

### COVID-19 and Public Support for Radical Policies

### **Leah Zamore and Ben Phillips June 2020**

A growing body of evidence shows that the COVID-19 crisis is significantly affecting people's priorities for the future. We have reported previously that, globally, the pandemic has shone a spotlight on societal inequities, with 64 percent of people agreeing that COVID-19 has convinced them that "something must be done to more fairly distribute our country's wealth and prosperity." In this briefing, we examine what kinds of policies—including those previously deemed "radical"—are now garnering widespread support. Overall, we find that people want governments to act boldly both in responding to the immediate economic crisis *and* in fundamentally transforming the social contract moving forward. In particular,

- There is very high support for redistributive programs which directly support vulnerable people, including through cash transfers and basic income.
- People want policies aimed at fundamentally transforming society. The pandemic has triggered an increase in support for social policies that go well beyond the immediate crisis. Tackling inequality and climate change are seen as urgent priorities. People favor strong universal public systems overall, and permanently.
- Large majorities support reducing corporate power and empowering workers and consumers. People want governments to empower workers through measures such as layoff bans, job guarantees, minimum wages, and collective bargaining. They strongly oppose allowing corporations and executives to profit from recovery, and support price controls and payment moratoriums. There is considerable support for nationalization of strategic companies and equity stakes in bailed-out firms.
- People want governments to forego austerity and tax the wealthy. They support governments spending "whatever it takes" and do not want fiscal worries to hamstring policymaking. Large majorities support higher taxes on the rich.
- **People are taking to the streets in favor of bold policies.** Protests from around the world demonstrate the strength of people's determination that governments adopt policies that combat inequality and expand social protection.
- Governments in many countries are starting to consider and enact bolder policies. Examples include wage subsidies and moratoria on debts and rent, conditions on corporate bailouts, and wealth or solidarity taxes.

#### The global discourse has swung towards favoring more radical policies.

An editorial in the *Financial Times*, published on April 3, stated that "[r]adical reforms—reversing the policy direction of the last four decades—will need to be put on the table. Governments will have to accept a more active role in the economy...redistribution will again be on the agenda...policies until recently considered eccentric, such as basic income and wealth taxes, will have to be in the mix."

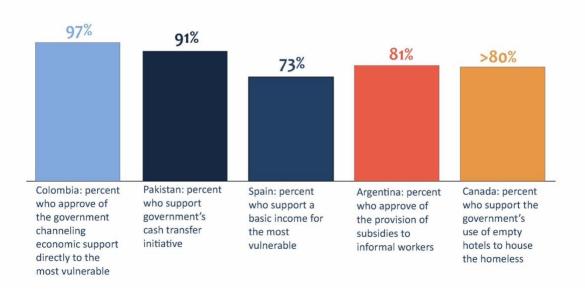
Searches on LexisNexis and ProQuest for the *Financial Times* and *The Economist* suggest at least some level of increased attention to radical policies. For instance, between the latter half of 2019 and the first half of 2020, *Financial Times* entries for "social contract" went from 76 to 128; "basic income" from 73 to 149; "wage subsidies" or "wage subsidy" from 0 to 101; and "job guarantee" or "jobs guarantee" from 12 to 27. Comparing the three-month period before 1 March 2020 to the one after, we further find references to "paid leave" increased from 19 to 84 and "degrowth" from 1 to 11. In addition to the editorial cited above, recent headlines have included "now is not the time to worry about the UK debt burden" and "the austerity threat". Similarly, in *The Economist*, there were no references to "jobs guarantee" during the second half of 2019, and 3 such entries during the first half of 2020. Entries for "wage subsidies" or "wage subsidy" increased from 2 to 7; "sick leave" from 0 to 15; and "unemployment insurance" from 5 to 16.

This shift in discourse in the financial media may both drive and reflect a much wider popular shift: with economies around the world in freefall, the global citizenry wants governments to adopt bold approaches to stave off economic hardship. Polls from a range of countries show that large majorities of the population believe their governments' responses have not been radical enough, for example in Argentina, the United States, and Ukraine.

