LEGATUM INSTITUTE



OCTOBER 2017

Public opinion in the post-Brexit era:

Economic attitudes in modern Britain

by **Matthew Elliott** and **James Kanagasooriam**

www.li.com
www.prosperity.com

PROMOTING POLICIES THAT LIFT PEOPLE FROM POVERTY TO PROSPERITY

ABOUT THE LEGATUM INSTITUTE

The word 'legatum' means 'legacy'. At the Legatum Institute, we are focused on tackling the major challenges of our generation—and seizing the major opportunities—to ensure the legacy we pass on to the next generation is one of increasing prosperity and human flourishing. We are an international think tank based in London and a registered UK charity. Our work focuses on understanding, measuring, and explaining the journey from poverty to prosperity for individuals, communities, and nations. Our annual *Legatum Prosperity Index* uses this broad definition of prosperity to measure and track the performance of 149 countries of the world across multiple categories including health, education, the economy, social capital, and more.

Cover image: Demonstrators protesting about Government austerity cuts. 1 July 2017, London

© Thabo Jaiyesimi / Shutterstock.com

The Legatum Institute would like to thank both the Legatum Foundation and the Atlas Economic Research Foundation for their sponsorship and for making this report possible.

Learn more about the Legatum Foundation at www.legatum.org.

The Legatum Institute is the working name of the Legatum Institute Foundation, a registered charity (number 1140719), and a company limited by guarantee and incorporated in England and Wales (company number 7430903)

CONTENTS

1. Foreword 2

2. Background 5

3. The poll findings 8

4. Segmenting the UK population 34

5. MaxDiff—what is most important to us? 55

6. Plotting the population 67

7. Business and political consequences 76

About the authors 78

LEGATUM INSTITUTE

1. FOREWORD

by **Matthew Elliott**,
Senior Fellow,
Legatum Institute

1st October 2017

During the General Election earlier this year, as most people were predicting an increased majority for the Conservative Party, I had a useful reality check up to half a dozen times every day. An email, WhatsApp or Facebook message would pop up, all suggesting that the Labour Party were set to do better than expected. All the messages came from my friend Mark Bathgate, a senior political analyst at BlueBay Asset Management, who was convinced that the UK was in line for a hung parliament. He would send me Momentum videos with thousands of views, polls suggesting widespread support for nationalisation and charts demonstrating that election news in the *Independent* had far more social media engagement than any other media outlet, including the BBC. So the result on Thursday 8th June was a shock, but not a complete surprise. I had in all those messages the beginnings of an explanation.

Following the election, Philippa Stroud, the Chief Executive of the Legatum Institute, asked me to conduct a comprehensive landscape poll on the state of public opinion in the UK. The Institute has a global focus—I have written publications on Dutch, French and German politics this year—but we obviously needed to understand the electoral upset which had just happened right on our doorstep. Our mission is to identify and create the pathways from poverty to prosperity and we believe that competition, entrepreneurship and free trade are key drivers for this, so do the British public agree with us? Proposing policy solutions without understanding the perspective of the electorate is like a doctor providing a diagnosis without seeing a patient.

To conduct the poll and to help interpret the results, I approached James Kanagasooriam, the Head of Analytics at Populus. James and his team led the voter targeting and data analytics for Ruth Davidson's Scottish Conservatives. Their work proved hugely effective both during the 2017 General Election campaign and the 2016 Holyrood elections. What impressed me was the way in which they carried out a detailed data strategy that glued together all the different components of a multi-year political campaign. Although the political dynamics were very different in Scotland compared to the rest of the UK, the extent of the Scottish Conservative surge was unexpected, except by those helping to execute it. James and his colleagues at Populus picked up on certain political dynamics in Scotland that others didn't see coming, so I saw them as being the ideal people with whom to partner.

There are a number of people who James and I would like to thank for their assistance with this report. Will Clothier, a Senior Research Executive in Populus' Reputation and Strategy team, helped with the drafting and writing. He graduated three years ago from Durham University with a first class degree and holds the Market Research Society Advanced Certificate with a double merit. A number of my colleagues here at the Legatum Institute also took the time to provide detailed feedback, especially Stephen Brien and Danny Kruger. Jonathan Isaby gave up a Sunday afternoon to proof-read the report and Kay Webb was very patient designing an especially chart-heavy report, even by my standards.



I have been a strong supporter of free enterprise ever since I was taught A Level economics at Leeds Grammar School by Terry Elsworth, who used the Milton Friedman's Free to Choose as our textbook (amongst other publications). I then joined the LSE Hayek Society—named after the classical liberal economist and Nobel Prize winner, Friedrich Hayek—on my first day at the London School of Economics, enrolled by the then President of the society, now Editor of the *Sunday Telegraph*, Allister Heath. And in my early twenties, I founded the TaxPayers' Alliance, to represent taxpayers and make the case for lower taxes and less wasteful spending. So I come at this report with an agenda: I believe that free enterprise policies are a key driver of prosperity.

Sadly though, it appears that a large proportion of British voters do not share this view, as illustrated by Transport for London's decision to suspend Uber's right to operate and Shadow Chancellor John McDonnell's wide-ranging plans for nationalisation. This report, however, is written up straight. The results are shown unadulterated and the purpose of the research is to show where we are today, not where we wished people were. Neither do we seek to explain how we have ended up where we are. That is another report entirely.

Above: Mark Bathgate (left) with Matthew Elliott at a Legatum Institute Foundation event

It is easy for campaign groups and think-tanks to indulge in comfort polling, producing evidence to show how popular their ideas are in an attempt to persuade policy makers to adopt their policies. But real change requires proper understanding of the true state of public opinion, no matter how uncomfortable the findings are.

This report is the beginning of a new phase of work for me here at the Legatum Institute. The nature of the Dutch, French and German elections this year meant that I have focused more attention to right-wing populists: Geert Wilders, Marine Le Pen and the Alternative für Deutschland. For the next phase of my work, I will be looking more closely at left-wing populists; not just Jeremy Corbyn's Labour Party, but also Bernie Sanders in the US, the GreenLeft in the Netherlands, Jean-Luc Mélenchon in France and The Left in Germany. Having witnessed the growing popularity of left-wing populist ideas, we intend to explore the reasons for these attitudes and identify what can be done by all of us—campaigners, think-tankers, opinion-formers and politicians—to explain our case more effectively.

For advocates of free enterprise, the findings of this report might make for concerning reading. But any successful campaign—as I know from both the AV referendum in 2011 and the EU referendum in 2016—begins with solid research. I hope you find it useful, and I would be grateful for any feedback you might have.

2. BACKGROUND

In the 1990s, Western democracies emerged from the Cold War with a renewed sense of political direction. The collapse of the Soviet Union, the end of the Thatcher-Reagan era, and the presumed victory of socially-considerate, market-friendly economics ostensibly spelled the end for socialist state ownership. A new 'centrist consensus' was born.

Bill Clinton, guided by the New Democrat philosophy, left office as one of the most popular US Presidents of the post-war era.[1] In the UK, Tony Blair swept to power in a landslide and stayed there for a decade under the New Labour banner. In Germany, Gerhard Schröder ended 16 years of Christian Democrat rule by Helmut Kohl with the promise of a 'New Middle' in German politics. The 'Third Way' had seemingly become the only way to win elections.

Recent political events—and dramatic shifts in public opinion—have shattered this centrist consensus. Donald Trump's populist campaign galvanised vast swathes of America to defeat Hillary Clinton, the heir apparent of American centrism. At home, UKIP surged in the polls, and its leader Nigel Farage was instrumental in extracting the pledge of a referendum on Britain's EU membership from David Cameron. On the left, Jeremy Corbyn shocked the political establishment by increasing Labour's voteshare on an outright populist manifesto, while Bernie Sanders' democratic socialist campaign for the Democratic Party nomination would have been unthinkable in the 1990s.

Elsewhere, Syriza and Podemos changed the political dynamic in Greece and Spain. Meanwhile, in Scandinavia, populist parties have broken through, with the nationalist Finns Party joining the government coalition for the first time and the 'direct democracy' Icelandic Pirate Party outperforming the centre-left Social Democrats in the 2016 parliamentary election. 2017 has seen Geert Wilders in the Netherlands and Marine Le Pen in France finish second in their election campaigns, with both recently governing centre-left, social democratic parties all but wiped out with only six per cent of the vote each.[2]

The 'Overton window'—the range of ideas that the public will accept and which a politician can therefore voice—has shifted. Brexit was considered inconceivable only a decade ago. So too was the prospect of a Labour leader advancing in the polls by advocating the nationalisation of railways, water and energy. And the notion of Nazi supporters demonstrating in the US with only an equivocal condemnation from the sitting president was unimaginable. Some contend that all of this can be traced back to the catastrophic financial crash of 2007-08, but arguably its roots are deeper.

The purpose of this report is not so much to examine the complicated shift in social attitudes—for example, on ethnicity or same-sex marriage—but rather attitudes towards capitalism and free markets.

1 Presidential Job Approval Centre, Gallup. Retrieved 7 September 2017. http://www.gallup.com/interactives/185273/presidential-job-approval-center.aspx

2 For more on the role of populism in the French and Dutch elections, see the following papers published by the Legatum Institute:
A brief guide to the Dutch election: Will the rise of populism continue into 2017?, Matthew Elliott. Published March 2017 by the Legatum Institute.
http://www.li.com/activities/publications/a-brief-guide-to-the-dutch-election-will-the-rise-of-populism-continue-into-2017
A brief guide to the French election: Populism across the spectrum—left, right and centre, Matthew Elliott. Published April 2017 by the Legatum Institute.
http://www.li.com/activities/publications/a-brief-guide-to-the-french-election-populism-across-the-spectrum-left-right-and-centre

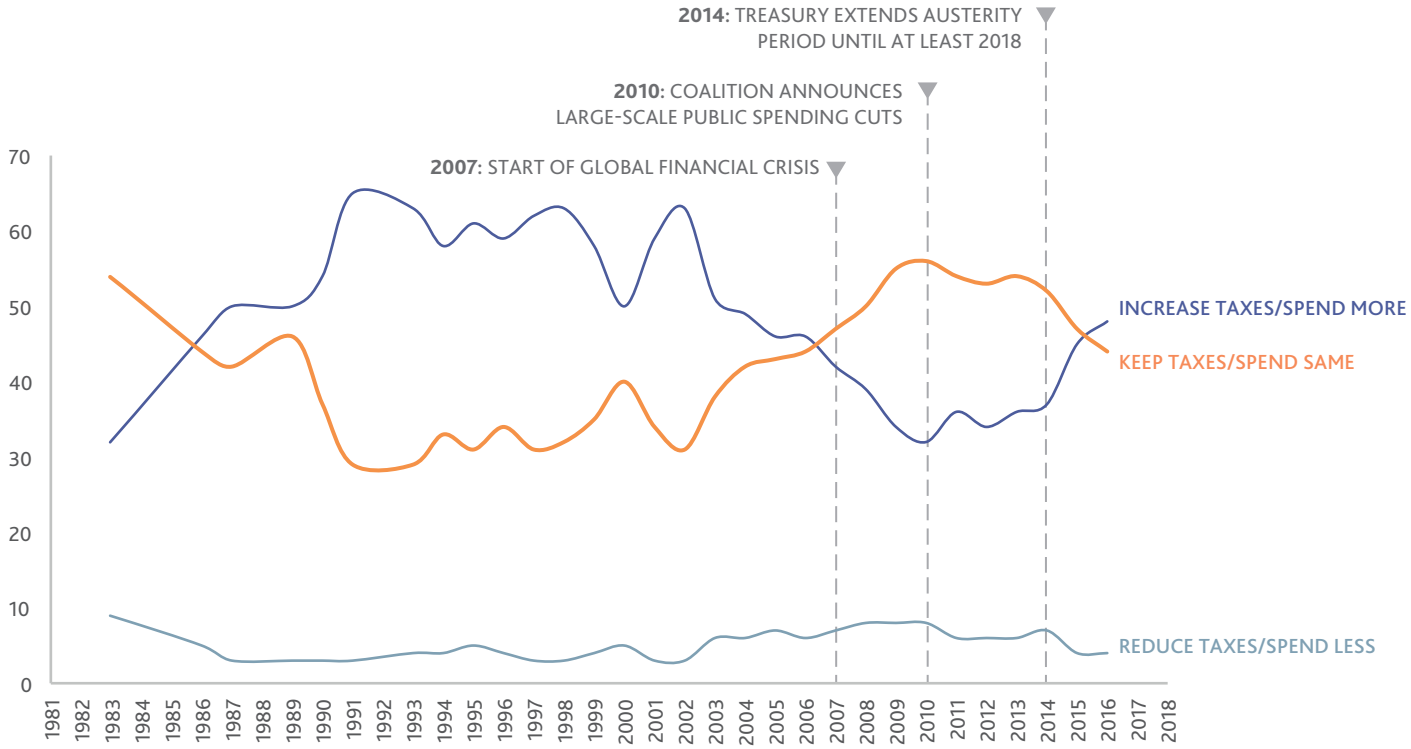


Figure 2a: Public attitudes towards tax and spending, 1983-2016 (British Social Attitudes 34)

In the following pages, we explore public attitudes towards:

- Political 'isms', including capitalism, conservatism and socialism
- Public vs private ownership
- Free markets vs state regulation
- Businesses and profit
- Social issues and crime

In addition, we look at how the population segments along these attitudes. Finally, we look at what is important to people, and how it varies by attitudinal segment.

And finally, we conclude with some observations of the political consequences of these findings.

We discuss the decline in support for free markets in the developed world rather than the developing world: the number of people in absolute poverty has fallen by about 1 billion since 1981, according to the World Bank, and the story is very different in places where this rapid progress has been felt. Research has shown that in these developing countries, there is less opposition to free markets.

In the UK, the rising prominence of populist discourse cannot be ignored. NatCen's annual British Social Attitudes survey has shown that for the first time in a decade, more people want tax and spending to be increased than those who want it to stay the same (Figure 2a).[3]

This research aims to take a reading of underlying public attitudes towards the economy in the post-Brexit era. For advocates of free-market economics, the findings of this report might make for concerning reading.

3 British Social Attitudes 34, Key Findings. NatCen. Retrieved 7 September 2017. http://www.bsa.natcen.ac.uk/latest-report/british-social-attitudes-34/key-findings/a-backlash-against-austerity.aspx

3. THE POLL FINDINGS

Populus and the Legatum Institute have conducted a wide-ranging poll to explore the UK public's shifting attitudes towards enterprise, regulation, business, banks, nationalisation, capitalism and socialism, to examine the contention that free-market capitalism is in crisis.[4]

It is tempting for think tanks to conduct comfort polling that confirms a story they want to tell, but this piece of research is designed to give an accurate and realistic portrayal of public attitudes today. For some, it might make for uncomfortable reading, but this research is necessary to understand the appeal of populist ideas in modern society.

The results are striking.

We find that on almost every issue, the public tends to favour non-free market ideals rather than those of the free market. Instead of an unregulated economy, the public favours regulation. Instead of companies striving for profit above all else, they want businesses to make less profit and be more socially responsible. Instead of privatised water, electricity, gas and railway sectors, they want public ownership. They favour CEO wage caps, workers at senior executive and board level and for government to reign in big business. They want zero hours contracts to be abolished.

The capitalism 'brand' is in crisis. It is seen as greedy, selfish and corrupt. The public's instinctive associations with capitalism compare unfavourably to the public's associations with liberalism, socialism and patriotism. Indeed, many of those negative associations with capitalism recur, albeit to a lesser extent, in the public's associations with conservatism. In our poll, the notion that we live in a time of 'responsible' capitalism finds little credence among the public.

Here we explore these findings and their political implications.

3.1 BRAND ASSOCIATIONS OF THE 'ISMS'

We wanted to discover the public's attitudes towards six major political 'isms': capitalism, socialism, liberalism, communism, patriotism and conservatism. To do so, we asked respondents to associate with each of the six isms up to three traits from a list of positive (e.g. practical, fair, tolerant and innovative) and negative (e.g. selfish, divisive and corrupt) words.[5] We find that positive traits are more associated with liberalism and socialism, whereas negative traits are more associated with capitalism and conservatism.

