.



These divided opinions about international regulation versus potential loss of national control over one’s banking system seem to cut across nations with different levels of development. Germany (56%) and France (55%) favor international standards, whereas the public in South Korea (66%) and the US (55%) favor national autonomy in regulating banks. The British public is divided. Developing nations appear on both sides of the issue.

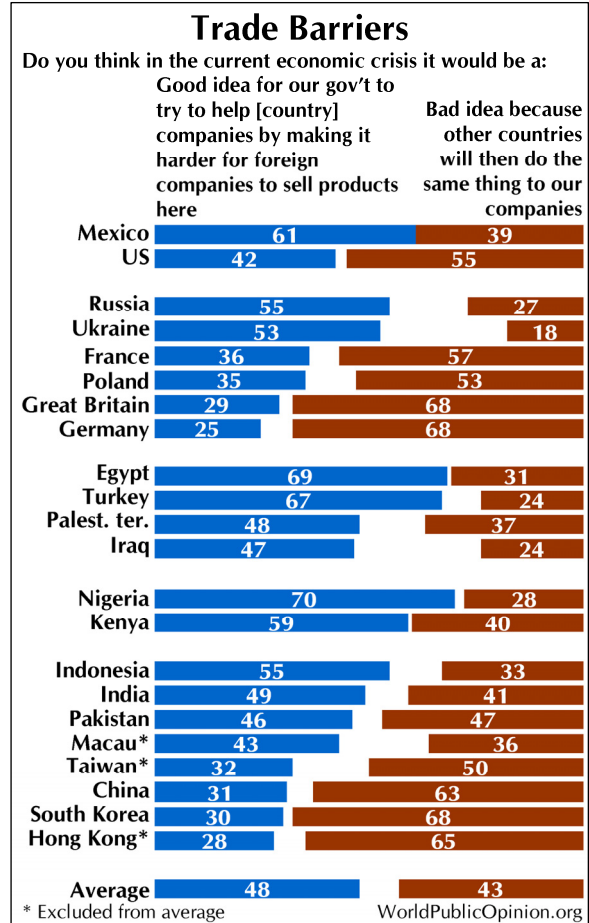
Protectionism

Many economists fear that protectionism will arise in response to the global economic crisis, and there is some evidence of this. Presented two statements, 11 nations favor the view that to help domestic firms during the current economic crisis, governments should make it “harder for foreign companies to sell products here.” However, in seven publics most favored the counter-argument that this “would be a bad idea because other countries will then do the same thing to our companies.”

The 11 nations in favor of temporary protectionism were Nigeria (70%), Egypt (69%), Turkey (67%), Mexico (61%), Kenya (59%), Russia (55%), Indonesia (55%), Ukraine (53%), India (49%), the Palestinian territories (48%), and Iraq (47%).

However, majorities in nations which are large traders in manufactured goods think it would be a bad idea, including all four members of the EU that were polled: Germany (68% bad idea), Great Britain (68%), France (57%), and Poland (53%)—as well as South Korea (68%), China (63%) and the US (55%).

“The economic crisis does not seem to produce a lurch towards protectionism everywhere,” notes Stephen Weber of WorldPublicOpinion.org. “Countries with a large stake in international trade see barriers as, on balance, a bad idea, but in less developed trading economies, protecting industries is attractive.”



It also does not appear that the support for temporary protectionism is a sign that people are pulling away from globalization. In 16 of 19 publics most still feel that “globalization, especially the increasing connections of our economy with others around the world, is mostly good” including seven of the 11 nations that endorse temporary protectionism. However there has been some decline in the numbers endorsing globalization (compared to earlier polling by WPO), primarily in Egypt, the Palestinian territories, Kenya, Indonesia, and Russia. All of these nations also favor temporary protectionism.

