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Confidential

Public Reactions to the 1980 Budget

1. Introduction

We have just received details of the 'headline' results from the survey O.R.C. conducted for the Party on public reactions to the Budget. The survey was conducted from April 9th to 13th and O.R.C. interviewed over 1,000 electors.

The results from our private research must be seen in the context of the results from our regular weekly "tracking" studies and the published M.O.R.I. and Gallup studies of reactions to the Budget.

2. Tracking Results

The results of our regular weekly Gallup "tracking" study provide a useful indication of short-term changes in public attitudes after the Budget. Details are given below:-

VOTING INTENTION AND GOVERNMENT RECORD

	<u>Voting Intention</u>				<u>Government Record</u>	
	<u>Con</u>	<u>Lab</u>	<u>Lib</u>	<u>Con Lead</u>	<u>Approve</u>	<u>Disapprove</u>
	%	%	%	%	%	%
<u>1980</u>						
11/17 March	37	49	11½	-12½	30	59
20/24 March	38	45½	13½	- 7½	32	56
27/31 March	40	43	14	- 3	38	49
2/8 April	39	45	13	- 6	36	51
10/14 April	36½	45	15	- 8½	36	52
16/21 April	41	43	14½	- 2	38	50

In the week immediately after the Budget our tracking study showed a considerable increase in the popularity of the Conservative Government after the Budget - up from 32% approving the Government's record before the Budget to 38% approving afterwards. In terms of voting intention the first survey after the Budget found Labour's lead narrowing to 3% compared to 7½% in the previous week.

3. M.O.R.I. Survey on Reactions to the Budget

The M.O.R.I. poll published in the Sunday Telegraph on 30th March had been conducted on the Thursday and Friday after the Budget. The Sunday Times piece provided an interesting comparative insight into the public's reactions to our 1979 and 1980 Budgets. The main figures are given overleaf:-

Do you think the Budget proposals are a good thing or a bad thing?

	<u>For you personally?</u>		<u>For the Country?</u>	
	<u>June 1979</u>	<u>March 1980</u>	<u>June 1979</u>	<u>March 1980</u>
	%	%	%	%
Good	26	40	39	47
Bad	50	40	39	36
Don't Know	24	20	22	17

Immediate public reactions to our March Budget was more positive than to our June 1979 Budget.

4. Gallup Survey on Reactions to the Budget

The Gallup research on reactions to the Budget was like our own research, not conducted until the immediate media impact of the Budget had passed. The Gallup research was conducted 10/14 April and published in the Daily Telegraph on 17th April. The Gallup research also provides comparative figures on the relative impact of our 1979 and 1980 Budgets. They found:-

Do you think that Sir Geoffrey Howe is doing a good job or a bad job as Chancellor of the Exchequer?

	<u>March 1980</u>	<u>June 1979</u>
	%	%
Good Job	50	38
Bad Job	33	30
Don't Know	17	32

Do you think the Budget is a fair one or not?

	<u>March 1980</u>	<u>June 1979</u>
	%	%
Fair	58	44
Not fair	37	49
Don't Know	5	7

Bearing in mind the country's economic problems, do you think that the Budget is too tough, not tough enough or about right?

	<u>March 1980</u>	<u>June 1979</u>
	%	%
Too tough	27	36
Not tough enough	17	10
About right	50	42
Don't Know	6	12

The electorate were more likely to regard the 1980 Budget as fair and in terms of toughness "about right".

When asking about specific Budget measures Gallup found:-

Do you approve or disapprove of the following measures announced in the Budget?

	<u>Approve</u> %	<u>Disapprove</u> %
Increase in pensions, with a £10 Christmas bonus	83	15
Increases in the price of cigarettes, cigars and tobacco	65	28
Supplementary benefits to strikers' families will be cut by £12 per week	64	29
Increases in child benefit	62	31
Increases in price of beer, wines and spirits	60	32
Unemployment benefits no longer to be related to previous earnings	42	42
Some social security benefits not to rise at the same rate as inflation	39	37
Road tax to be raised from £50 to £60 a year	37	55
Prescription charges to be raised to £1	34	63
Increases in the price of petrol	22	71
5. <u>O.R.C. Survey on Reactions to the Budget</u>		

Our private O.R.C. survey on reactions to the Budget was conducted at almost the same time as the Gallup research but looked at the subject in considerably more detail. The survey repeated a number of questions we asked in our survey on public reactions to our 1979 Budget. A full O.R.C. report on the research will be available on Monday 19th May, but details of some of the 'headline' results are given overleaf:-

(A) Overview of the Budget

We repeated a series of questions from our 1979 Post-Budget survey designed to provide an overview of reactions to the Budget.

Taking everything into consideration, do you think it is a good Budget or a bad Budget?

	<u>June 1979</u>		<u>April 1980</u>	
	<u>Good</u>	<u>Bad</u>	<u>Good</u>	<u>Bad</u>
Electorate(%)	33	41	42	31
<u>Political Affiliation</u>				
Conservative(%)	66	8	74	7
Labour (%)	10	70	18	55
Liberal (%)	17	53	32	35
<u>Social Class</u>				
AB (%)	49	21	58	15
C1 (%)	48	29	53	22
C2 (%)	28	48	36	38
DE (%)	20	53	32	42
<u>Age</u>				
18-24 (%)	29	53	45	29
25-44 (%)	32	44	37	32
45-64 (%)	35	38	40	33
65+ (%)	37	31	50	30
<u>Region</u>				
Scotland (%)	30	50	36	34
North (%)	27	45	40	34
Midlands (%)				
& Wales	30	41	44	29
South (%)	41	35	42	31

Almost without exception all groups in the electorate are more likely to have seen the 1980 Budget as a 'good' Budget than they did the 1979 Budget.

