Attitudes to tax and spending: A briefing

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1 Introduction

Tracking attitudes to taxation and public spending has been a mainstay of the British Social Attitudes survey (BSA) since its creation in 1983. The BSA time-series data on whether people want tax and spending increased, maintained or reduced has become an important barometer of whether the public are satisfied with the fiscal settlement of the day.

While the process of negotiating Brexit has dominated British politics since June 2016, the question of whether the country’s purse strings should be loosened and taxes increased has been a leading topic of political debate since the 2008 recession and the introduction of the austerity programme.

The Government’s recent commitment to a substantial increase in NHS spending and an end to the 1% public sector pay increase cap have been interpreted by some commentators as signs that austerity may be nearing its end (e.g. The Week, 2018a). Chancellor Phillip Hammond has however been keen to stress that much of this additional spending will need to be met by higher taxation rather than increased borrowing (Hammond, 2018).

At the same time, though there has been some debate in Westminster over whether the Labour Party’s stance on public spending has changed significantly since John McDonnell replaced Ed Balls as Shadow Chancellor (Harrop, 2016; Jones, 2016), there is little doubt that Labour’s rhetoric in the lead-up to the 2017 election and beyond has centred on being ‘anti-austerity’.

This may suggest that both of the leading Westminster parties are moving towards a position that is supportive of increasing taxes to invest more in public services. Yet according to The Institute of Fiscal Studies, day to day public spending is projected to decrease in many areas until at least 2020 (Emmerson and Pope, 2017).

It is in this context that we examine where the public currently stand on taxation and spending, and whether attitudes have shifted over time.
2 Taxation and spending – the long term trend

Figure 1 Attitudes towards taxation and public spending, 1983-2017

Base: All respondents

During the years since the British Social Attitudes survey began tracking attitudes towards taxation and spending, public opinion on whether the government should increase, maintain or reduce levels of taxation and spending has varied considerably.

1 Percentages sum to less than 100% as, for simplicity, the chart does not show three other possible answers: “None”, “Don’t know” and “Refusal”. These categories account for 3%-6% of answers each year.
Between 1985 and 2006, more people thought that the government should increase levels of tax and government spending than keep them the same. The highest levels of support for this stance were observed between 1991 and 1998, when the proportion of those who thought tax and spending should increase remained above 60%. However, this proportion steadily decreased from 63% in 2002 to a record low of 31% in 2010 – around the time the Conservative/Liberal Democrat coalition government came into power. In 2010, 56% of people thought the government should keep tax and government spending at the same level – the highest proportion since the BSA began tracking this measure in 1983.

Between 2011 and 2014 the proportion of those who thought the government should increase tax and spending remained fairly consistent at between 34%-37%. However, both 2015 and 2017 saw large increases in the proportion of people thinking the government should tax more and spend more on health, education and social benefits.
3 Attitudes to tax and spending now

In 2017, 60% of respondents said that the government should tax more and spend more, the highest proportion since 2002. Thirty three percent said that tax and spending should remain at the same level as now and 4% said that taxes and spending should be reduced.

3.1 Political party support

Figure 2 Attitudes towards taxation and public spending, by political party affiliation

There were statistically significant differences between attitudes towards tax and spending by political party support. Unsurprisingly, a significantly higher proportion of Labour supporters said that they thought the government should increase tax and spending than Conservative supporters – 67% compared with 53%.
The recent overall rise in the proportion of those supporting an increase in tax and spending appears to mainly be driven by a rising level of support for this measure among Conservative voters. In 2015 only 35% of Conservative supporters said that tax and spending should increase, compared with 53% in 2017. The last time over half of Conservative voters thought the government should increase tax and spending was in 2002.
3.2 Age and other demographics

For many attitudinal questions, for example attitudes to immigration or same-sex relationships, we find that younger people tend to be more liberal than older age groups. However when it comes to attitudes to tax and spending (and for that matter wider economic questions of left / right) the relationship with age appears to be reversed.