Capitalism is consistently described in negative terms (Figure 3.1a). More than 4 in 10 (42%) choose 'greedy' as one of their top 3 associations, while a third select 'selfish' (33%) and even 'corrupt' (32%). Only 8% select 'delivers most for most people' (vs 17% for socialism) and only 7% 'for the greater good' (vs 16% for socialism). As we show later, it is not just the term 'capitalism' that

4 Populus conducted an online poll of 2,004 members of the public between 4 and 6 August 2017. The results were weighted to be nationally representative of the population as a whole. Populus is a member of the British Polling Council and abides by its rules. Where respondents were asked to indicate the extent to which they agreed more with one statement over another, the order in which the statements were shown was randomised to remove bias. Some question wordings have been shortened for readability; for the full wording, please consult the full data tables. Further information at populus.co.uk

5 Full list of words: appeals to the head, appeals to the heart, attractive, constraining, corrupt, dangerous, delivers most for most people, disruptive, divisive, fair, for the greater good, forward-looking, generous, greedy, inclusive, innovative, inspiring, liberating, naïve, nostalgic, practical, principled, satisfying, selfish, sustainable, tolerant.

Figure 3.1a: Top associations with capitalism

Figure 3.1b: Top associations with capitalism: 18-34s



Figure 3.1c: Top associations with capitalism: 35+

LEGATUM INSTITUTE

Figure 3.1d: Top associations with capitalism: Labour voters at the 2017 General Election



Figure 3.1e: Top associations with capitalism: Conservative voters at the 2017 General Election



causes antipathy, but also the policies behind it. Taken together, the public's top associations with capitalism resemble the kind of 'brand personality' one would expect from an organisation in acute reputational crisis.

It is not only young people who view capitalism this way. In fact, those aged 35 and older are more—not less—likely to label capitalism 'greedy' and 'corrupt' (Figure 3.1c vs Figure 3.1b). Capitalism's reputational problem spans generations.

What is perhaps most interesting—and politically relevant—is that these top associations do not change between Labour and Conservative voters at the 2017 General Election. While Conservative voters (Figure 3.1e) are more positive about capitalism than Labour voters (Figure 3d), they still associate it with greed, selfishness and corruption more than anything else.

Contrast this directly with socialism. It too attracts its fair share of negative associations—a fifth of Brits (20%) describe it as naïve and 16% as divisive (Figure 3.1f). Yet overall, public sentiment towards socialism is far more diverse and far less dominated by negative connotations. 17% most associate it with 'delivering most for most people', 16% with being 'fair', and 16% with the notion that it is 'for the greater good'. Fewer people associate the word 'dangerous' with socialism than with capitalism (15% vs 18%).

Communism takes as much flak as capitalism. It is viewed as 'dangerous' (by 41%), 'corrupt' (36%), and 'constraining' (27%) (Figure 3.1g). Interestingly, the proportion of the public who most associate communism with the word 'corrupt' (36%) is only 4% higher than the proportion who say the same of capitalism (32%).

The 'conservatism' brand is tainted by many of the same negative associations that capitalism attracts. The public most commonly view it as 'selfish' and 'greedy' and 'corrupt' (Figure 3.1h). This is balanced, however, by similar proportions who view it as 'principled' and 'practical', unlike capitalism. It is also significantly more likely than capitalism to be viewed as 'delivering most for most people' and 'forward-looking'.

Reactions to liberalism are more positive. While 22% consider it naïve, its other most common associations are 'liberating', 'tolerant', 'fair', 'inclusive', and 'appeals to the heart' (Figure 3.1i).

Patriotism 'appeals to the heart' and is 'principled' and 'inspiring', but is also viewed as 'nostalgic', 'divisive' and 'dangerous' (Figure 3.1j).

Figure 3.1f: Top associations with socialism



Figure 3.1g: Top associations with communism



Figures 3.1h: Top associations with conservatism



Figure 3.1i:
Top associations with liberalism



Figure 3.1j:
Top associations with patriotism



Table 3.1k shows the traits that each ism 'owns' the most—those with which it is associated more frequently than the other ideologies. Capitalism 'owns' being innovative, greedy and selfish, while conservatism comes top for being practical and appealing to the head:

Table 3.1k: The words most commonly associated with each *ism*

CAPITALISM	SOCIALISM	COMMUNISM	CONSERVATISM	LIBERALISM	PATRIOTISM
Innovative	Delivers most for most people	Corrupt	Practical	Liberating	Attractive
Greedy	For the greater good	Dangerous	Appeals to the head	Inclusive	Inspiring
Selfish	Fair	Divisive	Principled	Tolerant	Satisfying
		Disruptive	Forward-looking	Generous	Appeals to the heart
		Constraining	Sustainable		Nostalgic
		Naive			

Across all six political ideologies tested here, the public were most likely to select the words 'corrupt', 'dangerous' and 'selfish', which perhaps neatly sums up their view of political ideologies in general.

3.2 THE PUBLIC SECTOR VS THE PRIVATE SECTOR

We wanted to assess the public's appetite for nationalisation across a range of industries. To do so, we simply asked the public say whether they believed that each industry should be in the hands of the public sector or the private sector. We found that for key utilities, public support for nationalisation is overwhelming (Figure 3.2a).

More than three quarters of the public say that water, electricity, gas and railways should be in the hands of the public sector. According to the public, food distribution and retailing, mobile phone networks and airlines should all remain privatised.

Jeremy Corbyn's pledge to nationalise railways has broad appeal across age groups and even among Conservative voters (Figure 3.2b). This pattern is replicated for water, gas and electricity.

The public are split 50:50 on whether banks—which for many are a symbol of their mistrust of capitalism—should be taken into public control (Figure 3.2c). Whereas support for public ownership of water, electricity and gas is fairly consistent across age groups (Figures 3d-f), there is a more pronounced generational division on financial sector nationalisation.

A slim majority of younger people, who have arguably been most affected by the 2008 financial crisis, favour public ownership of banks, while those aged 65 or over are more likely to favour private ownership (Figure 3.2c).

