News Release

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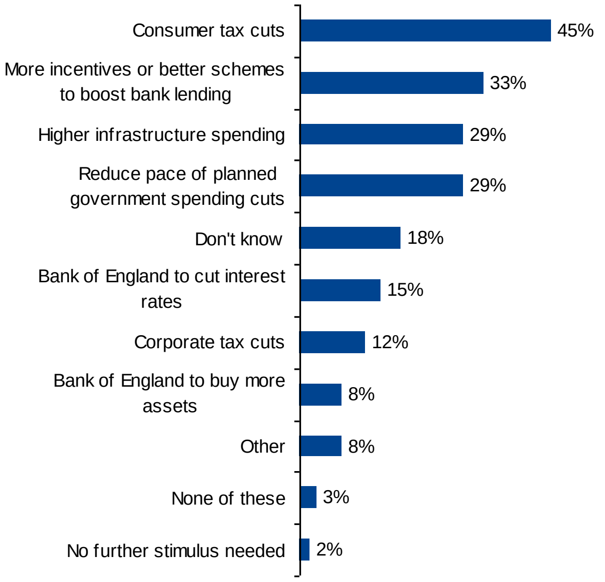
UK economy

Households favour consumer tax cuts to boost economy

- Households cite consumer tax cuts as the favoured means to spur economic growth, followed by measures to boost bank lending
- An easing of government spending cuts and higher infrastructure spending also widely cited
- Few see more QE as appropriate

Households' views on economic policy

Which, if any, of the following policies do you think the UK Government and/ or the Bank of England should introduce to encourage faster economic growth? Respondents can choose more than one option.



With the UK economy expected to grow just 0.6% in 2013, according to independent forecasts from the Office for Budget Responsibility, 1,500 households were asked which policies they considered the most appropriate for stimulating faster growth. Data were collected between 6th and 10th June on behalf of Markit by Ipsos MORI.

The survey found that just 2% of respondents saw no need for further stimulus. Consumer tax cuts were most commonly cited as the policy that the government should introduce to boost growth, selected by some 45% of respondents, followed by more incentives or better schemes to boost bank lending, selected by some 33% of households. Higher infrastructure spending was the third most widely cited policy initiative, alongside the scaling back of the government's austerity measures, both of which were selected by 29% of participants.

A cut in interest rates by the Bank of England was seen as an appropriate driver of faster growth by 15% of households, but only 8% saw that more asset purchases (or quantitative easing) from the Bank of England was an appropriate measure. Unsurprisingly, those with mortgages were the most inclined to consider a cut in interest rates by the Bank of England to be appropriate, with lower interest rates advocated by one-in-five mortgage holders.

Corporate tax cuts were selected by 12% of respondents, though that rose to 25% for the highest income group.

Public sector workers were generally more inclined to consider more stimulus was needed, though the numbers were high for both sectors: 99% of public sectors thought more stimulus was required against 97% in the private sector. The main difference between the two sectors was the attitude towards government spending, with 26% of private sector workers indicating that the pace of government spending cuts should be reduced compared to 35% in the public sector.

By income, the wealthiest were the least inclined to consider further stimulus to be required, though just 3% thought the economy did not require further policy action. The wealthiest income bracket saw a far greater need for bank lending to be boosted than other income groups, though was also generally more in favour of all other key measures – notably consumer tax cuts and higher infrastructure spending – than less wealthy respondents.

By age group, the youngest (18-24) were the most unsure of how to revive the economy, with almost one-in-three not offering an option as to which would be the most effective policy. The proportion not offering a view dropped to just one-in-six in the oldest, 55-64, age bracket.

Commenting on the survey, Chris Williamson, Chief Economist at Markit noted:

"It is perhaps not surprising that households would favour consumer tax cuts as the most suitable means of stimulating faster growth in the economy. Lower taxes would clearly help ease the burden placed on their finances by high inflation and record low pay growth. Ongoing frustrations with the banks are also highlighted by the widespread perceived need for the government to do more to boost bank lending.

"A large number also think the government should do more to help the economy by either easing back its austerity drive, either by reducing the pace of planned government spending cuts or by increasing infrastructure spending. Almost one-in-three chose each option.

"Besides possibly helping to boost bank lending, the Bank of England is looking perhaps somewhat ineffective in terms of how it might be able to boost the economy. Just 8% consider more quantitative easing to be a suitable course of action and 15% think interest rates should be cut further. However, with the Bank's main policy rate at a record low of 0.5%, the scope for interest rate cuts and the impact of any cuts are clearly limited.