Regardless of whether you approve of it or not, do you think that the Budget is what people who voted Conservative in last year's General Election wanted or not?

<u>June 1979*</u>		<u>April 1980</u>	
<u>Is what they wanted</u>	<u>Is not</u>	<u>Is what they wanted</u>	<u>Is not</u>
%	%	%	%
54	36	44	41

* In June 1979 the question referred to May 3rd General Election.

Electorate less likely to see this year's Budget as what people who voted Conservative wanted - even so, 24% of Conservative voters thought that our latest Budget was not what Conservative voters in the 1979 General Election had wanted.

Which of these Statements comes nearest your own opinion of the Budget?

	<u>June 1979</u>	<u>April 1980</u>
	%	%
It was a tough Budget but it was necessary to get the country's economy moving again.	51	49
It was a tough Budget, much tougher than it should have been.	33	23
The Budget should have been much tougher to get the country's economy moving again.	9	20

The electorate, as after last year's Budget, regarded the 1980 Budget as tough but necessary. Unlike 1979, a sizeable minority regarded this year's Budget as not tough enough.

(B) The Effect of the Budget on Various Groups

As in our 1979 survey we asked our respondents which from a list of groups did they think would benefit most from the Budget and which would be less well off? We found:-

	<u>1979</u>		<u>1980</u>	
	<u>% of electorate Benefit Most</u>	<u>saying Will be less well off</u>	<u>% of electorate Benefit Most</u>	<u>saying Will be less well off</u>
	%	%	%	%
The rich	77	1	58	3
Business Men	55	3	NOT ASKED	
People on Social Security	12	23	7	26
Widows	10	25	6	19
Disabled and handicapped	7	24	7	20
Families with children	18	35	19	27
The unemployed	5	24	4	31
Pensioners	19	39	17	31
The low paid	10	50	8	39
Managers	NOT ASKED		18	6
Small Businessmen	NOT ASKED		29	16

The tendency of the Budget to be seen as helping the rich and harming less well off members of society was less apparent in our latest survey but the tendency is still there.

(C) Effect of Budget on Respondents Families

(i) Thinking of the short-term, say the next 12 months, do you think this Budget will make you and your family better off, worse off or will it make no difference?

	<u>1979</u>	<u>1980</u>
	%	%
Better off	12	6
Worse off	41	49
Make no difference	43	41

(ii) Thinking now of the long term, say the next five years or so, do you think the Budget will make you and your family better off, worse off or will it make no difference?

	<u>1979</u>	<u>1980</u>
	%	%
Better off	28	15
Worse off	32	43
Make no difference	29	36

Almost the same pattern of views of the Budget in terms of short and long term benefits for the family in 1979 and 1980.

(D) Attitudes to Changes in Benefits announced in the Budget

We asked our respondents whether they thought various changes in benefits had been announced in the Budget and whether they thought such changes a good or a bad thing.

	<u>Did Say</u>	<u>Did Not Say</u>	<u>Don't Know</u>	<u>Is or would have been:-</u>		
				<u>Good Thing</u>	<u>Bad Thing</u>	<u>Don't Know</u>
Sickness benefit will be taxed (%)	48	19	33	27	47	26
Unemployment benefit will be taxed (%)	61	12	27	42	34	21
Strikers families will get less social security benefits (%)	88	3	9	64	23	13
Benefits will go up as much as inflation (%)	23	37	40	43	21	36
The Old Age Pension will not necessarily go up as much as inflation (%)	41	24	35	14	60	26

The majority of the electorate had heard of our proposals to tax unemployment benefit and reduce the amount of social security benefit paid to strikers families. 64% approved of our proposals on social security benefits for strikers families and 42% our taxation of unemployment benefits. Our proposals on taxing sickness benefit had been heard of by almost half of the electorate but the proposal was regarded as a bad idea by about half the electorate.

(E) Public Spending

We asked our respondents whether they thought the amount of money being spent by the Government was increasing, decreasing or staying about the same. We found 22% thinking it had increased, 41% decreased, 19% stayed the same and 18% did not answer the question. We asked those which believed spending had decreased whether it had been cut too much or not - 20% thought too much, 5% too little, 12% about right and 4% did not answer the question.

(F) Budget benefitted some Groups more than Others

In our 1979 post-Budget survey we found more than two thirds of the electorate believing that the 1979 Budget had benefitted some groups more than others. This post-Budget survey found 45% of the electorate regarding the Budget as fair and 49% that it had benefitted some groups more than others. We asked which groups had benefitted more than others we found 24% mentioning rich people and 16% higher paid as doing better than they should have. We asked which groups had done worse than they should have, 17% mentioned low paid, 10% working classes and 10% pensioners.