In 2017, people aged 18-34 were significantly less likely to say that tax and spending should be increased compared with those aged 55-64. This trend appears to be maintained across time, with those aged 18-34 having been less likely to be in favour of increased tax and spending than those aged over 35 since 1994.
Unlike many other attitudinal questions, in 2017 there appeared to be no significant relationship between attitudes towards tax and spending and educational qualifications or socio-economic class.
4 Government spending

There were some clear preferences amongst respondents when asked what the government’s top spending priorities should be. The majority (53%) of respondents in 2017 said that health should be the government’s biggest spending priority. Education was the second most popular area of spending (26%), and housing third (7%).

Figure 6 First priority for extra government spending

*Base: all respondents*
5 Conclusion – what does this mean for British politics?

Perhaps it is not especially surprising to see a rise in the numbers of people who want an increase in tax and spending at a point when the UK is 8 years into a programme of austerity. Indeed, the Prime Minister herself has suggested through recent NHS investment and public sector pay announcements that higher taxation and spending may be a positive step.

The more interesting question may therefore be what this data means for the two main parties.

For the Conservatives these figures may raise concerns that the public is tiring of an austerity programme that has been a centrepiece of their time in office. While recent spending announcements may signal a softening of the austerity programme, there have also been calls amongst some Conservative MPs for a post-Brexit focus on lowering taxes (McCann, 2018). These figures suggest that advocates of tax cuts have some way to go to convince the public of their position, particularly if those tax cuts are associated with a lack of growth in health and education spending.

The Labour Party, with its promise to ‘end austerity’, may well be buoyed by the public’s position. Those within the party who adopt a glass half-full perspective may see an opportunity to win over the large numbers of people who want higher tax and spending but who currently support other political parties. However, there will doubtless also be questions over why the party performed so poorly amongst the over 65s at the 2017 election (polling 30% against 62% with those aged 18-34 (Curtice and Simpson 2018)) when nearly two thirds of this group share the party’s view that tax and spending must be increased. More generally, Labour politicians and supporters would do well to not to place too much weight on this one (albeit important) measure – the highest support BSA has ever recorded for increased tax and spending came at the end of 1991, just months before a three-term Conservative government unexpectedly beat a Labour opposition promising to raise taxes and spending.

What is clear from the data is that the public is increasingly supportive of raising taxes in order to invest more in public services. The question for the Conservatives is whether they are able to meet or neutralise this demand within a fiscal envelope they are comfortable with. For Labour the question is whether they are able to identify and overcome whatever additional barriers prevent those who align with them on tax and spending from supporting them electorally.
6 References


Appendix

Question wording

Below is the full wording for the questions used in this paper:

Suppose the government had to choose between the three options on this card. Which do you think it should choose?
1 Reduce taxes and spend less on health, education and social benefits
2 Keep taxes and spending on these services at the same level as now
3 Increase taxes and spend more on health, education and social benefits

Here are some items of government spending. Which of them, if any, would be your highest priority for extra spending? Please read through the whole list before deciding.
1 Education
2 Defence
3 Health
4 Housing
5 Public transport
6 Roads
7 Police and prisons
8 Social security benefits
9 Help for industry
10 Overseas aid

Sample sizes

Base sizes for Figure 1 are as follows:

Attitudes to taxation and spending on health, education and social benefits, 1983–2017

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Base sizes for Figure 2 are as follows:

Attitudes towards taxation and public spending, by political party affiliation

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Base sizes for Figure 3 are as follows:

Proportion who support increased taxation and public spending, by political party affiliation, 2015-2017

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Base sizes for Figure 4 are as follows:

Attitudes towards taxation and public spending, by age

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Base sizes for 2017 for Figure 5 are as follows (further information is available on request):

Proportion who support increased taxation and public spending, by age

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The spending priorities question (Figure 6) was asked of 984 respondents.