Figure 3.2a:
The British public's support for nationalisation

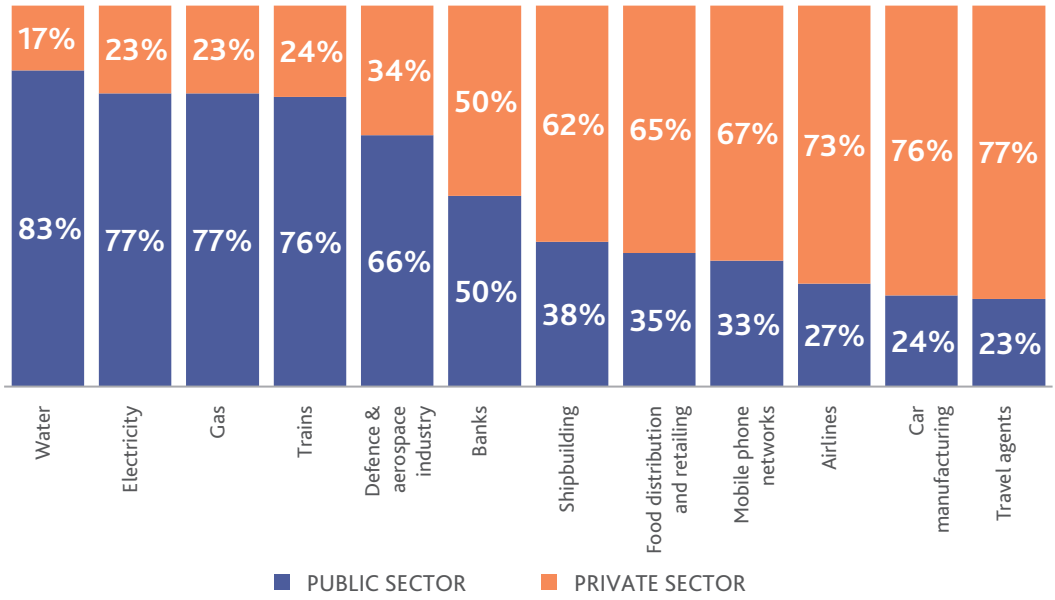


Figure 3.2b:
Public support for nationalising trains

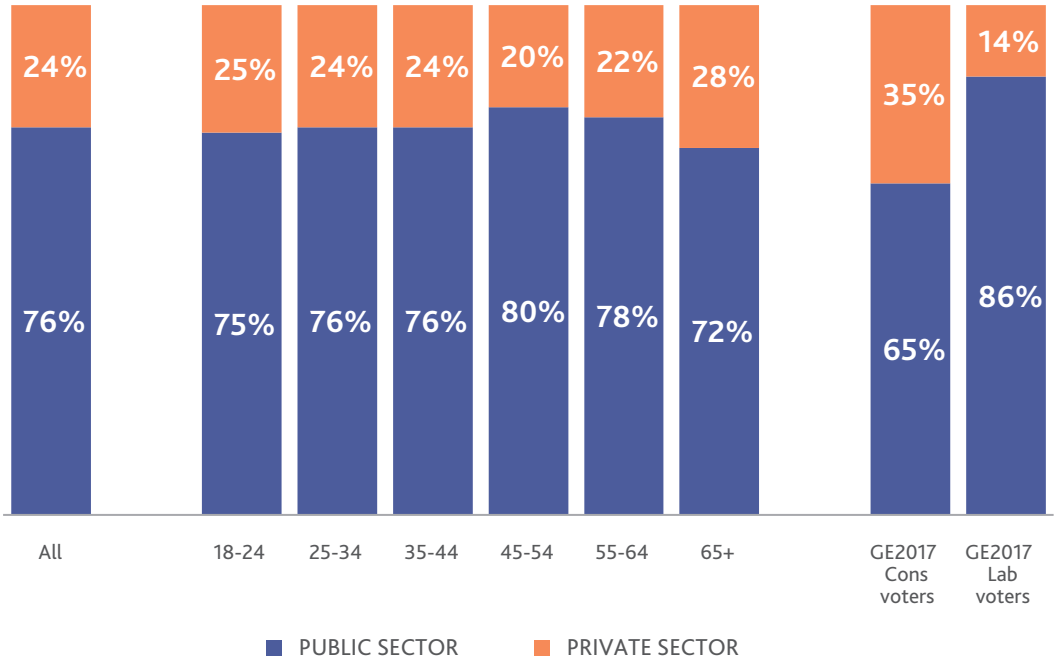


Figure 3.2c: Public support for nationalising banks

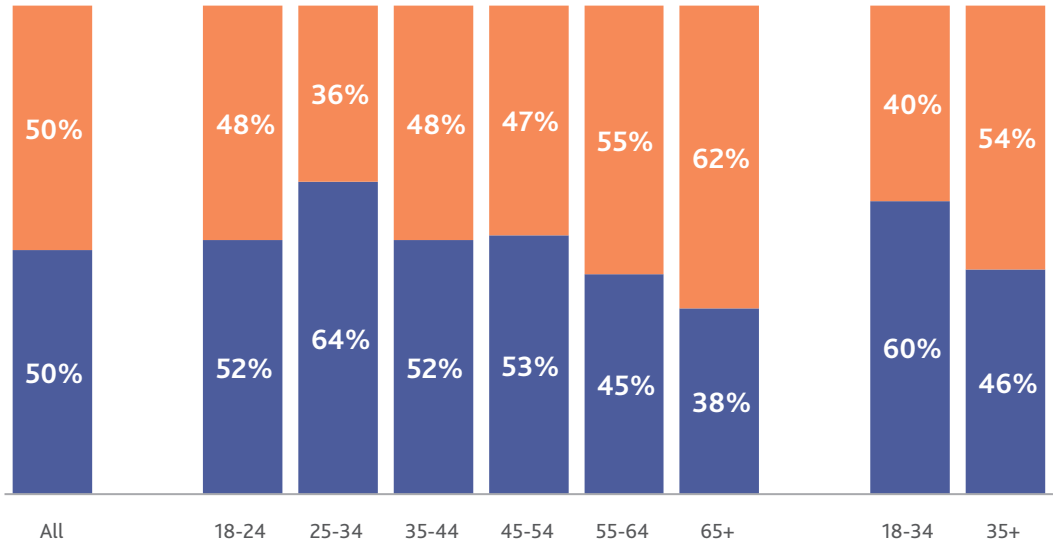


Figure 3.2d: Public support for nationalising water

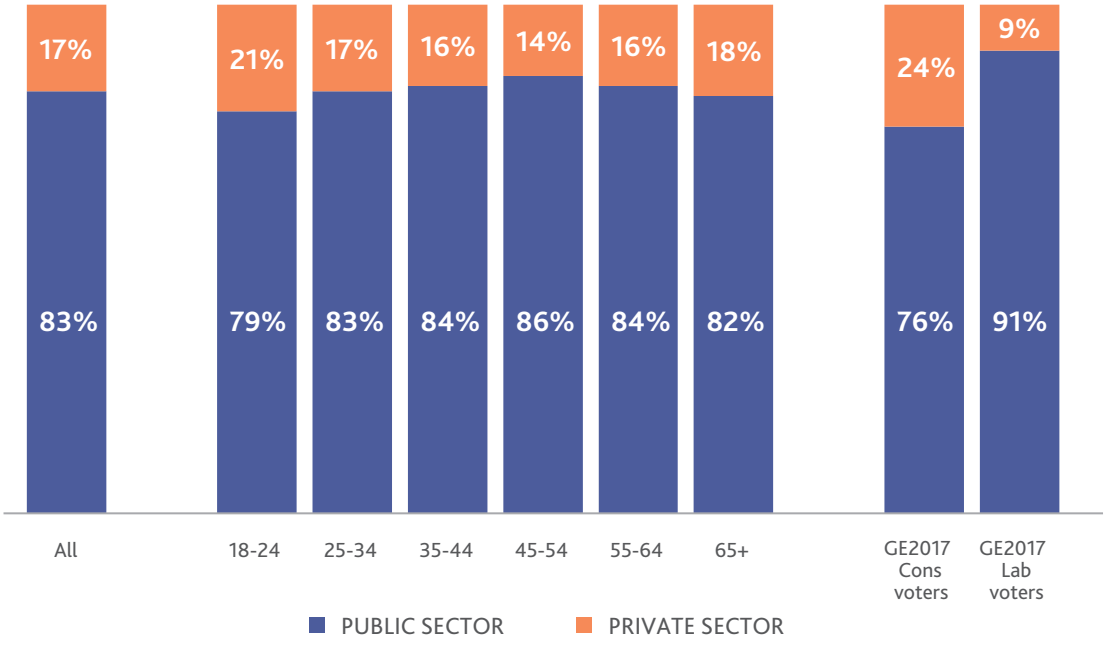


Figure 3.2e: Public support for nationalising electricity

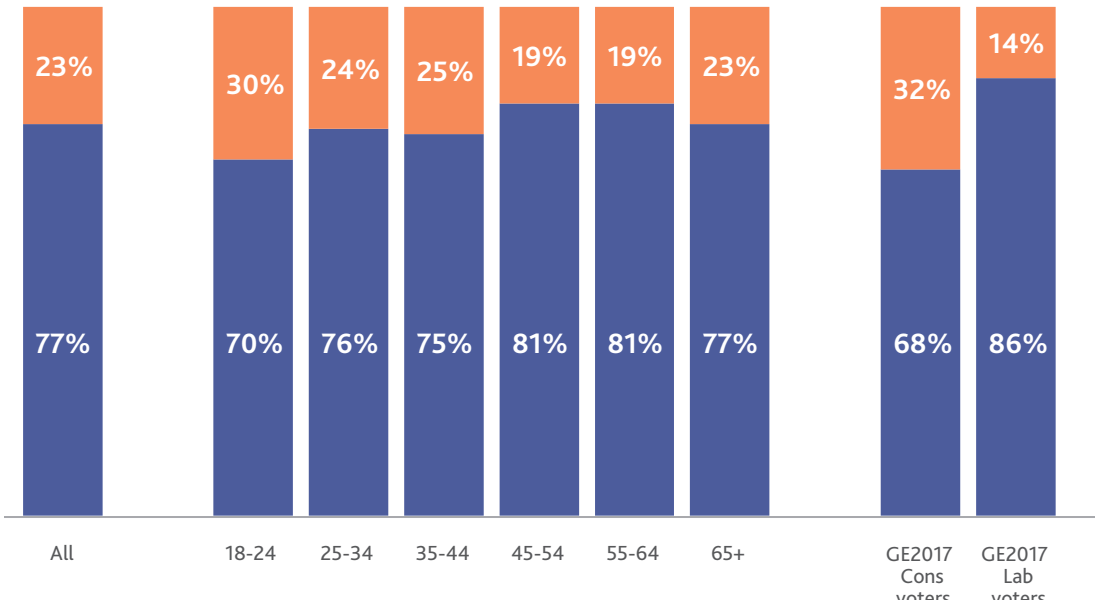


Figure 3.2f: Public support for nationalising gas

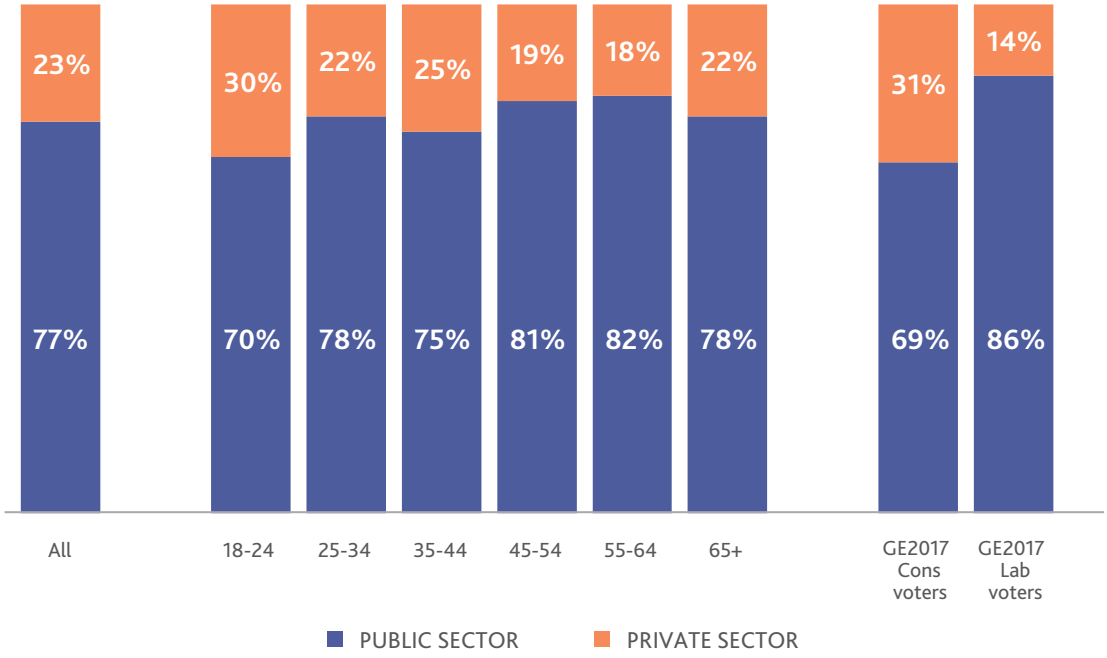




Figure 3.3a:
Support for non-free market ideas vs support for free market ideas

Here are several pairs of statements. In each case, please indicate where your own view lies on the scale. The closer you move the slider towards a statement the more you agree with it. [Showing NET A—NET B]

3.3 THE FREE MARKET VS THE STATE

To examine the public's support for free market ideas, we put a series of opposing statements against each other: in each case, one statement leant towards state regulation while the other leant towards free markets. For each diametrically opposing pair of statements, respondents were asked to indicate where their own views lay on the scale. We found that when faced with a broad free market idea on the one hand and its non-free market opposite on the other, public opinion tends to favour the non-free market ideal (Figure 3.3a).

Regulation is deemed necessary, support for increased NHS funding is strong, zero hours contracts should be abolished and people's obligation to pay taxes is deemed more important than rewarding them for working hard by allowing them to keep more of what they earn. Moreover, the public tends to favour increased taxation, bigger government and more spending as opposed to lower taxes, smaller government and less spending. On economic issues, the only



Figure 3.3b: Support for non-free market ideas vs support for free market ideas, by age

contentious point is on austerity and whether its time is over or whether it should continue, with the public tending to side with the latter. The apparent contradiction between public support for increased taxation and more spending vs public support for the continuation of austerity might indicate that a proportion of the public are willing to forgo a long-term desire for increased taxation and more spending for a little while longer.

Added to this, the public also sends a clear message that politicians should pay more attention to the views of voters rather than trying to avoid being swayed too easily by public opinion—80% agree with the former vs only 18% who agree with the latter.

Again, we find no great difference overall between the views of younger and older members of the public. Both tend to favour non-free market ideals (Figure 3.3b). Both 18-34s and 35s and over consider regulation a necessity and support increased NHS funding in similar measure.

18-34s are slightly less likely than those aged 35 and over to support the abolition of zero hours contracts—although they still support abolition overall. The most significant generational

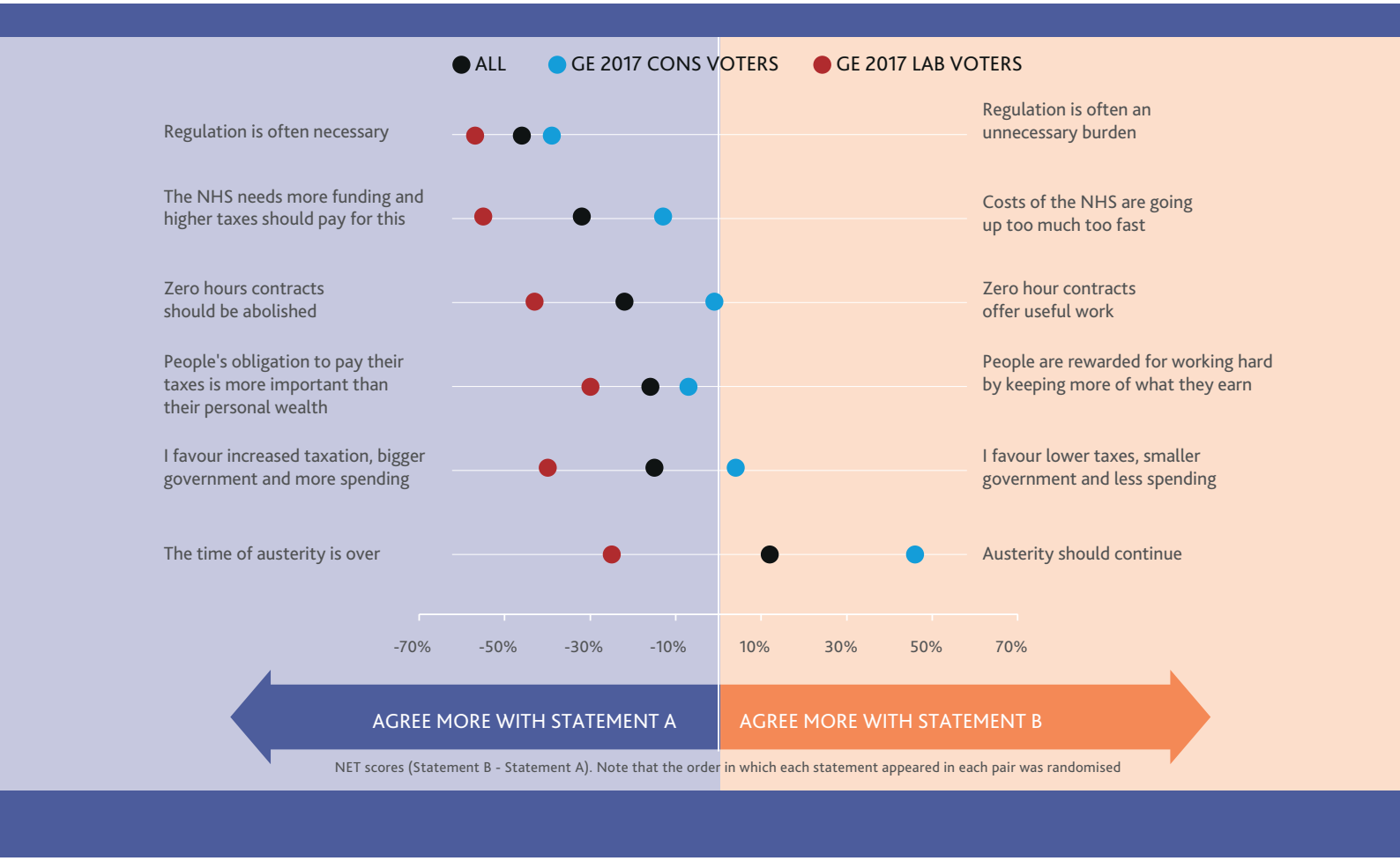


Figure 3.3c: Support for non-free market ideas vs support for free market ideas, by 2017 party support

differences are on increased taxation, bigger government and more spending and the question of austerity. Younger people are slightly more likely to favour increased spending and an end to austerity than their older counterparts:

It is notable too that even those who voted for the Conservative Party in 2017 tend to favour certain non-free market ideas. They consider regulation necessary, want increased NHS funding through higher taxes and are ambivalent about whether it is preferential to pay higher taxes and have bigger government or pay lower taxes and have smaller government (Figure 3.3c).

It is only on austerity that Conservative voters clearly favour the statement on the right-hand side of the chart. On this issue, they heavily support the continuation of austerity to reduce the debt and deficit.

Labour voters, on the other hand, favour statist intervention and increased spending on each measure by a clear margin.

As we show in the following section, the public's broad tendency towards favouring state intervention extends itself to specific business regulation and corporate governance.

3.4 BUSINESS BEYOND PROFIT

We also asked the public a similar set of opposing statements regarding business and profit, again asking them to place themselves on a scale between the two statements. We find that the public's confidence in businesses and markets to deliver the most beneficial outcomes for the country without intervention is severely diminished, as Figure 3.4a shows. The public overwhelmingly believes that senior pay should be capped rather than at the discretion of management and that government should do more to regulate business.

They want a closer relationship between government and business in general and state intervention in the housing market specifically. Public attitudes towards profit are also reflective of a view that businesses have been allowed to run unchecked for too long. The public disagrees strongly with the concept that businesses should solely seek profit, arguing instead that profit is one consideration among many. They also think that some companies 'make so much profit it can't be justified' and that 'Britain would be a better country if businesses made less profit'.

In fact, on none of the below statements about business does the public show a tendency towards the free enterprise stance.

In Figure 3.4b, both age groups oppose the notion that only lightly regulated markets produce a healthy economy—and indeed the over 35s are more radical on some of these measures (such as pay caps, inequality and unchecked profits) than their younger counterparts.

Indeed, it is on these measures that 18-34s show their more libertarian inclinations than 35s and over—they want business to be controlled and regulated for the greater benefit of society, but they also want free choice to remain intact. Opposition to capitalism is often presented in the media as a preserve of millennials, but it is in fact those aged 35 and over who are most opposed to capitalism.

For instance, 74% of Labour voters agree more with the idea that government needs to do more to regulate how businesses behave vs only 22% who think that the government regulates too much.

Interestingly, even Conservative voters tend towards the interventionist end of the scale on some business issues. Theresa May's recent attack on executive pay will chime with her own voters as—like Labour voters—Conservative voters overwhelmingly favour senior executive pay caps. They also think that profit should not come above other considerations and that the government should regulate more, not less.

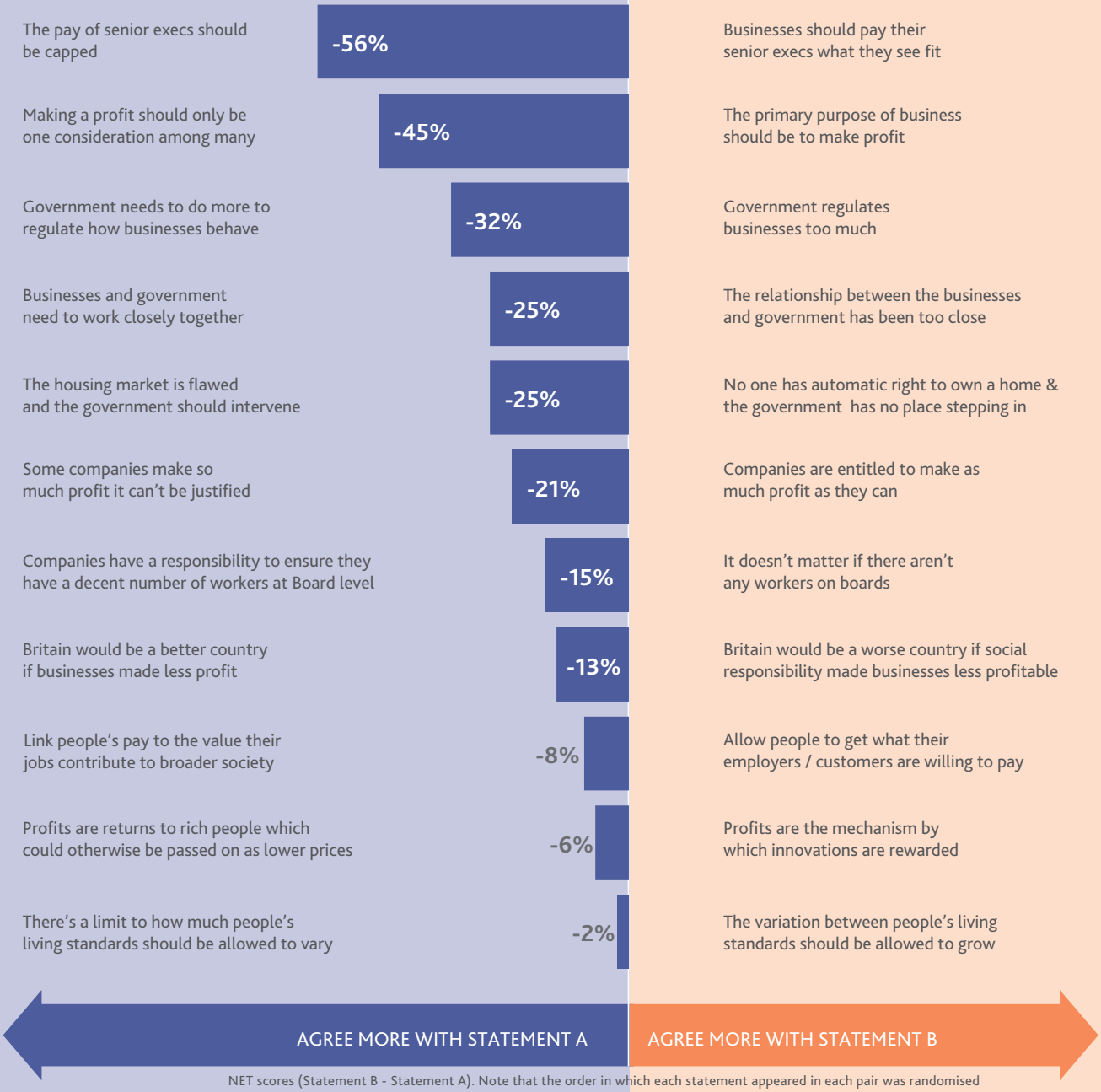


Figure 3.4a: Support for state regulation in business vs support for free enterprise