"Perhaps the main conclusion from the survey is that with just 2% of the 1,500 households polled considering the economy does not need a further helping hand, the economic recovery should clearly remain at the heart of the government's agenda."

Which, if any, of the following policies do you think the UK Government and/or the Bank of England should introduce to encourage faster economic growth? Respondents can choose more than one option

	No further stimulus needed	Consumer tax cuts	Corporate tax cuts	Reduce pace of planned government spending cuts	Higher infrastructure spending	More incentives or better schemes to boost bank lending	Bank of England to buy more assets	Bank of England to cut interest rates	None of these/other	Don't know
All	2%	45%	12%	29%	29%	33%	8%	15%	11%	18%
Male	2%	44%	13%	30%	37%	35%	9%	13%	12%	16%
Female	2%	47%	11%	29%	23%	32%	7%	17%	10%	21%
Employed in ….										
Private Sector	3%	47%	14%	26%	29%	36%	8%	14%	11%	16%
Government /Public Sector	1%	53%	13%	35%	33%	35%	6%	16%	10%	15%
Age …										
18-24	3%	35%	12%	21%	20%	24%	10%	14%	6%	31%
25-34	2%	46%	10%	25%	23%	30%	7%	16%	12%	19%
35-44	2%	50%	13%	31%	23%	35%	9%	20%	10%	16%
45-54	1%	45%	13%	35%	38%	35%	8%	12%	13%	16%
55-64	1%	49%	12%	33%	43%	40%	6%	11%	12%	14%
Income …										
<£15k	2%	33%	8%	30%	22%	21%	8%	12%	12%	23%
£15-23k	1%	50%	9%	28%	28%	31%	6%	16%	9%	18%
£23-34.5k	2%	46%	13%	29%	28%	30%	7%	17%	8%	15%
£34.5-57.750k	2%	40%	10%	26%	30%	34%	8%	14%	12%	15%
> £57.750k	3%	68%	25%	44%	54%	69%	11%	23%	15%	19%
Region …										
North East	1%	43%	9%	25%	32%	26%	4%	11%	12%	23%
North West	2%	50%	7%	37%	32%	34%	6%	15%	12%	15%
Yorkshire and Humberside	1%	42%	12%	32%	34%	35%	11%	18%	8%	21%
West Midlands	1%	40%	17%	35%	37%	38%	6%	14%	9%	12%
East Midlands	5%	44%	15%	21%	24%	27%	8%	12%	9%	21%
East of England	1%	54%	11%	29%	27%	35%	6%	17%	11%	20%
South West	2%	43%	13%	27%	25%	33%	10%	15%	15%	16%
South East	3%	44%	15%	26%	24%	34%	9%	17%	13%	19%
Greater London	2%	48%	15%	28%	32%	34%	11%	15%	11%	20%
Wales	0%	52%	3%	31%	27%	31%	4%	13%	10%	21%
Scotland	1%	41%	10%	34%	35%	33%	7%	12%	8%	20%
Household tenureship …										
Own outright	3%	46%	13%	28%	42%	39%	6%	7%	13%	13%
Mortgage	2%	49%	14%	30%	30%	38%	8%	21%	11%	18%
Rent from local authority/HA	0%	37%	6%	34%	19%	18%	7%	14%	11%	26%
Rent from private landlord	3%	47%	10%	33%	28%	32%	9%	14%	12%	15%

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Note to Editors:

About the survey

The survey is based on monthly responses from approximately 1,500 individuals in Great Britain, with data collected by Ipsos MORI from its panel of respondents aged 18-64. The survey sample is structured according to gender, region and age to ensure the survey results accurately reflect the true composition of the population. Results are also weighted to further improve representativeness.

Ipsos MORI technical details (June survey)
Ipsos MORI interviewed 1500 adults aged 18-64 across Great Britain from its online panel of respondents. Interviews were conducted online between 6th – 10th June 2013. A representative sample of adults was interviewed with quota controls set by gender, age and region and the resultant survey data weighted to the known GB profile of this audience by gender, age, region and household income. Ipsos MORI was responsible for the fieldwork and data collection only and not responsible for the analysis, reporting or interpretation of the survey results.

About Markit
Markit is a leading, global financial information services company with over 2,800 employees. The company provides independent data, valuations and trade processing across all asset classes in order to enhance transparency, reduce risk and improve operational efficiency. Its client base includes the most significant institutional participants in the financial market place. For more information please see www.markit.com