(G) Attitudes to Various Possible Economic Changes

We asked our respondents "Regardless of what actually was in the Budget, do you think the Budget should or should not have":-

	<u>Should</u> %	<u>Should</u> <u>Not</u> %	<u>Don't</u> <u>Know</u> %
Increased pensions.	94	3	3
Raised the maximum level at which people start paying income tax.	77	13	9
Increased Child Benefits in line with inflation.	66	27	6
Increased taxes on wines and spirits.	67	27	5
Increased taxes on tobacco and cigarettes.	67	28	5
Reduced social security payment for strikers' families.	62	29	9
Reduced Government spending.	54	34	12
Increased taxes on beer.	63	31	6
Introduced a wealth tax.	60	26	14
Reduced capital transfer tax - the tax on gifts and death duty.	43	30	27
Decreased VAT.	64	25	11
Reduced capital gains tax.	32	31	38
Reduced tax on company profits.	36	40	25
Increased tax on petrol.	21	74	5
Increased cost of car registration licence.	23	69	8
Made unemployment and sickness benefits liable to income tax like pensions already are.	44	45	11
Abolished earnings related unemployment benefits.	26	47	27

The electorate believed the Budget should have:-

- Increased pensions
- Raised the maximum level at which people start paying income tax
- Increased Child Benefit in line with inflation
- Increased taxes on wines and spirits
- Increased taxes on tobacco and cigarettes
- Reduced social security payments for strikers' families
- Reduced Government spending
- Increased taxes on beer
- Decreased VAT

The electorate believed the Budget should not have:-

- Increased tax on petrol
- Increased cost of car registration licence
- Abolished earnings related unemployment benefits.

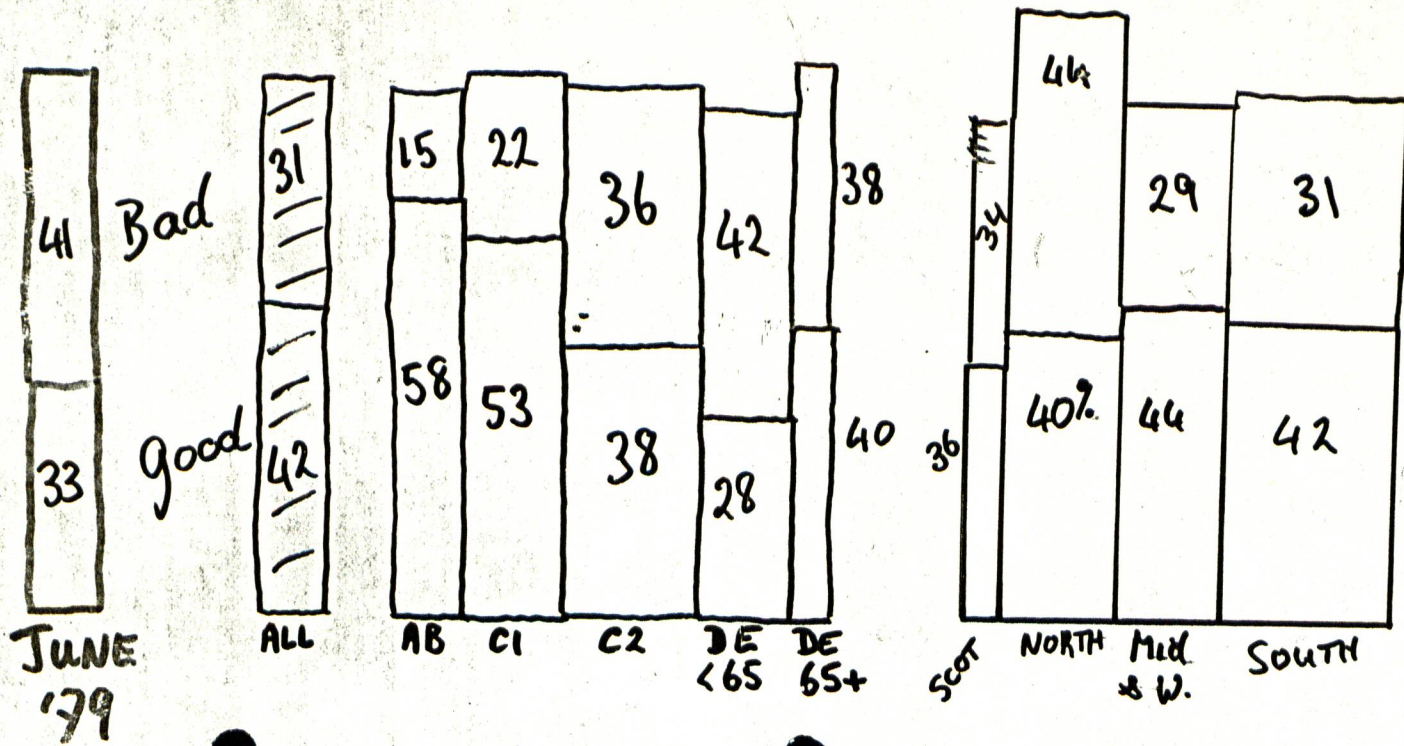
(H) Enterprise Zones

Only 24% of respondents had heard of the term Enterprise Zone - 70% had not. Of those who had heard of the term, 20% had no idea what it meant, 8% thought it was some way of encouraging small businesses, 21% thought it was to do with high unemployment areas, 8% to do with development areas, 8% inner city areas and 7% deprived areas.