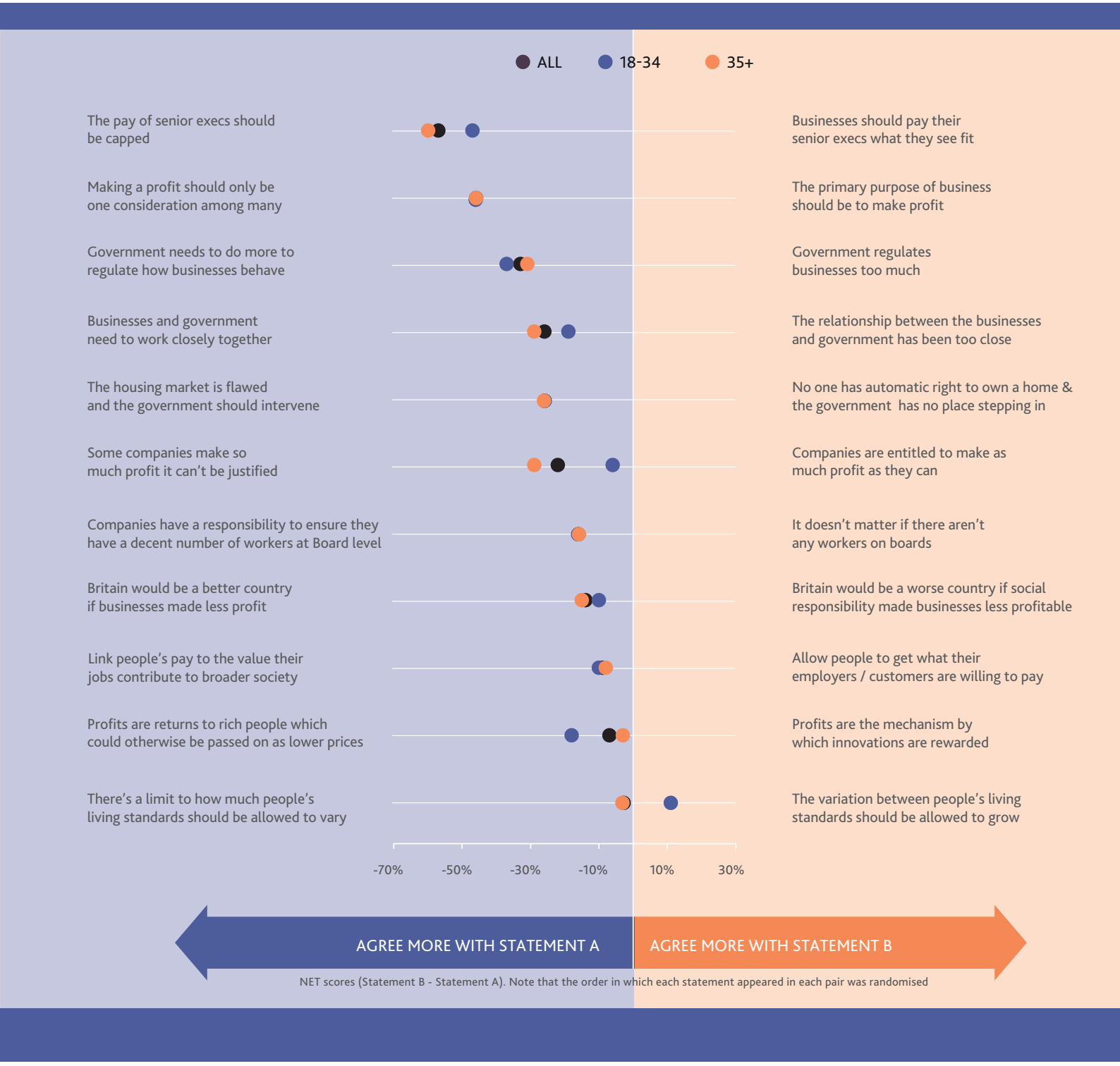


Figure 3.4b: Support for state regulation in business vs support for free enterprise, by age

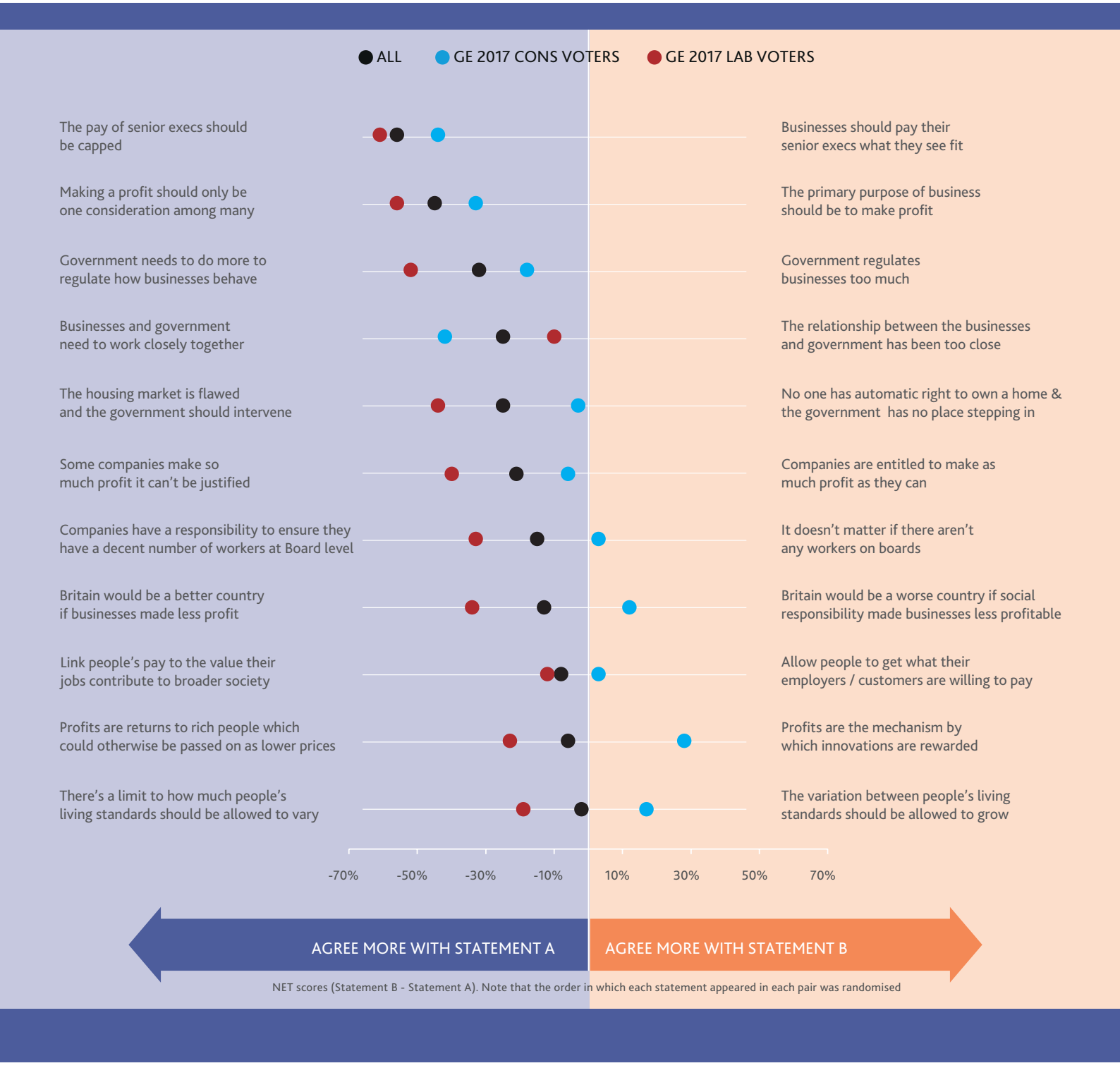


Figure 3.4c: Support for state regulation in business vs support for free enterprise, by 2017 party support

3.5 DIVIDED ON SOCIAL ISSUES AND TOUGH ON CRIME

Respondents repeated the exercise for social issues and crime, with very different results. It is only on social issues and law and order that the public tends to shy away from what might be considered the more liberal or 'progressive' stance (Figure 3.5a). The public tends to think that government benefits are too readily available, that immigration has on balance made the country worse and that it is more important for a country to protect its own interests rather than to work together with other countries.

Recent advances in marriage equality debates have led to most of the public thinking that marriage should be open to any couple, although public opinion on the legalisation of cannabis is split 50:50.

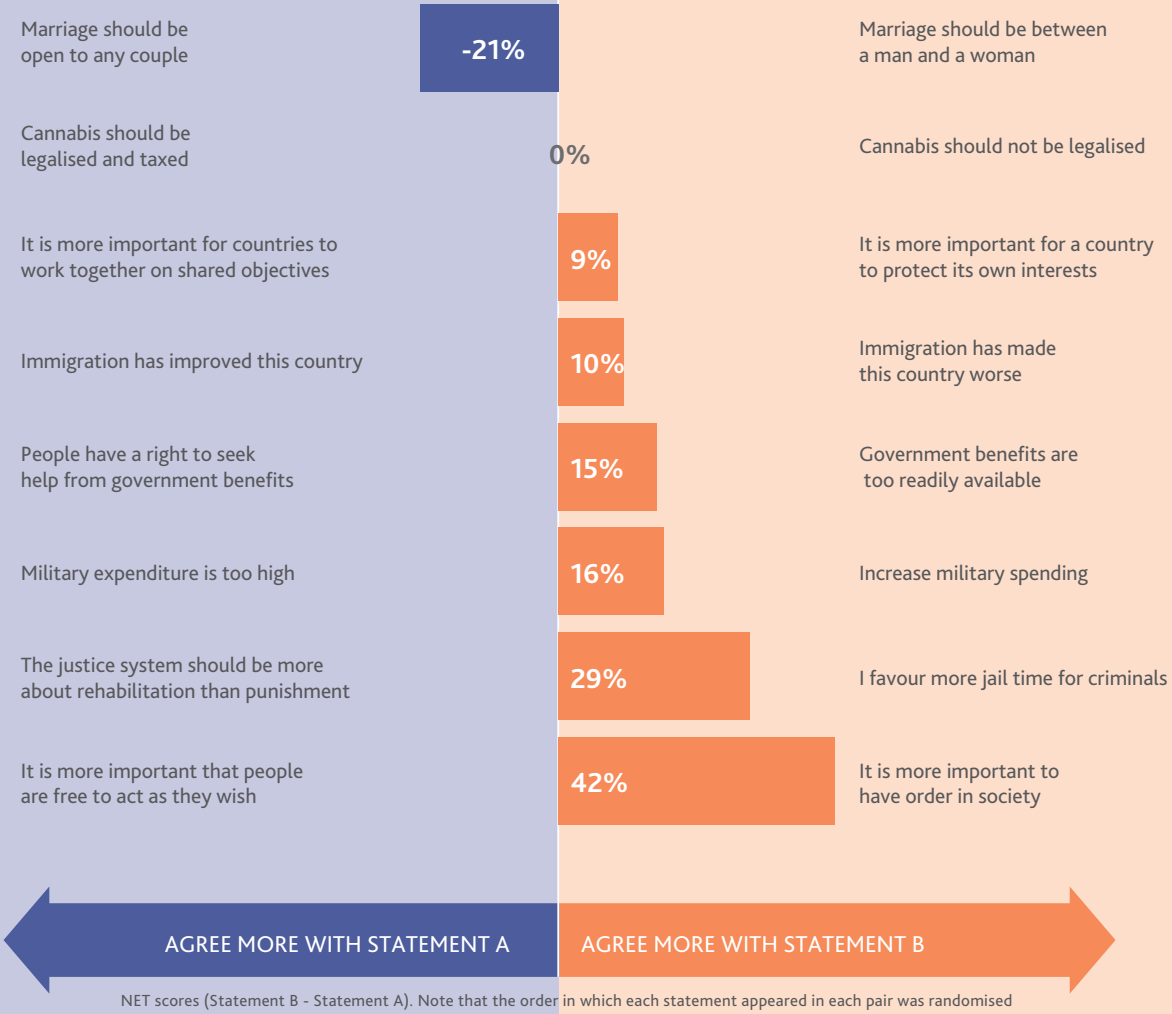
On law and order, public opinion strongly favours a strict rather than rehabilitative justice system and increased military spending.

While we find remarkably few generational differences in attitudes towards capitalism and free markets, there are substantial age divides on all social issues and those relating to law and order. Younger people are considerably more likely to favour same sex marriage, cannabis legalisation, a generous benefits system, globalist foreign policies and, in particular, reduced military spending (Figure 3.5b).

Those in the 18-34 age bracket still favour more jail time for criminals and a society with order over liberty, but they are markedly less staunch in these positions than those aged 35 and over.

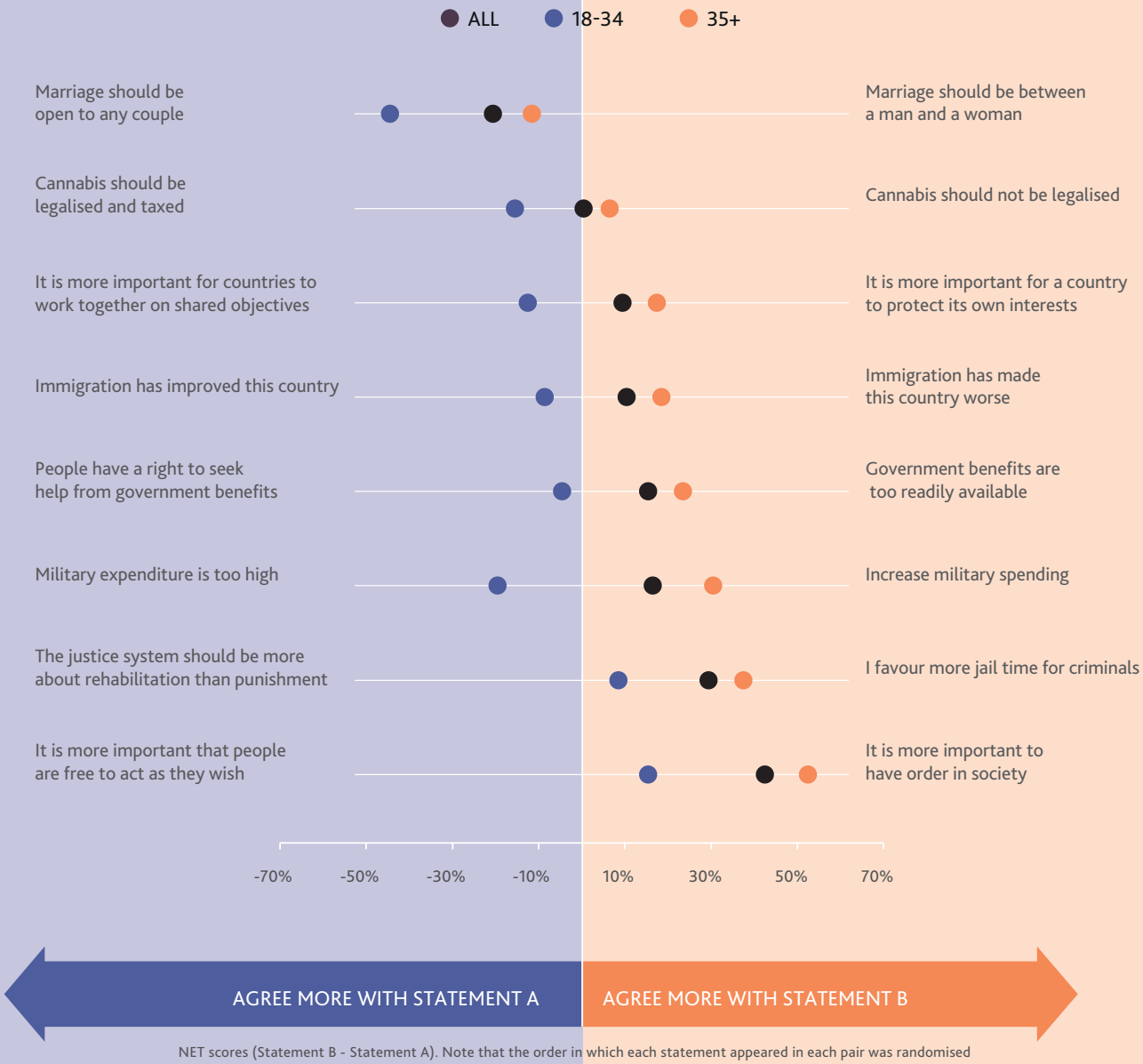
Given these generational divides and the composition of Conservative and Labour voters, it is not surprising that these divisions on social issues and law and order also translate to even greater divisions by party support.

As might be expected, the attitudinal gap between Conservative and Labour voters towards immigration, benefits and military expenditure is huge (Figure 3.5c).