# Programs that provide immediate support directly to vulnerable groups are extremely popular.

Far from being a "great equalizer", the coronavirus pandemic has imposed a massively disproportionate burden on impoverished and marginalized communities. Overwhelmingly, people support redistributive policies aimed at tackling that inequity (Figure 1), regardless of whether they themselves stand to benefit. For instance, 97 percent of Colombians approve of the government channeling economic support directly to the most vulnerable. 91 percent of Pakistanis support their government's cash transfer initiative (and just 4 percent think it is "bad") even though only 7 percent report actually receiving any assistance from the program. The social program that Kenyans find most useful is the one that gives cash directly to the poor. 73 percent of Spaniards support a basic income for the most vulnerable. 81 percent of Argentines approve of the provision of subsidies to informal workers. More than 80 percent of Canadians want the government to use empty hotels to house the homeless. Bangladeshis express concern that COVID-19 response measures cannot succeed if the poor cannot afford to eat. Looking after the most vulnerable is the top priority of both Britons and Germans.

Figure 1: Support for immediate assistance to the most vulnerable



### There is widespread support for policies aimed at systemic change, especially those that address inequality and the climate crisis.

People do not want governments to simply restore the socioeconomic status quo ante. For instance, almost 60 percent of Japanese want to see a fundamental change in how the economy works, versus just 25 percent who want to see the economy return to how it was before the pandemic. Moreover, large majorities around the world want to see progress against two deep-rooted problems: inequality and climate change.

Canadians want a post-pandemic economy that is fairer and in which those who have the most contribute the most. After health, Chileans identify tackling inequality and strengthening social security as their two main priorities for state action. Rising poverty and social inequality is a top concern for Jordanians. Among Americans, 62 percent want the government to address both immediate economic needs and underlying problems like poverty and inequality, while just 38 percent say that long-term problems should be left for another time.

Global polls indicate widespread support for recoveries that prioritize climate change (65 percent), with majorities believing climate change is as serious as COVID-19 (71 percent) and indicating they would be put off voting for a party without serious climate policies (57 percent). Three in four people in 16 countries expect their government to prioritize environmental protection. In several countries, including India, Mexico, and China, as well as Brazil and South Africa, support for a green economic recovery is at 80 percent or higher. Meanwhile, two-thirds of Britons believe climate change is as serious a crisis as the

coronavirus and a majority want climate to be prioritized in the economic recovery. From <u>Malaysia to Turkey to Saudi Arabia</u>, people want their government to provide aid only to businesses that have taken demonstrable measures to significantly reduce their carbon emissions and environmental impact.

### The pandemic has triggered an increase in support for expansive social policies that go well beyond the immediate crisis.

In 2016, 66 percent of Europeans backed a universal basic income (UBI). Today, 71 percent of Europeans do. Similarly in 2018, 40 percent of Americans supported a universal basic income, which increased to 43 percent in 2019. Today, 79 percent of Americans support a universal monthly cash payment. Majorities in other countries, including the UK and Japan, also favor a UBI. Meanwhile, support among Americans for free tuition at public colleges and universities has increased from 53 percent in 2019 to 60 percent today. Almost 70 percent of Americans now support the creation of a universal child care system to guarantee high-quality, affordable child care for all families.

## Public opinion in some countries is shifting to be more inclusive of migrants and refugees.

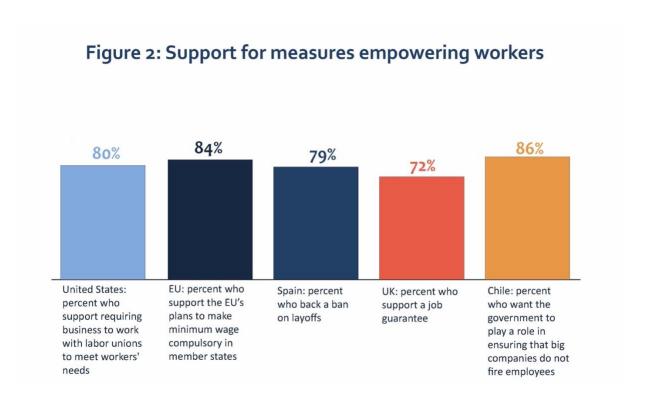
The proportion of Americans who believe that anyone who receives government services should be required first to prove their legal status has declined sharply, from 81 percent in 2016 to 58 percent today. Almost 80 percent of Britons support reuniting refugee children with their parents, while only 7 percent oppose family reunification.