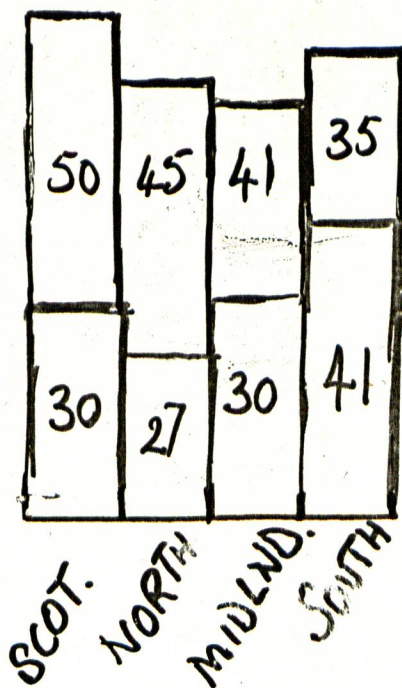
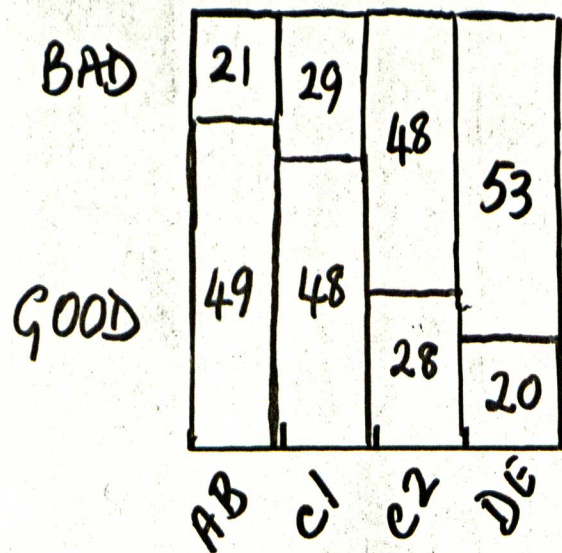
Of those who had heard the term 68% thought the idea a good one - 2% a bad idea and 29% did not know.

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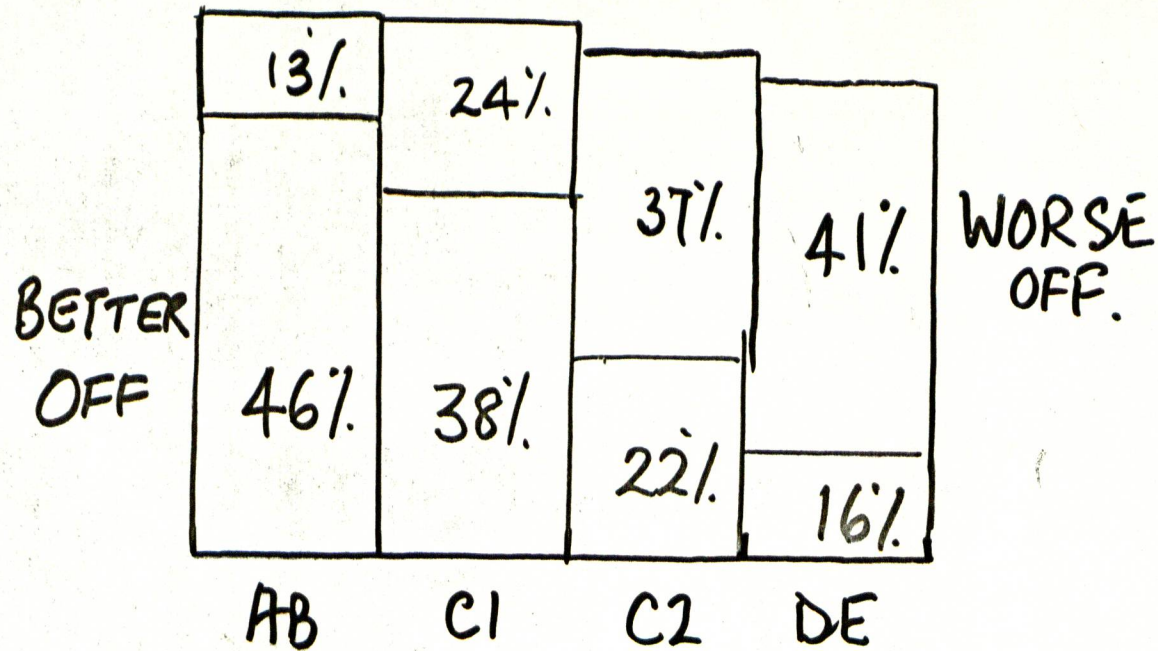
GENERAL ATTITUDES TO 1980 BUDGET



GENERAL ATTITUDES TO THE BUDGET.