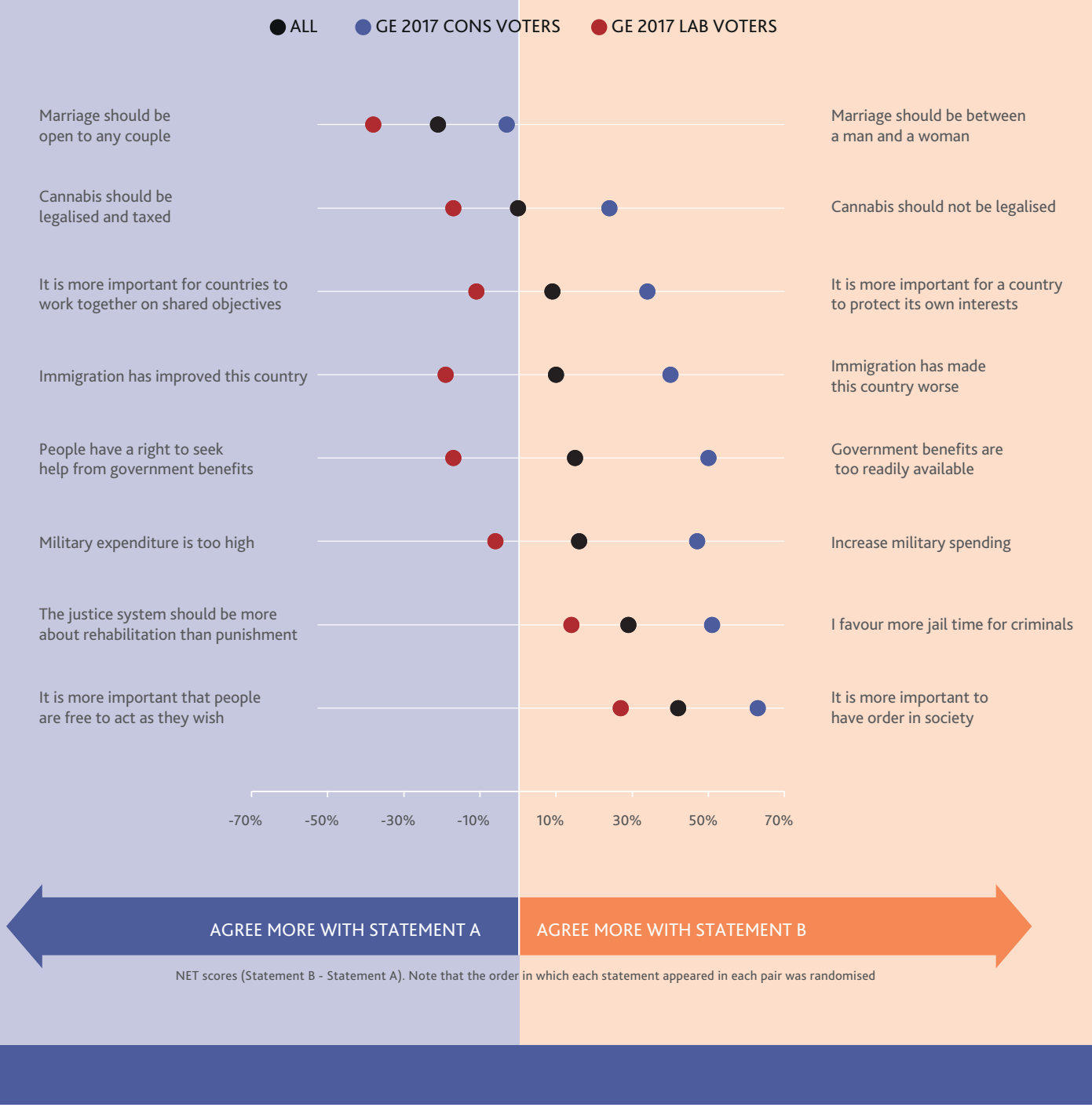
NET scores (Statement B - Statement A). Note that the order in which each statement appeared in each pair was randomised

Figure 3.5a: Public attitudes towards social issues and crime



NET scores (Statement B - Statement A). Note that the order in which each statement appeared in each pair was randomised

Figure 3.5b: Public attitudes towards social issues and crime, by age



NET scores (Statement B - Statement A). Note that the order in which each statement appeared in each pair was randomised

Figure 3.5c: Public attitudes towards social issues and crime, by party support

3.6 SOCIAL, CULTURAL AND ECONOMIC TRENDS

In order to assess the degree to which the public feel positive or negative towards recent trends, we asked respondents to rate a series of social, cultural and economic trends on a continuous scale based on the extent to which the world has either benefited from or been damaged by each trend. The net scores in Figure 3.6a show that the public tends to believe that the world has, overall, benefited from gender equality, tariff-free trade, LGBTQ equality, rising living standards outside the West and concerns about climate change.

There is more ambivalence, however, about the net benefits of job automation and immigration, and religion is the only trend that is seen categorically as more of a handicap than a benefit.

On some social measures there are stark generational differences once more. While younger and older participants tend to share similar views, there is considerable division on LGBTQ equality and immigration, with younger people tending to describe the impact of both these trends far more positively than those aged 35 and over.

On the surface, it may appear that the assessment of the net contribution of tariff-free trade to the world thus far is more positive than one might imagine, given the public's dim view of capitalism and free enterprise.

On this occasion, however, net scores only tell some of the story.

The data in detail reveals that those who think that tariff-free trade has been a benefit are often only lukewarm in their conviction, with scores bunching up towards the mid-point (Figure 3.6b). Compare this with 'equality for women with men' (Figure 3.6c), where respondents who think this trend has been a benefit are stronger in their belief and more likely to give a score in the 81-100 range (indicating strong conviction) rather than 1-20 (indicating a far more ambivalent view, as with tariff-free trade).

A similar effect is apparent with job automation. Respondents struggle to decide whether it has been more of a benefit or a drawback to the world's development, with responses clustering around the mid-point (Figure 3.6d).

On the impact of immigration, public opinion clusters around no central point. Instead it is distributed relatively evenly across the spectrum (Figure 3.6f).

A clear picture is emerging of a public who are wary of the supposed benefits of free trade. They instinctively view capitalism negatively and question whether the current economic system can deliver for the country.

At a general level, they tend towards interventionist policy rather than free market ideals and, at a specific level, they favour state regulation in certain areas and nationalisation of key utilities. They actively want the government to intervene and curb the excesses of capitalism—whether those are senior executive pay, an uncontrolled housing market, zero hours contracts or the profits of big business—redirecting focus away from 'profit above all else' to something more socially beneficial.



Figure 3.6a: Public attitudes towards social, cultural and economic trends, by age

Figure 3.6b: Public attitudes towards tariff-free trade

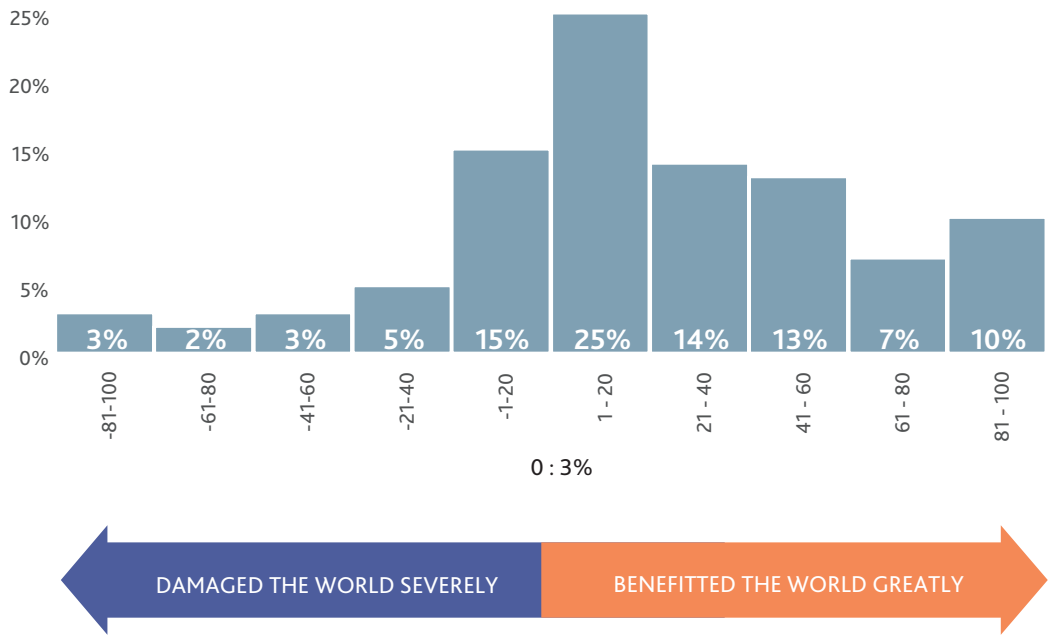


Figure 3.6c: Public attitudes towards equality for women with men

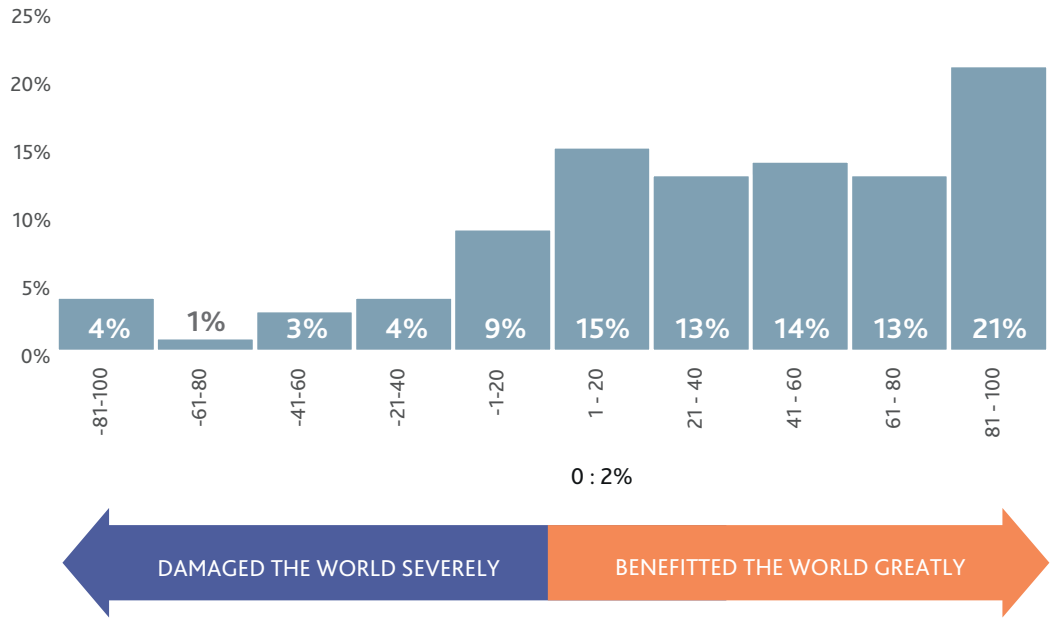


Figure 3.6d: Public attitudes towards job automation

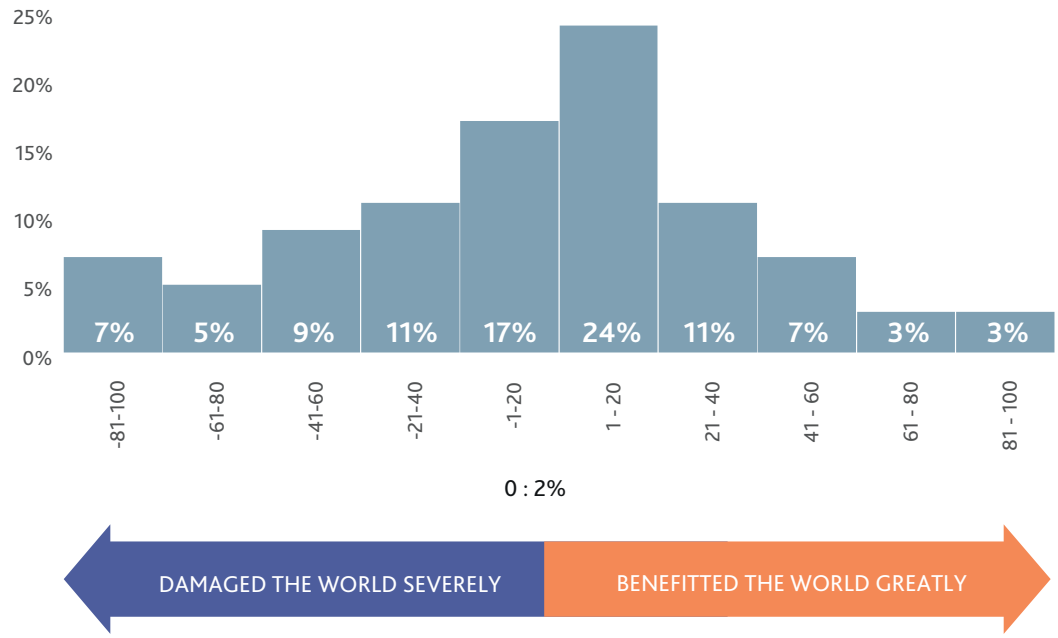
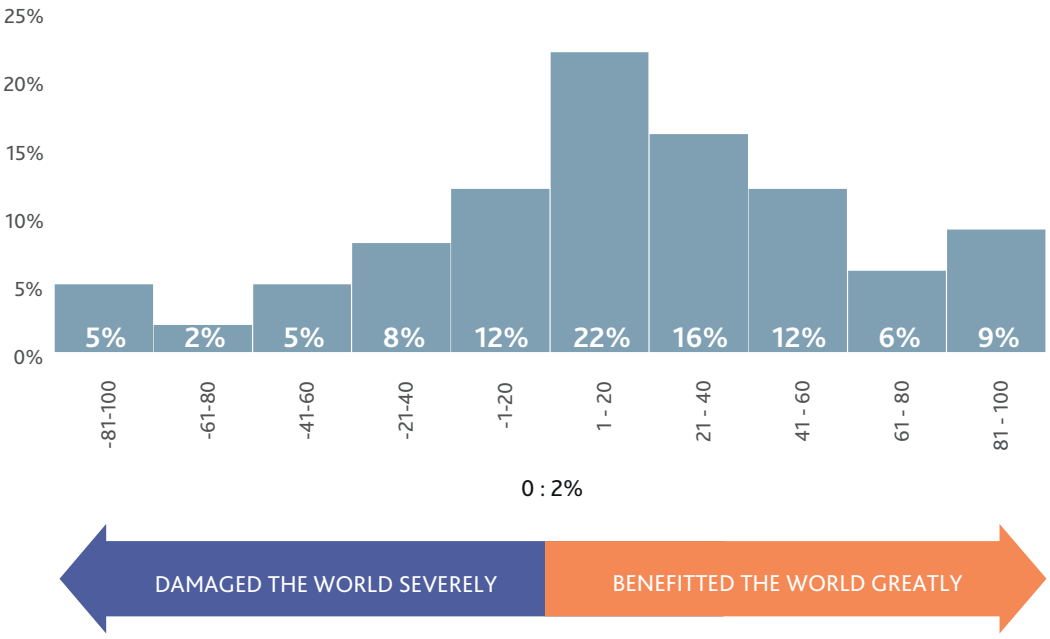


Figure 3.6e: Public attitudes towards rising living standards outside the west



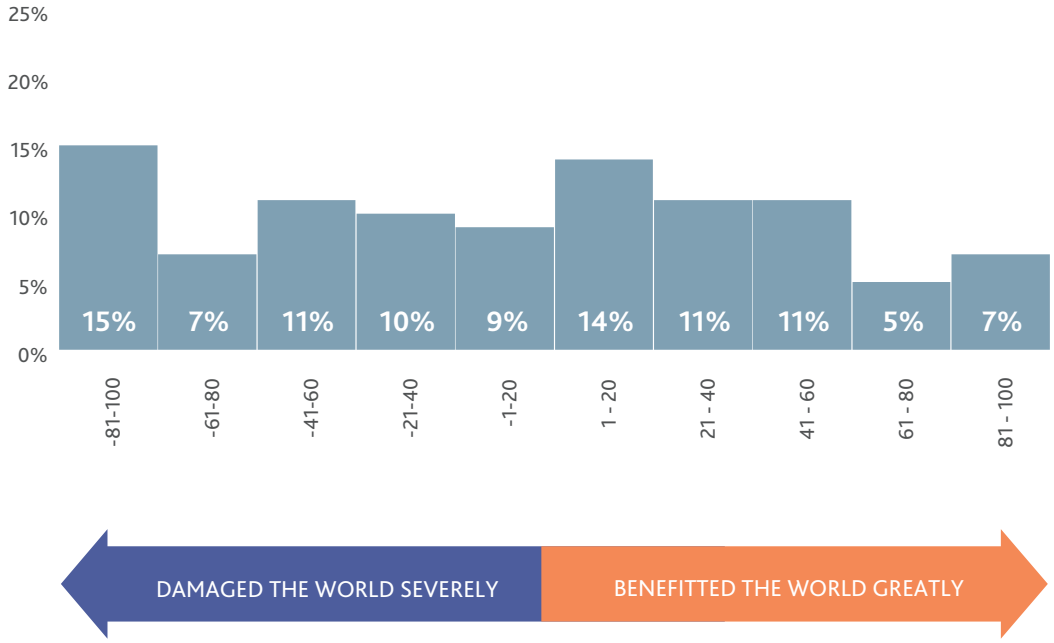


Figure 3.6f: Public attitudes towards immigration

While there are generational divides on many issues—from social trends, to foreign policy, to domestic law and order—there is remarkably consistent agreement across age groups on the problems of our economic system.

Rife anti-free trade sentiment is especially critical to the Labour Party. Its supporters at the last election skew heavily towards non-free market ideas. Even among Conservative voters, though, unambiguous advocates of the free market appear to be in relatively small number.