### People not only want COVID-19-related medical care to be free, they want strong, universal public health systems that are permanent.

A clear majority of Chileans want the government to ensure that medical testing is free for all. 57 percent of Spanish respondents strongly agree and 26 percent agree that private hospitals should treat people with COVID-19 symptoms free of charge; fewer than 4 percent disagree. 88 percent of Americans want the government to make sure that any coronavirus vaccine or treatment created with government funds is owned by the government and available to anyone who needs it at little or no cost. Britons strongly oppose efforts to privatize the medical response; support for the National Health Service, at 89 percent, is higher than any other institution or person. Meanwhile, 86 percent of Spaniards believe the government should spend more on public health generally. More than 70 percent of Canadians think universal public pharmacare is extremely or very important. Argentines overwhelmingly favor having the state guarantee the supply of essential medical goods and services. Three-quarters of Americans agree that the United States should adopt universal healthcare, and 70 percent of Americans support expanding the government's single-payer program, Medicare, to include all Americans. Net support for single-payer healthcare among Americans has increased from 11 to 20 points since before the pandemic.

#### People want governments to empower workers.

There is widespread support for policies that empower workers vis-à-vis employers (Figure 2). The share of Americans who believe that workers and everyday people are essential to a strong economy— over and above a free market and limited regulation—has increased by a net 12 points since May 2019. Considerably more Americans want the government to directly fund payroll support for workers than want the government to provide funding to banks so that they can give loans to businesses (48 percent versus 25 percent). 80 percent of Americans now support requiring businesses to work with labor unions to reach agreements about how businesses should change to meet workers' needs, and 79 percent want to give essential workers a way to bargain with their employers for more safety equipment, sick leave, and hazard pay. Meanwhile, 84 percent of Europeans (including Britons) support the EU's plans to make minimum wage compulsory in member states. 79 percent of Spaniards back a ban on layoffs. 72 percent of the UK public supports a job guarantee, versus 6 percent opposed. The Chilean public wants the government to play a role in ensuring that big companies do not fire employees (86 percent support).



### People want strong measures in place to prevent corporations and other asset-owners from profiting from the crisis

As we have <u>covered previously</u>, global polling suggests that <u>trust in CEOs has not been high</u> during COVID-19. Four out of ten <u>Argentines</u> evaluate the role of business during COVID-19 negatively, and this negative opinion is stronger toward multinational companies. 75 percent of <u>Chileans</u> disapprove of the government bailing out big companies to avoid bankruptcy, while 22 percent approve. More than 80 percent of <u>Canadians</u> want the government to prohibit companies that receive government assistance

from using tax havens or using the money for excessive salaries, share buybacks, or increased dividends. The vast majority (80 percent) of Australians want the government to ban firms from issuing bonuses and dividend payments until all workers have been repaid their losses. 70 percent of the French support measures that reduce the influence of finance and shareholders on companies. Americans overwhelmingly support requiring corporations to limit executive pay and bonuses for companies receiving stimulus money (89 percent), refrain from buying back their own stock for a period of time (85 percent), publicly disclose that they received stimulus benefits (84 percent), and refrain from paying shareholder dividends for a period of time (79 percent). 87 percent also favor conditioning corporate bailout money on reduced consumer prices and special accommodations for customers, such as payment moratoriums.

The same dynamics apply to other channels of profit from the crisis. 67 percent of the Chilean public wants the government to prohibit companies from raising food prices. From Thailand to Spain, there is overwhelming support for measures such as price controls, suspension of water, electricity, and energy bills, and moratoriums on debt payments. Most Britons favor rent controls, while the vast majority of Americans want the government to ban foreclosures and evictions.

#### Large majorities support higher taxes on the rich.

Two-thirds of Americans support raising taxes significantly on the top one percent of Americans. A majority of the UK public supports a windfall tax on companies that have thrived during the pandemic, and 61 percent approve of a wealth tax on people with assets over 750,000 pounds. Just 13 percent oppose the idea of a windfall tax. Three-quarters of Canadians want the government to implement a wealth tax on the country's richest people. A majority of Germans strongly favor a wealth tax to pay for the economic recovery, while another 30 percent think it is partly sensible. 81 percent of Argentines highly support or support an exceptional tax on big fortunes, while less than 14 percent oppose such a measure. 67 percent of Spanish people believe wealthy individuals and big companies should pay more in taxes.