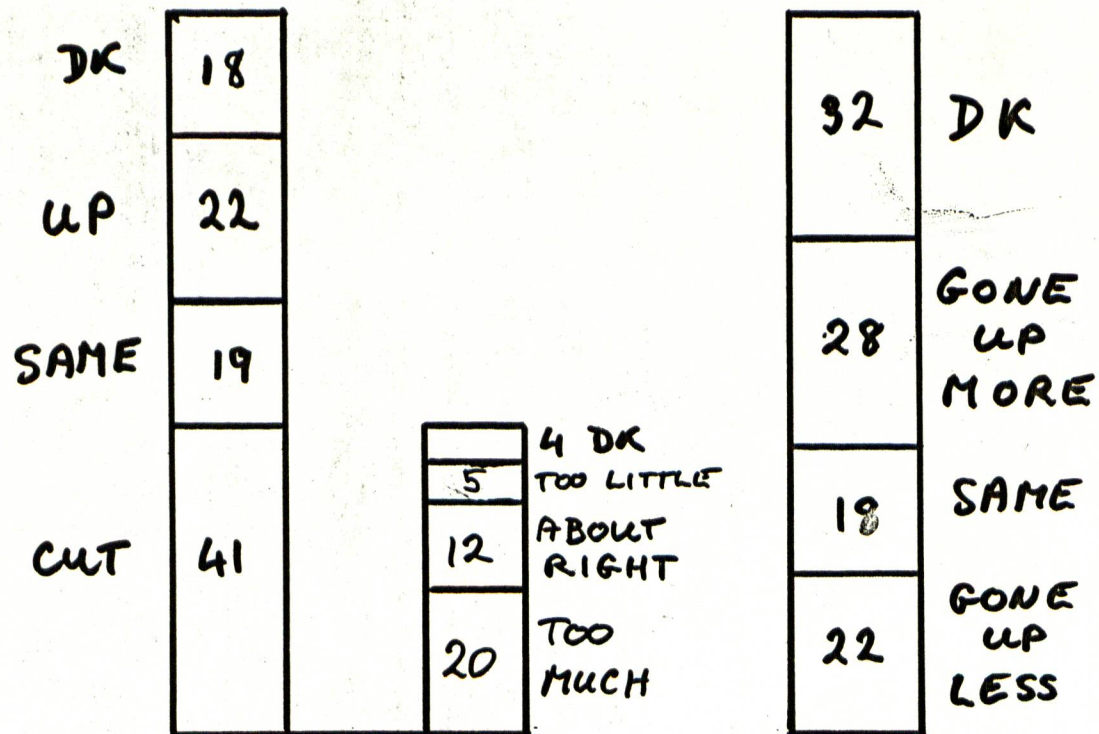


RESULT OF BUDGET FOR INDIVIDUALS.



CUTS IN GOVERNMENT SPENDING

IN RELATION
TO INFLATION



CHANGES IN BENEFITS

TAXING OF :-	KNOW	GOOD THING	BAD THING
SICKNESS BENEFIT	48%	27%	47%
UNEMPLOYMENT BENEFIT	61%	42%	34%
CUT BENEFITS TO STRIKERS FAMILIES	88%	64%	23%

KNOWLEDGE OF BUDGET CHANGES

INCREASES IN DUTY ON;-

OPINION OF CHANGE

APPROVE

DISAPPROVE

ALCOHOL	94%	56%	29%
TOBACCO	96%	63%	28%
PETROL	97%	15%	76%
CAR LICENCES	86%	19%	61%
PRESCRIPTION CHARGES	96%	26%	65%
CHILD BENEFIT	85%	61%	19%
PENSIONS	90%	87%	2%
STANDARD TAX THRESHOLD	59%	51%	5%

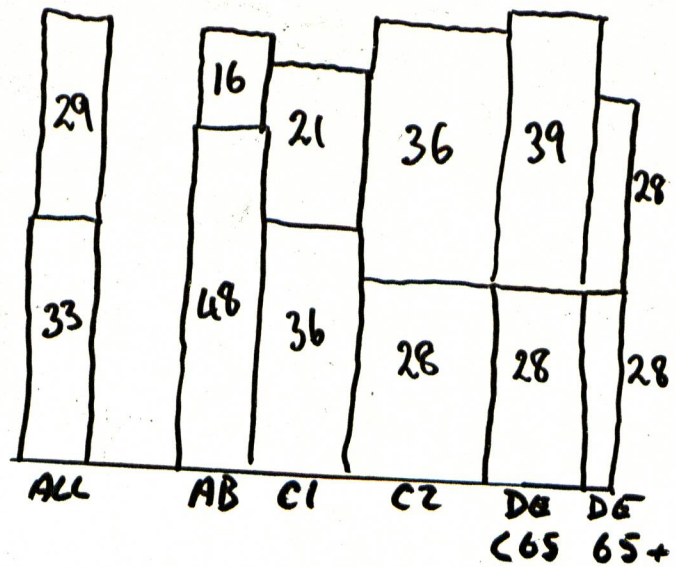
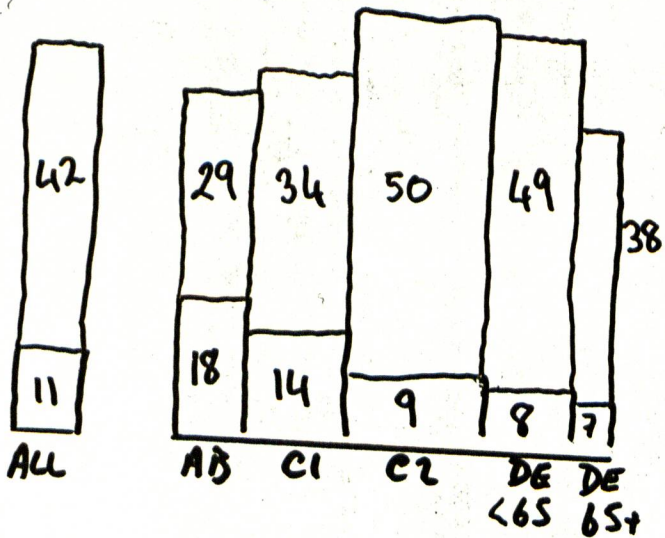
LONG VS. SHORT TERM EFFECT OF BUDGET