It is also clear that the public has little faith in politicians to sufficiently address these concerns. Four in five (80%) agree more with the idea that 'politicians should pay more attention to voters' views' rather than 'leading the way and not being swayed too easily by public opinion'. This is true of Labour voters and it is also true of Conservative voters.

If the political establishment does not do enough to convince the public that it has answers to these concerns about the direction of our economy, it might find itself shocked again by voters in the years to come.

4. SEGMENTING THE UK POPULATION

4.1: THE FIVE SEGMENTS

Public opinion clearly divides on social and economic issues. Utilising a statistical clustering technique known as latent class analysis, we have identified five separate groups that the UK population can be allocated into, with each group having a distinct collection of beliefs on the economic and social spectrums. These five segments are:

- Left behind
- Cosmopolitan critics
- Disengaged pessimists
- Optimistic centrists
- Right of centre traditionalists

Figure 4.1a: The distribution of the five segments of the population

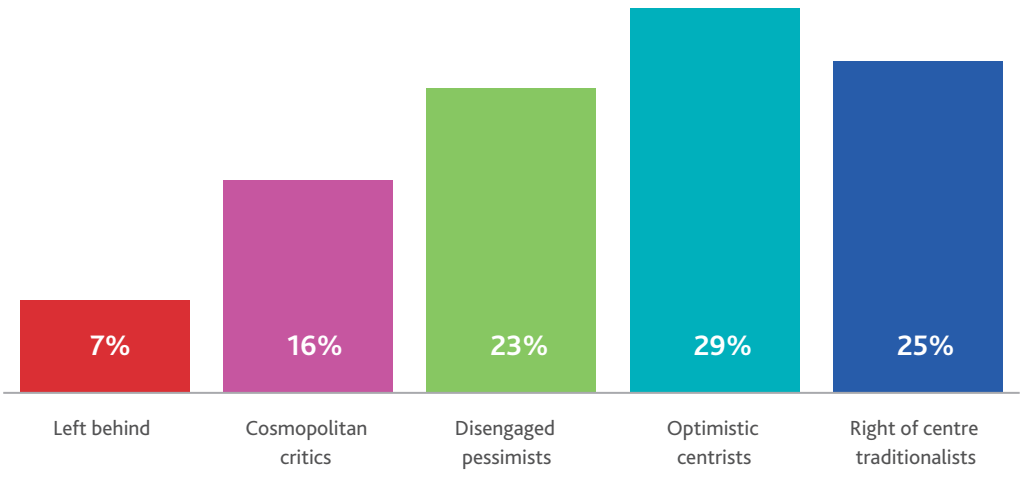


Figure 4.1b: Top associations with capitalism: Left behind



LEFT BEHIND (7%)

Economically left-wing and pro-nationalisation, this segment voted heavily to Leave the EU (60%).

They are the most likely to think that zero hours contracts should be abolished and that opportunities are too limited to too few people. They attribute this to capitalism, which they view very negatively, alongside conservatism. They are anti-free enterprise on almost every measure. While not as positive towards socialism as Cosmopolitan critics, the Left behind segment still consider socialism to be 'fair' and 'delivering for most people', though also 'naïve' and 'divisive'.

They are strongly in favour of nationalisation. Indeed, the only industries they would not nationalise are travel agents, mobile phone networks and car manufacturers.

Left behind demographics:

- High number of those in the DE socio-economic group, who consist of semi-skilled and unskilled manual workers or those who are unemployed (39% vs 25% nationally)
- Well represented in the North East, Wales and the South West
- Higher number of council house renters (27% vs 13% nationally) and have lower incomes overall than other segments

Figure 4.1c: Top associations with capitalism: Cosmopolitan critics



COSMOPOLITAN CRITICS (16%)

Cosmopolitan critics are anti-capitalist, anti-free enterprise and anti-conservative, but unlike 'Left behind', they are extremely socially liberal and pro-Remain (64%). They have the lowest Conservative Party representation, are economically 'left wing' and want an end to austerity.

They are the most likely to favour regulation to protect workers, to demand more NHS funding and to support the legalisation of cannabis. Cosmopolitan critics are the only segment to believe overall that immigration has improved the country.

They are hostile towards patriotism, with 32% describing it as 'dangerous' and 31% as 'divisive'. Capitalism is viewed very negatively, and they are the most likely segment to describe socialism as 'delivering for most people'.

Cosmopolitan critics demographics:

- Slightly younger than population overall
- Highest number of people in the C1 socio-economic grouping of any segment (supervisory or junior managerial, administrative or professional workers) (35% vs 28%)
- Regional bias towards the North, London and other urban areas
- More renters than average and the least likely to own a car

Figure 4.1d: Top associations with capitalism: Disengaged pessimists



DISENGAGED PESSIMISTS (23%)

Disengaged pessimists are Eurosceptic (with a Leave vote of 56%) and dismissive of political ideologies. Capitalism has a very bad brand image with this segment: 61% say it is greedy, 53% selfish and 52% corrupt.

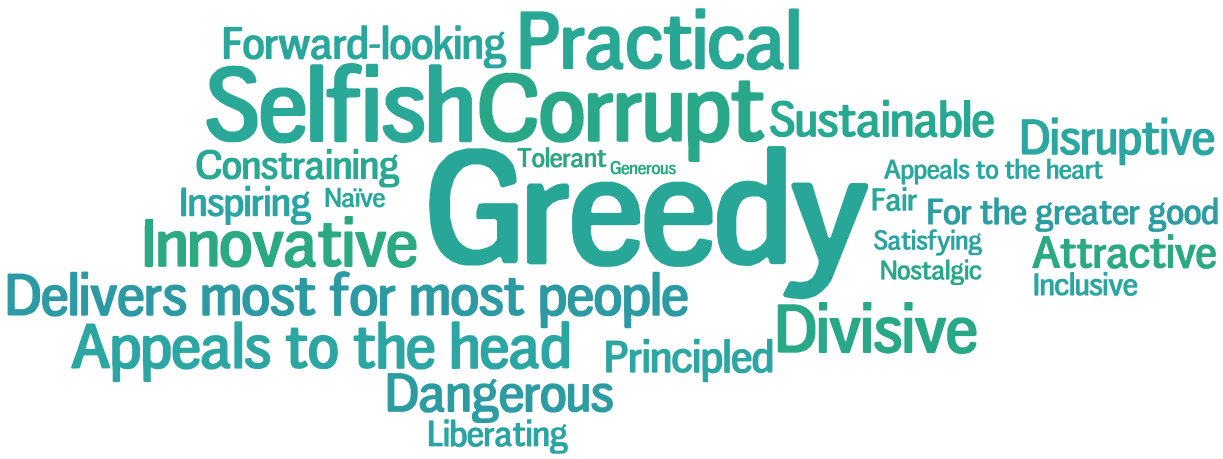
They are also scathing about liberalism, socialism and communism, and are indifferent about conservatism. Despite their latent anti-capitalist values, their opinions on political decisions and voting behaviour do not necessarily reflect this.

Nevertheless, they are politically authoritarian and extremely socially conservative. They are the segment with the highest support for more jail time for criminals, increased military spending and for countries to 'protect their own interests'. They are less optimistic than the population as a whole about recent social, cultural and economic trends.

Disengaged pessimists demographics:

- Tend to be female (57%)
- More 45-64s than average (40% vs 33% nationally)
- Most white segment (96%)
- Highest number of housewives and househusbands and lower than average income overall

Figure 4.1e: Top associations with capitalism: Optimistic centrists



OPTIMISTIC CENTRISTS (29%)

Optimistic centrists tend towards the centre-right on economic issues. They are broadly free market although capitalism still has a brand problem with this segment (35% describe it as selfish). However, more Optimistic centrists describe capitalism as 'innovative' and 'appealing to the head' than any other segment, and they are strongly anti-socialist.

Most Optimistic centrists believe that companies should be allowed to make as much profit as they can provided it is legal, and that businesses should be equally free to pay senior executives whatever they see fit. Of all the segments they are the most sceptical of nationalisation. Even so, they would still nationalise railways, water, electricity, gas and defence.

On social issues, Optimistic centrists are more liberal than most of the UK, and they are marginally more likely to have voted Remain (51%).

Optimistic centrist demographics:

- Slightly more male than population as a whole (55%)
- More 18-34s (17% vs 11% nationally)
- Largest number of those in the AB socio-economic grouping (higher and intermediate managerial professionals) (36% vs 27% nationally)
- Highest number of home-owners and largest income of any segment

Figure 4.1f: Top associations with capitalism: Right of centre traditionalists



RIGHT OF CENTRE TRADITIONALISTS (25%)

Ideologically free market and patriotic, this segment is the most opposed to big government. Indeed, it is the only segment that favours lower taxes and a smaller state.

Right of centre traditionalists are sceptical of regulation and are the only segment not to agree as a majority that 'in a civilised society people's obligation to pay their taxes is more important than their personal wealth'. Capitalism is viewed positively overall by this group; the top four descriptors of the ideology are 'practical', 'forward-looking', 'for the greater good', and 'liberating'.

They are also socially conservative. Most believe that immigration has damaged the world and even 36% (vs a 22% national average) believe that female equality has been more damaging than beneficial.

Most of the segment also believe that rising living standards outside of the West have been more damaging than beneficial. They are also the most likely segment to say that patriotism is 'for the greater good'. They voted for Brexit (57%).

Right of centre traditionalists demographics:

- More 25-34s than nationally (26% vs 17% of the country overall)
- More C2s (skilled manual workers) (26% vs 21%)
- Mostly full-time workers (65% vs 58%) and more affluent than average

LEGATUM INSTITUTE

Table 4.1g: Top political 'ism' associations by segment

	TOTAL	LEFT BEHIND	COSMOPOLITAN CRITICS	DISENGAGED PESSIMISTS	OPTIMISTIC CENTRISTS	RIGHT OF CENTRE TRADITIONALISTS
POSITIVE TRAITS						
Appeals to the head	Conservatism	Conservatism	Patriotism	Conservatism	Conservatism	Conservatism
Principled	Conservatism	Socialism	Patriotism	Conservatism	Conservatism	Conservatism
Forward-looking	Conservatism	Socialism	Liberalism	Conservatism	Conservatism	Conservatism
Sustainable	Conservatism	Socialism	Socialism	Conservatism	Conservatism	Conservatism
Practical	Conservatism	Liberalism	Socialism	Conservatism	Conservatism	Capitalism
Delivers most for most people	Socialism	Socialism	Socialism	Socialism	Conservatism	Conservatism
For the greater good	Socialism	Socialism	Socialism	Socialism	Socialism	Conservatism
Fair	Socialism	Socialism	Socialism	Socialism	Liberalism	Liberalism
Inclusive	Liberalism	Liberalism	Socialism	Socialism	Liberalism	Capitalism
Generous	Liberalism	Liberalism	Socialism	Liberalism	Socialism	Liberalism
Liberating	Liberalism	Liberalism	Liberalism	Liberalism	Liberalism	Liberalism
Tolerant	Liberalism	Liberalism	Liberalism	Liberalism	Liberalism	Liberalism
Innovative	Capitalism	Liberalism	Liberalism	Patriotism	Capitalism	Capitalism
Attractive	Patriotism	Liberalism	Liberalism	Liberalism	Patriotism	Patriotism
Inspiring	Patriotism	Patriotism	Patriotism	Patriotism	Patriotism	Patriotism
Satisfying	Patriotism	Patriotism	Patriotism	Patriotism	Patriotism	Patriotism
Appeals to the heart	Patriotism	Patriotism	Patriotism	Patriotism	Patriotism	Patriotism
Nostalgic	Patriotism	Patriotism	Patriotism	Patriotism	Patriotism	Patriotism
NEGATIVE TRAITS						
Greedy	Capitalism	Capitalism	Capitalism	Capitalism	Capitalism	Capitalism
Selfish	Capitalism	Capitalism	Capitalism	Capitalism	Capitalism	Communism
Corrupt	Communism	Communism	Capitalism	Capitalism	Communism	Communism
Divisive	Communism	Conservatism	Patriotism	Capitalism	Communism	Socialism
Naïve	Communism	Communism	Communism	Liberalism	Communism	Liberalism
Dangerous	Communism	Communism	Communism	Communism	Communism	Communism
Disruptive	Communism	Communism	Communism	Communism	Communism	Communism
Constraining	Communism	Communism	Communism	Communism	Communism	Communism

4.2: THE SEGMENTS: CAPITALISM 'BRAND' ASSOCIATIONS

Capitalism's image problem extends across vast sections of the population (Figure 4.2a). The only segment that does not view capitalism negatively are the Right of centre traditionalists. For the other segments, it is most commonly described as 'greedy'. Outside of the Right of centre traditionalists, very few describe capitalism as 'for the greater good', 'forward looking' or 'innovative'.

Optimistic centrists are somewhat sympathetic to the notion that capitalism is 'practical', but even so, this segment are equally likely to describe it as 'selfish' and 'corrupt'.

Left behind, Cosmopolitan critics, and—most concerningly for capitalism's proponents—Disengaged pessimists are all vehemently disparaging of capitalism. This last segment are arguably the most politically 'in-play'.



Figure 4.2a:
Top associations with capitalism, by segment

4.3: THE SEGMENTS: PUBLIC SECTOR VS PRIVATE SECTOR

Worryingly for advocates of private sector ownership, there is majority support across all five segments of the population for nationalisation of railways, water, electricity, gas, and defence/aerospace.

Three of the five segments—Left behind, Cosmopolitan critics, and Disengaged pessimists—support the nationalisation of banks, and even Right of centre traditionalists are split almost 50:50. It is the Optimistic centrists who are most opposed to public sector ownership, preferring instead to see a free-market approach to business coupled with socially conscious domestic policy (see Figures 4.3a-f).