### In some countries, there is considerable support for nationalization of strategic companies and equity stakes in bailed-out firms.

52 percent of the Spanish public believe certain strategic companies should be nationalized, while 19 percent oppose such a measure. Nationalization of transport, energy, and water sectors commands 68 percent support among the French; 60 percent want to see the pharmaceutical industry nationalized. 66 percent of Canadians believe long-term care should be nationalized. 82 percent of Argentines believe the government should take over production and distribution of key goods to stop speculation. 62 percent of Australians want to see the government take a stake in firms it bails out. More Americans support nationalizing bailed-out airline companies than oppose such a measure (39 versus 35 percent).

#### People do not want fiscal worries to hamstring policymaking.

Seven in ten Americans want the government to do "whatever it takes" to provide needed assistance and do not want the government to focus on debt. Indeed, Americans are far more concerned that government will not do enough to help regular people than they are about it spending too much money. Similarly, 84 percent of Canadians (including 64 percent of Conservatives) want the government to run whatever deficit the prime minister deems necessary. By a 2-1 margin, Canadians want their government to spend "whatever is required" to rebuild the economy. Meanwhile, Germans support the unrestricted deployment of the European Stability Mechanism by a margin of 53 to 23 percent, and far more Germans want to see EU limits on countries' spending lifted than oppose such a measure (41 versus 23 percent). In South America, 67 percent of Chileans support the government taking on debt to respond to the coronavirus, while 82 percent of Argentines want the government to stop repaying the national debt.

## Protests are a signal of public determination that governments should adopt policies to combat inequality and expand social protection.

Across the world, people have taken to the streets to protest unsafe or exploitative working conditions and to advocate for fair and equitable economic policies. Unions in Indonesia came together to successfully block passage of a bill that would have abolished the monthly minimum wage, reduced severance pay, and increased labor flexibility. In Pakistan, garment workers have organized around unpaid salaries and forced layoffs as well as to demand better conditions and wages from fast-fashion multinationals. Similarly, hundreds of Cambodian factory and construction workers have recently staged protests to demand unpaid wages. Postal unions in Bangladesh are calling for greater protections. Medical staff in India and doctors and nurses in Mexico have protested against their working conditions, including lack of sick leave and personal protection equipment. American warehouse workers, grocery store clerks, and food delivery workers have staged sick-out strikes to protest exploitative and unsafe working conditions. In the United States and around the world, Black Lives Matter protests against police brutality and systemic racism have also demanded action to tackle social and economic inequalities. Lebanese and Iraqi citizens have taken to the streets to protest corruption and economic hardship. In African countries, the three most common motives for non-violent protests during COVID-19 are to demand for better protection for health workers; to call attention to economic and food insecurity effects; and to demand greater government support to mitigate those effects.

### Governments have started to respond to popular demands, but the public expects more.

A large number of governments have now enacted social protection policies that would previously have seemed radical: dozens are providing <u>wage subsidies</u>, and even higher numbers are providing <u>relief from payment of rent, debt, or utility bills</u>.

We are also now starting to see longer-term measures enacted. For example, a growing number of countries are banning firms that receive government bailouts from using tax havens. Thus far, Argentina, Belgium, Canada, Denmark, France, Poland, Scotland, and Wales have announced measures to exclude companies linked to offshore tax havens (including through shareholders or subsidiaries) from taxpayer-funded pandemic relief funds.

Forms of solidarity taxes on more affluent households and companies are also starting to be implemented. In Ecuador, the government has announced that all companies that generate over \$1 million in income must contribute 5 percent of profits in three monthly payments to a newly-created National Humanitarian Emergency Fund. Peru's president has proposed a "solidarity tax" to mitigate the economic effects of the pandemic. The tax would impose temporary levies on Peruvians who earn more than \$3,000 per month. These are just a few examples. Given the high level of public support for redistributive and social protection policies around the world, it is likely that other countries will follow suit.

The center of gravity in public discourse has shifted. As the world faces the ongoing pandemic and its cascading social, economic, and cultural effects, policies that only months ago were seen as politically farfetched now look like just the starting point. Policymakers will need to catch up—and fast.