	<u>ALL</u>	<u>CON</u>	<u>LAB</u>
BAD NOW AND BAD IN LONG TERM	26%	3%	49%
TOUGH NOW BUT BETTER IN LONG TERM	41%	67%	19%
GOOD NOW, WORSE IN LONG TERM	11%	7%	14%
GOOD NOW AND GOOD IN LONG TERM	9%	17%	39%

EFFECT OF BUDGET ON THE COUNTRY.

SHORT TERM

LONG TERM

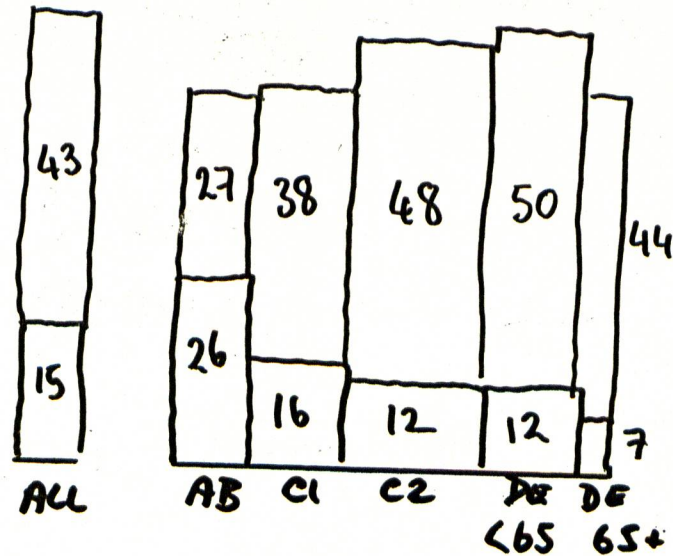
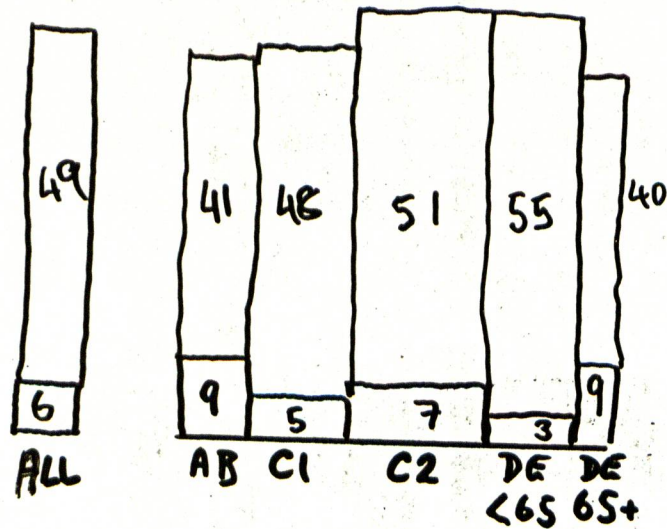