Figure 4.3a: Public support for nationalising trains, by segment

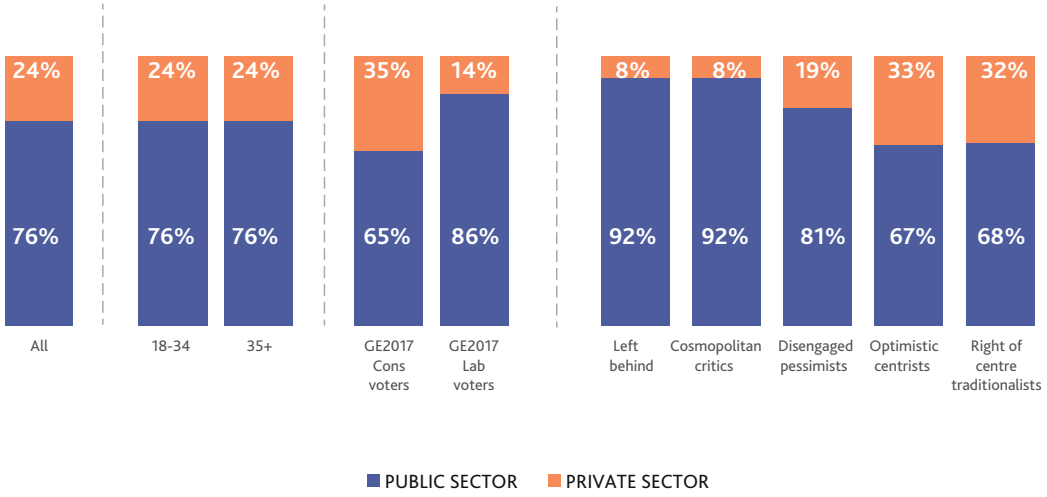


Figure 4.3b: Public support for nationalising water, by segment

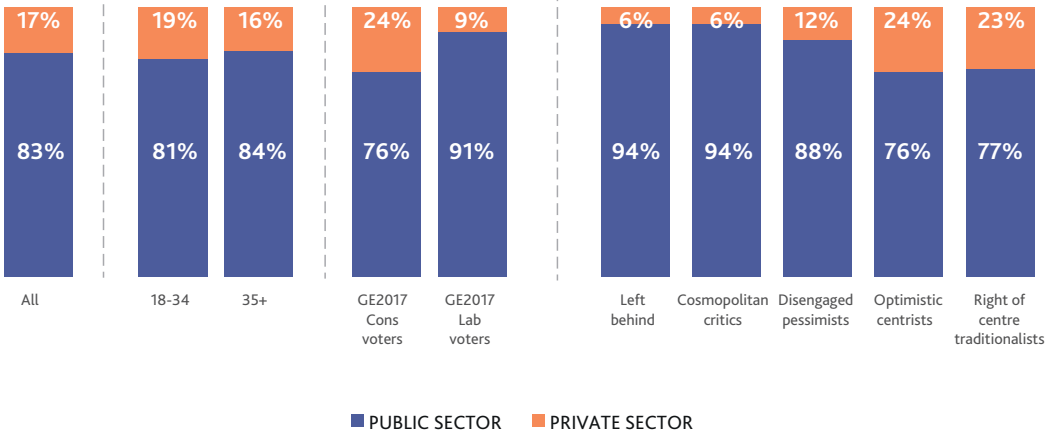


Figure 4.3c: Public support for nationalising electricity, by segment

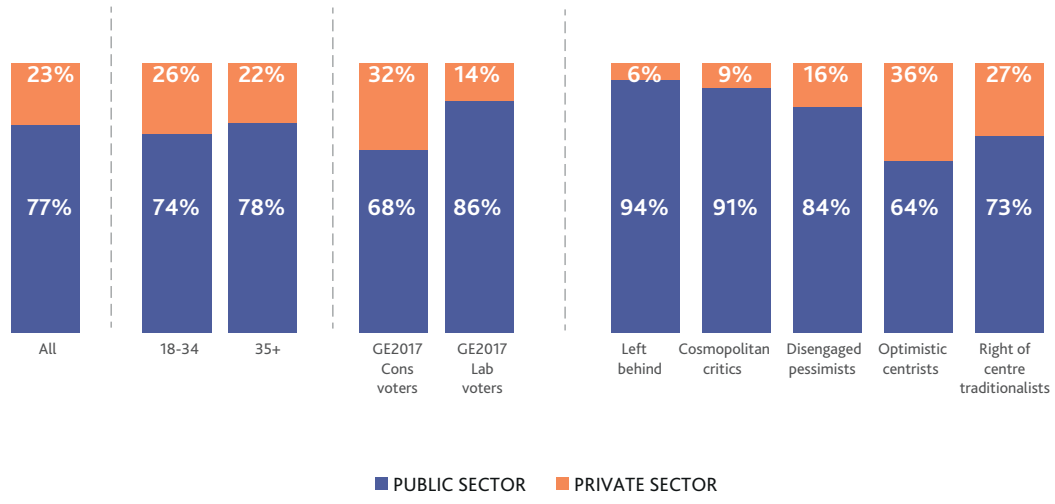


Figure 4.3d: Public support for nationalising gas, by segment

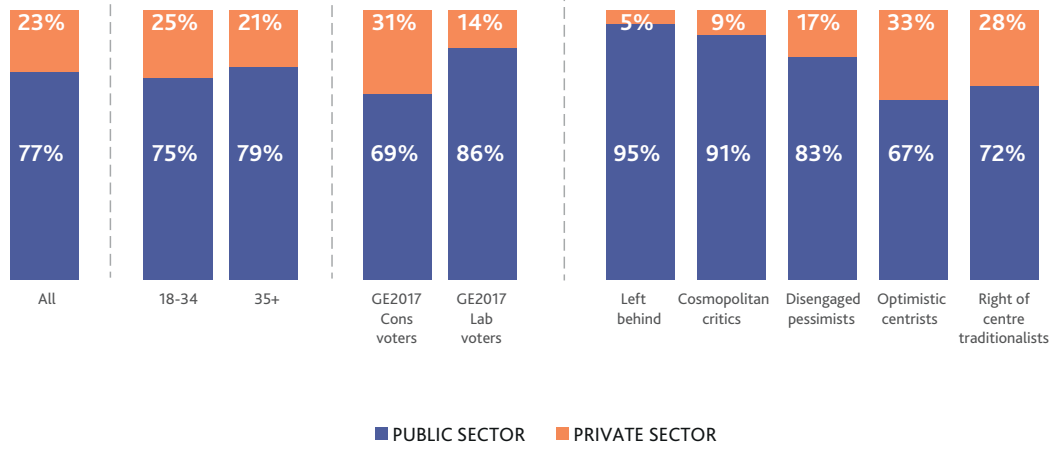


Figure 4.3e: Public support for nationalising defence and aerospace, by segment

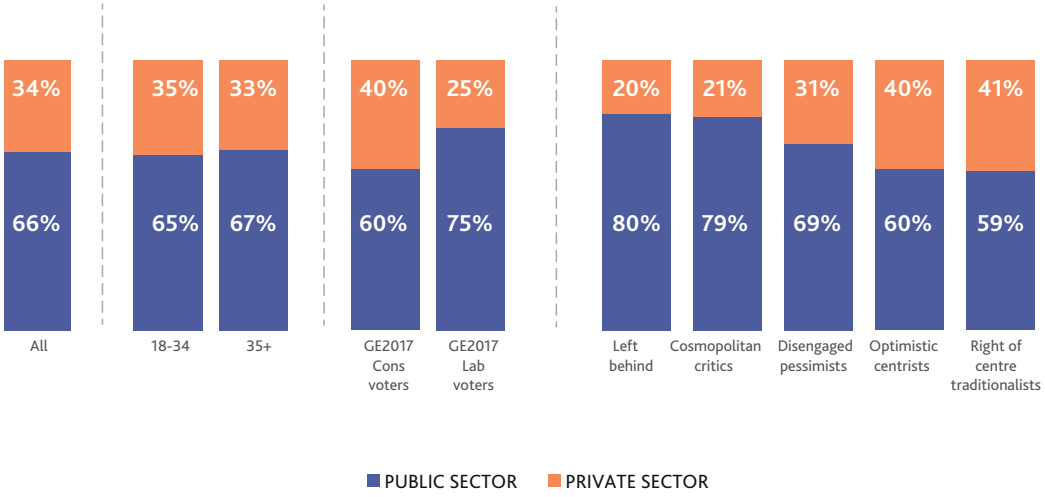
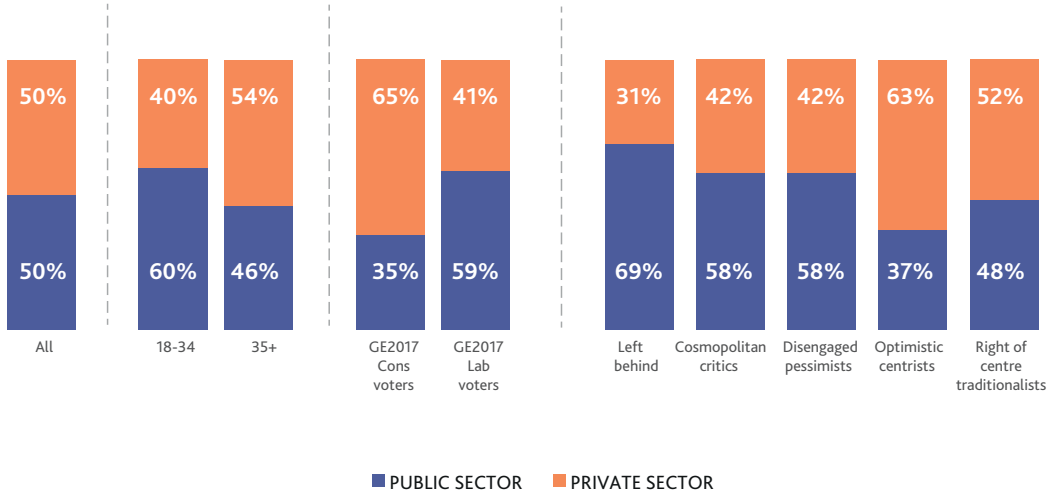


Figure 4.3f: Public support for nationalising banks, by segment



4.4 THE SEGMENTS: FREE MARKET VS THE STATE

Free market ideas find support among only a distinct minority of the population. All of the segments—even Right of centre traditionalists—are more likely to say that regulation is often necessary rather than a burden (Figure 4.4a). All segments support higher NHS funding through higher taxes, and only the Optimistic centrists do not oppose zero hours contracts.

The anti-free enterprise attitudes of Left behind and Cosmopolitan critics are especially vehement. There is particular division on the issue of austerity: Left behind and Cosmopolitan critics are strongly anti-austerity whereas the rest of the population tend to believe that austerity is a necessary step that should continue for the time being.

4.5 THE SEGMENTS: BUSINESS BEYOND PROFIT

This pattern is replicated when it comes to business. The population as a whole tends to favour greater regulation of business and state intervention, but Left behind and Cosmopolitan critics are particularly adamant. The support within these segments for capping senior pay is almost total, as is the belief that making a profit should only be one of many considerations.

4.6 THE SEGMENTS: SOCIAL ISSUES AND CRIME

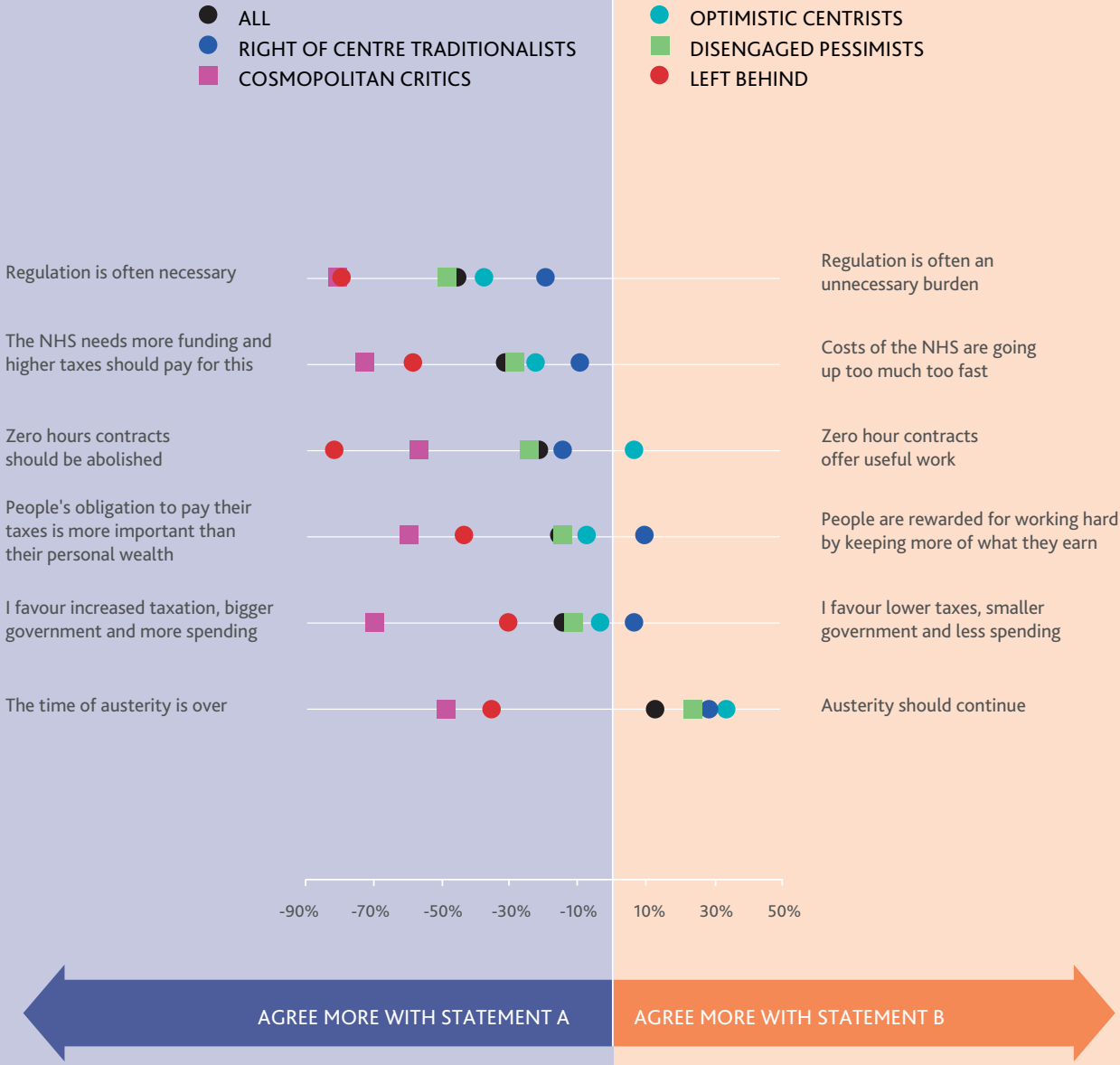
On social issues and crime, there is a clear divide between Cosmopolitan critics and everyone else (Figure 4.6a). Cosmopolitan critics are extremely socially liberal, favouring cannabis legalisation, globalism and increased immigration.

Although they cluster closer together, the other segments still have divergent attitudes. It is often the Disengaged pessimists and the Right of centre traditionalists who are most socially conservative—believing that immigration has made the country worse and that government benefits are too readily available. Optimistic centrists tend to be more socially liberal than the population as a whole—except when issues also become overtly economic. On government benefits, for instance, Optimistic centrists are more critical than the population as a whole.

4.7 THE SEGMENTS: SOCIAL TRENDS

On social and cultural trends like equality for LGBTQ citizens and concerns about climate change, the Left behind segment join Right of centre traditionalists and Disengaged pessimists in their tendency to be more cynical than the population as a whole. Left behind are particularly critical of the impacts of rising living standards outside the West (which is a key differentiator between segments) and job automation, believing these to have been detrimental to working class citizens in the UK.

Optimistic centrists and Cosmopolitan critics are united in their perception that these social trends have been largely beneficial, even if they disagree strongly about the benefits of free markets.



NET scores (Statement B - Statement A). Note that the order in which each statement appeared in each pair was randomised

Figure 4.4a: Support for non-free market ideas vs support for free market ideas, by segment