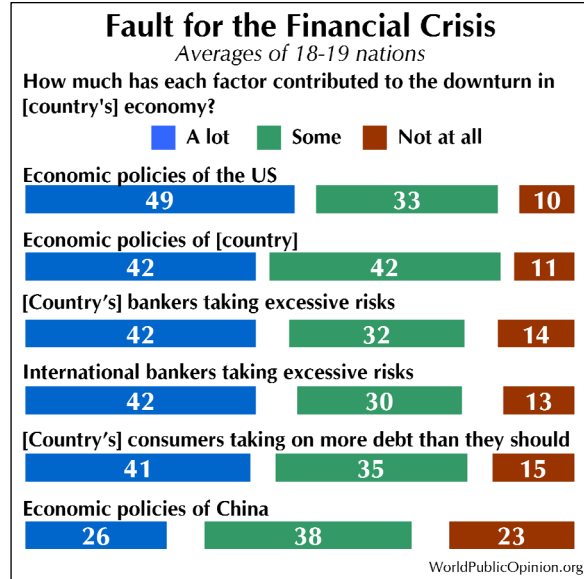
Perceived Causes of Economic Downturn

The economic downturn of 2008-2009 has been the most widespread in at least 70 years. Asked to assess the primary factors contributing to their nation’s economic problems, publics around the world see multiple factors and do not appear to heap all blame on a single cause or country.

The “**economic policies of the US**” is the factor with the largest percentage saying that it has contributed “a lot” to their nation’s economic downturn. On average, 49 percent of the public across nations attributed a lot of the blame to US policies.

Publics around the world generally see their **own nation's economic policies** as a significant contributing factor as well. It is seen as the second biggest contributor, with an average of 42 percent saying that their nation's policies contributed a lot.

No nation seems to feel that its government's policies were blameless – fewer than 30 percent of the people in every nation polled say that domestic economic policy was “not at all” a factor in the downturn, or that they don't know. Only four percent of the public in the US say their economic policy was not a factor. Further, those publics where majorities say their own nation's economic policies contributed “a lot” are *all* in developing or middle-tier nations: Ukraine (68%), Pakistan (58%), Kenya (56%), Nigeria (54%), the Palestinian territories (53%), Iraq (53%), and Mexico (52%).



Debt taken on by consumers in their own country is also seen as a contributing factor. A majority of respondents in Great Britain (83%), the US (74%), Mexico (64%), and South Korea (62%) identify too much consumer debt as contributing a lot to the economic downturn in their country. Only 13 percent of the public in China saw this factor as contributing a lot, the lowest of any country. China, of course, has one of the highest savings rates in the world.

Excessive risk-taking by bankers, both domestic and international, receives blame for the economic downturn as well. On average across nations, similar numbers of the public say excessive risks by **domestic bankers** contributed a lot (42%) to their country's economic downturn as say that risks taken by **international bankers** contributed a lot (42%).

In only five nations do an actual majority of the public blame their domestic bankers “a lot”: Great Britain (89%), Germany (78%), the US (77%), France (64%), and Mexico (58%). Banks in the US and Western Europe were at the heart of the global financial contagion. A majority in the same nations blame risk taking by international bankers a lot: Germany (88%), Great Britain (79%), France (77%), the US (57%) and Mexico (55%); and they were joined by South Korea, where 61 percent of the public say excessive risk taking by international bankers contributed a lot to their country's economic downturn. In no other nations do a majority of the public say excessive risk-taking by domestic or international bankers contributed a lot.

Some observers argue that large trade imbalances are an important factor in the global downturn, pointing to China's very large trade surplus and foreign exchange reserves as creating structural imbalances which endanger the global economy. The publics around

the world, however, see the **economic policies of China** to be a relatively small contributor to the economic downturn, the smallest of the six factors evaluated. Overall, across nations only 26 percent of those polled say that the economic policies of China contributed a lot. In not a single nation among the 19 does a majority identify this factor as contributing a lot.

Funding for this research was provided by the Rockefeller Brothers Fund and the Calvert Foundation.