EFFECT OF BUDGET ON INDIVIDUALS

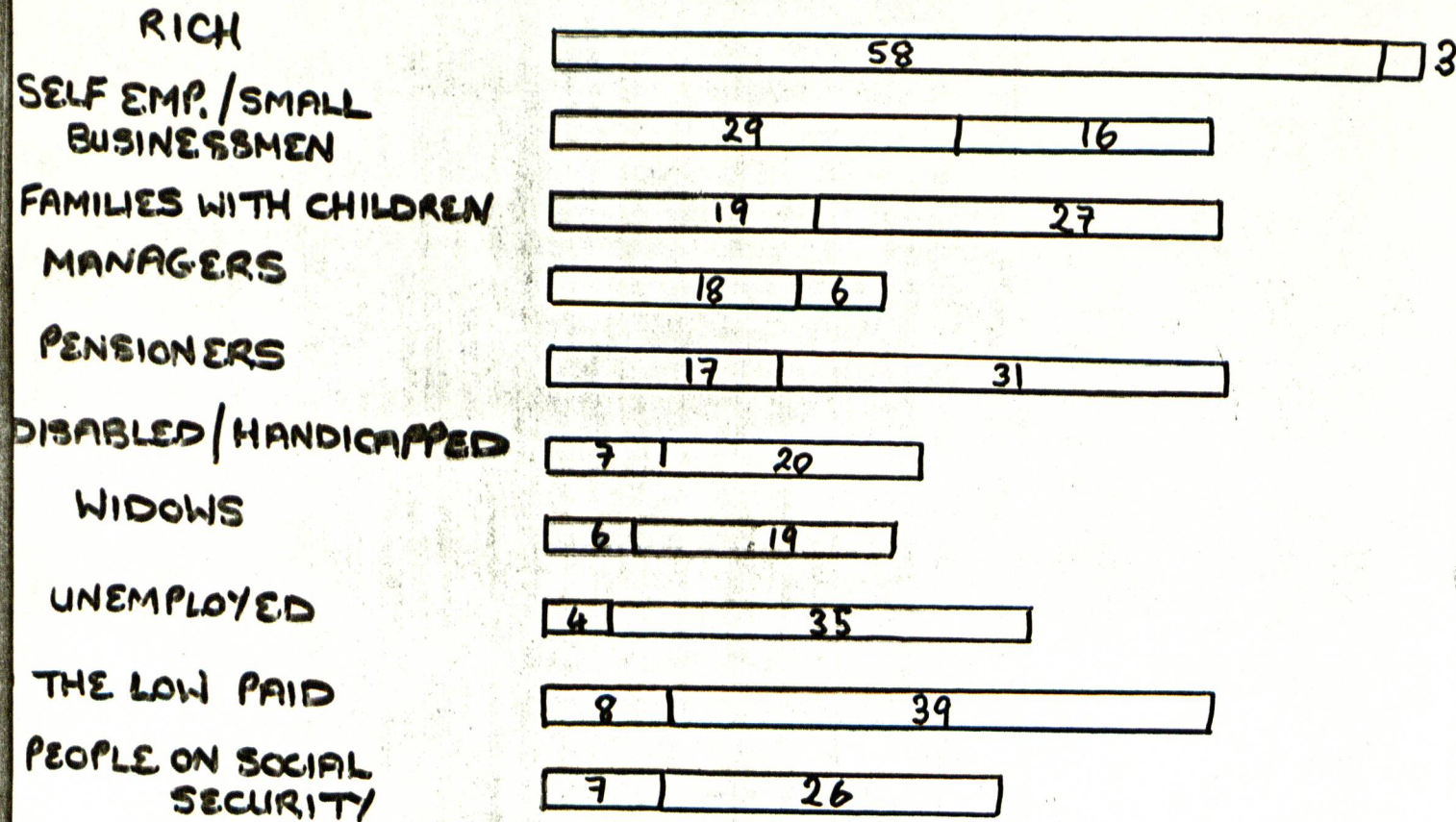
SHORT TERM

LONG TERM

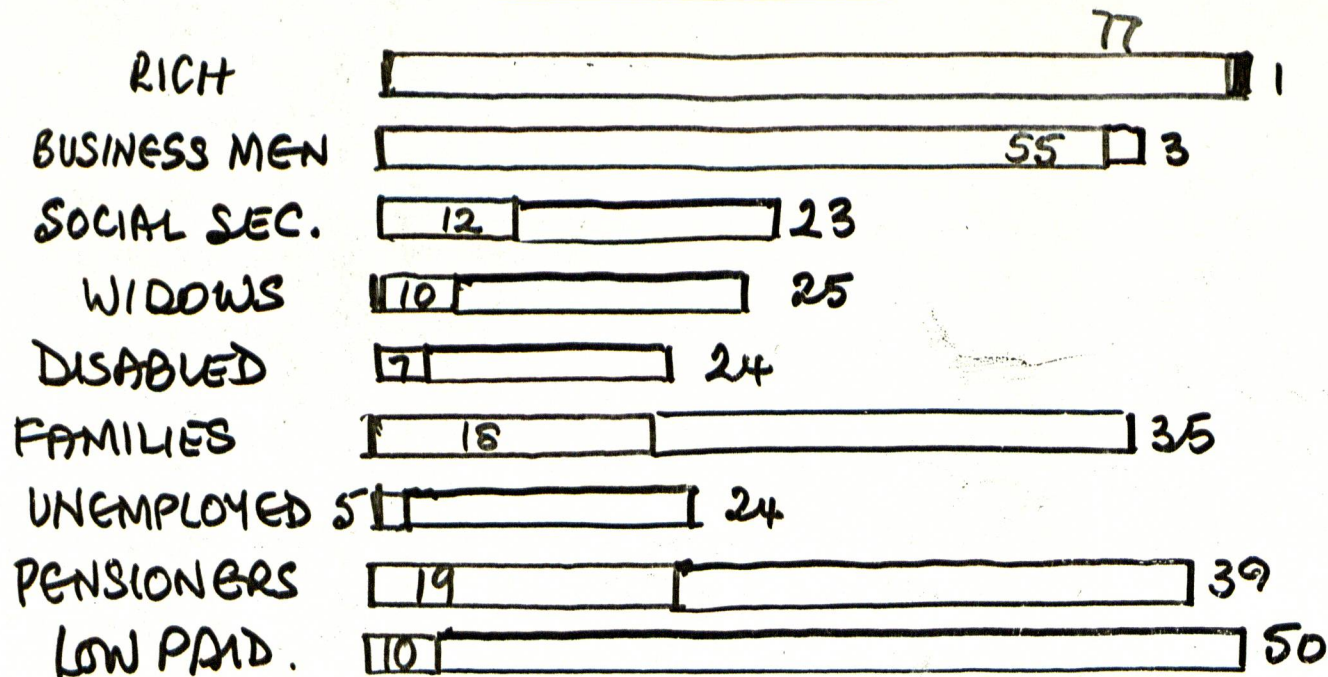
WORSE OFF
 BETTER OFF



WHO WILL BE BETTER / WORSE OFF



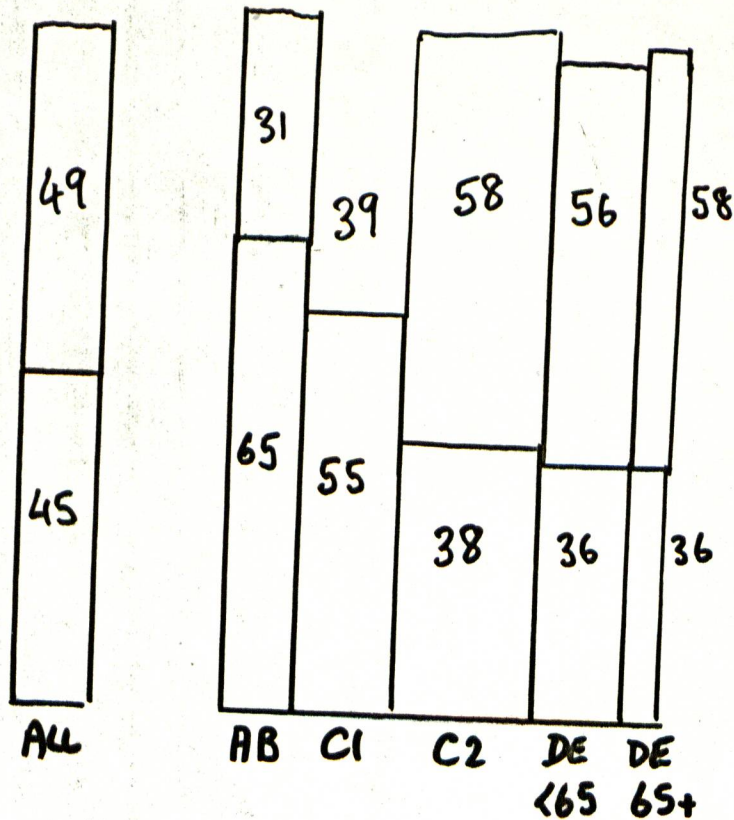
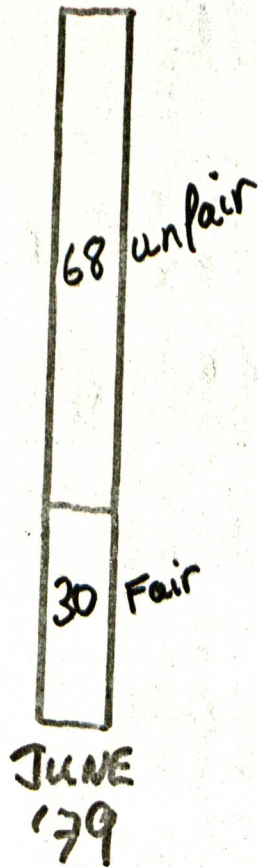
WHO WILL BE BETTER OFF/
WORSE OFF AS A RESULT OF
BUDGET.



 BETTER OFF

 WORSE OFF

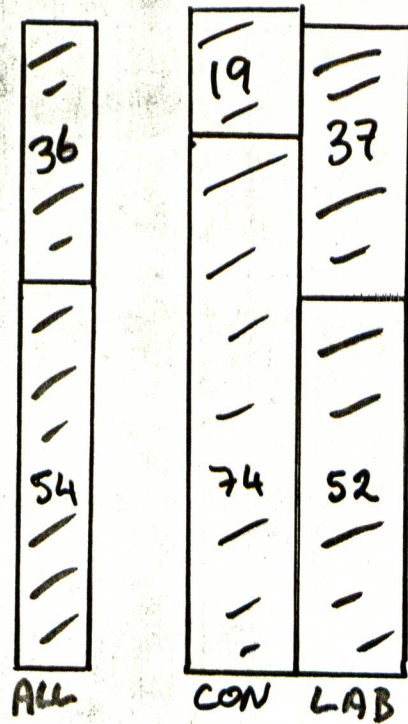
A FAIR BUDGET ?



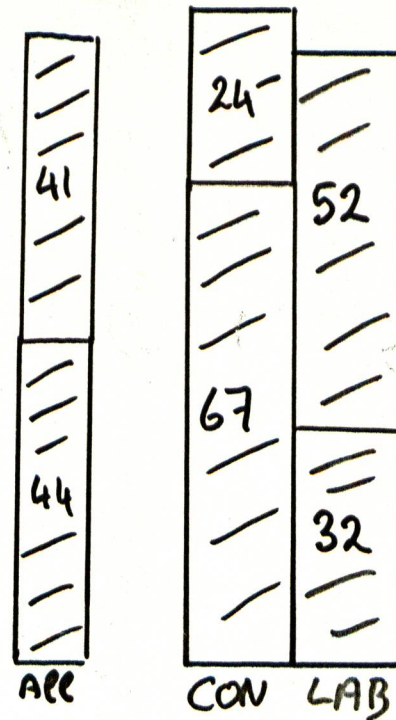
A TOUGH BUDGET?

	<u>MARCH 1980</u>	<u>JUNE 1979</u>
TOUGH BUT NECESSARY	49%	51%
TOUGHER THAN SHOULD HAVE BEEN	23%	33%
SHOULD HAVE BEEN TOUGHER	20%	9%

IS THIS BUDGET WHAT CONSERVATIVE VOTERS WANTED ?



JUNE '79



MARCH '80