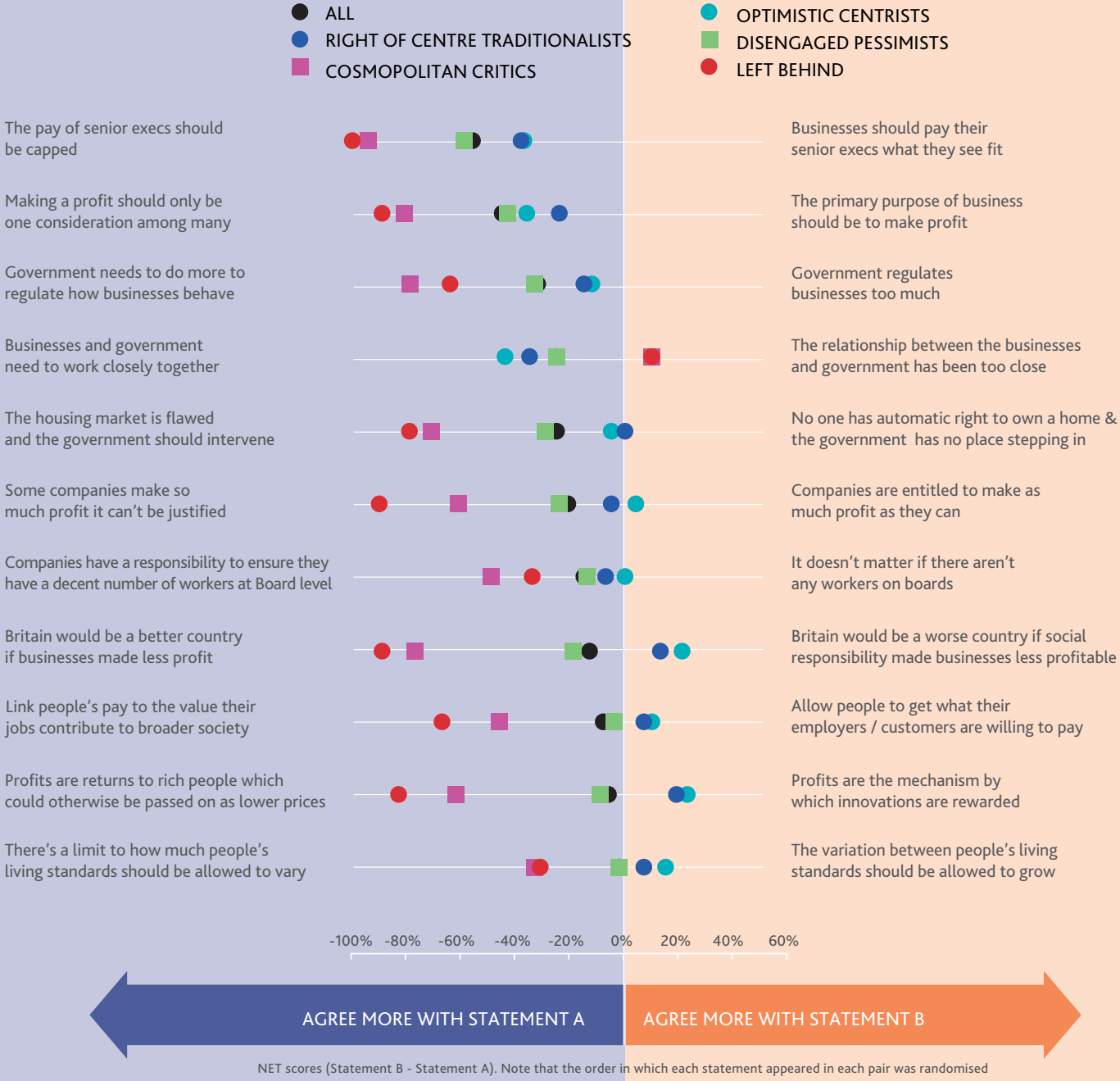
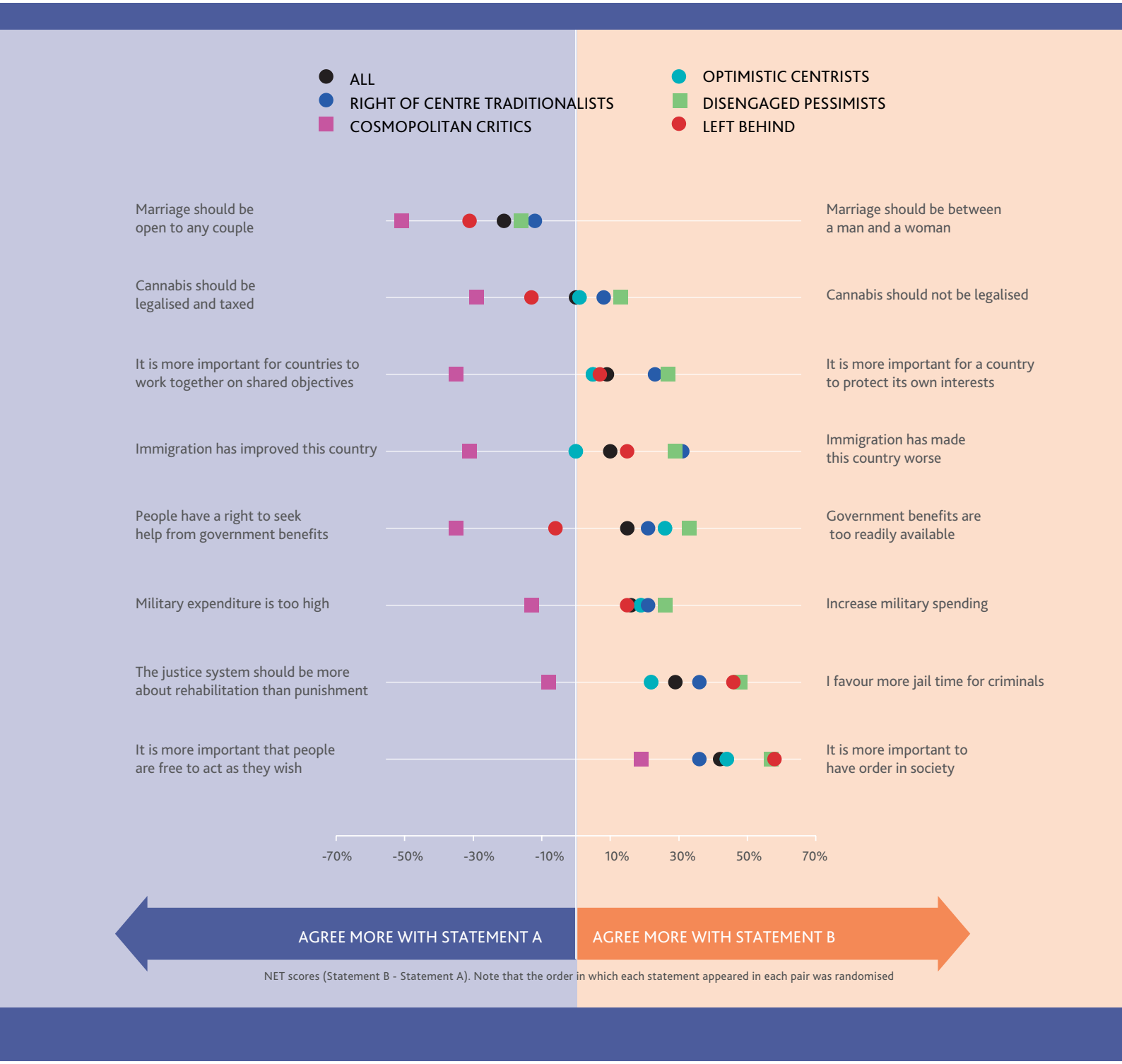


Figure 4.5a: Support for state regulation in business vs support for free enterprise, by segment



NET scores (Statement B - Statement A). Note that the order in which each statement appeared in each pair was randomised

Figure 4.6a: Attitudes towards social issues and crime, by segment

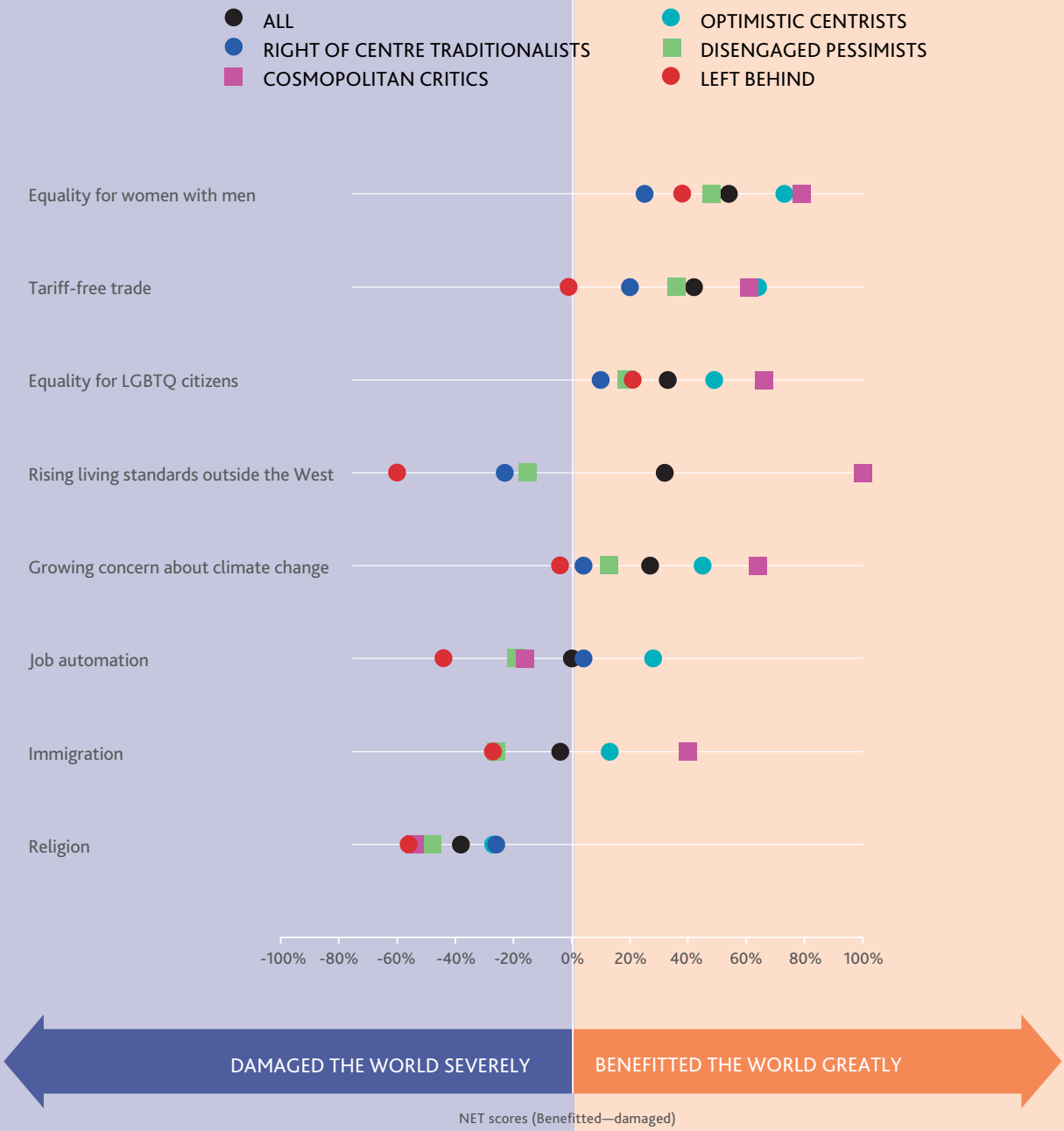


Figure 4.7a: Attitudes towards social trends, by segment

4.8 THE SEGMENTS: ATTITUDES TOWARDS SOCIAL TRENDS IN DETAIL

Figure 4.8a:
Tariff-free trade

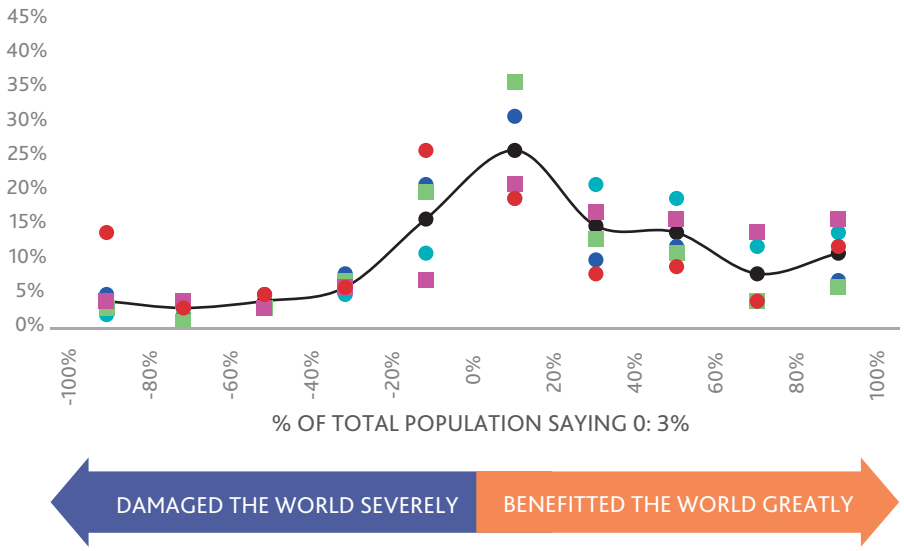


Figure 4.8b:
Equality for women with men

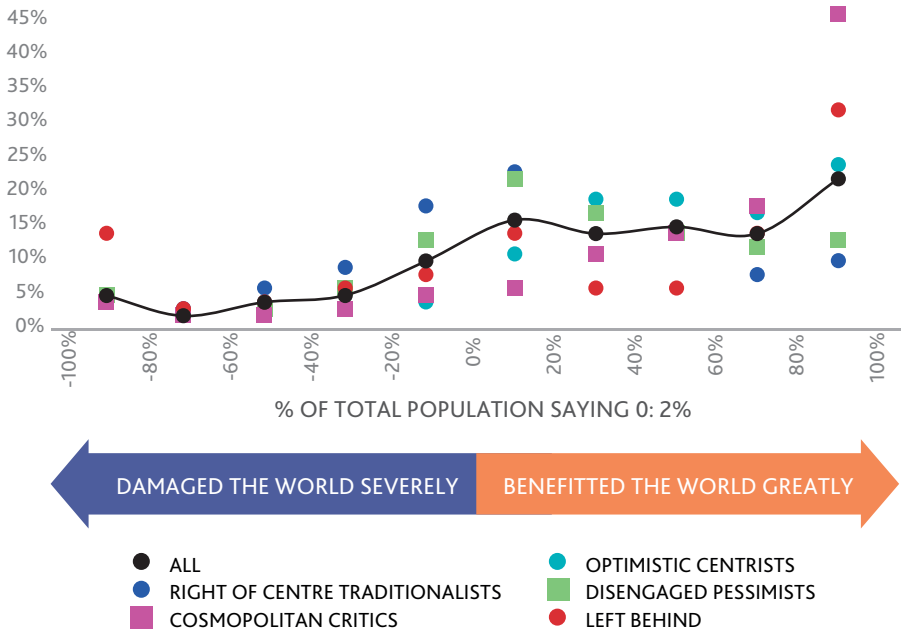


Figure 4.8c: Equality for LGBTQ citizens

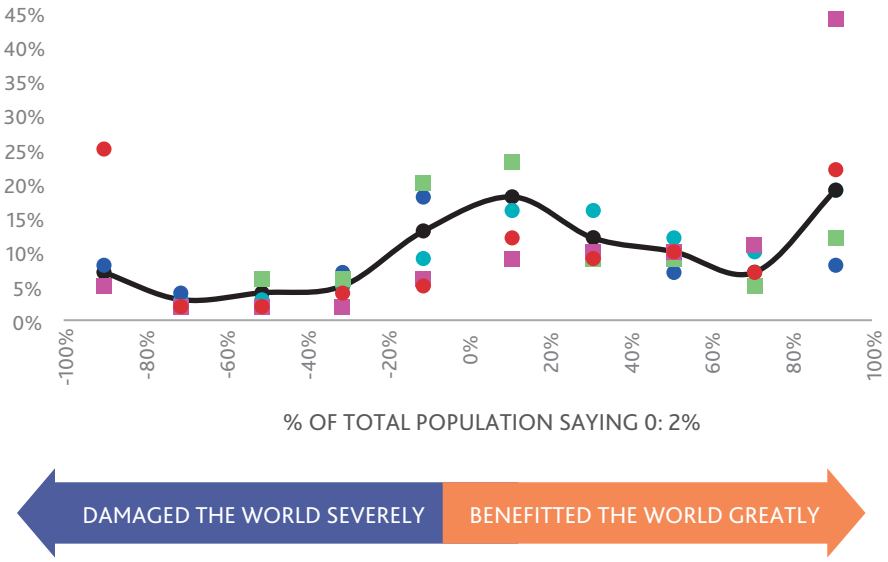


Figure 4.8d: Growing concern about climate change

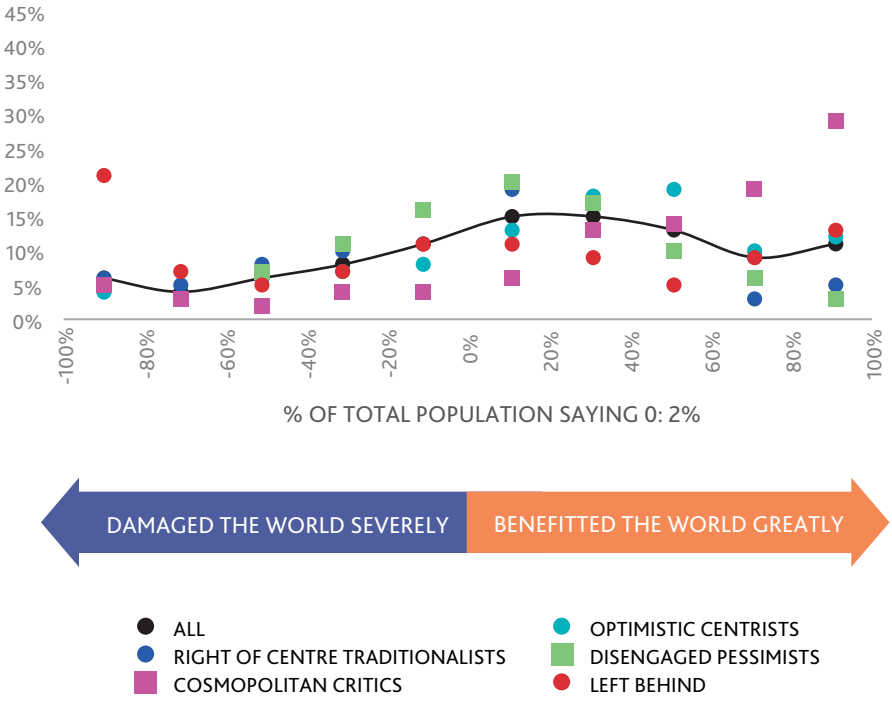


Figure 4.8e:
Immigration

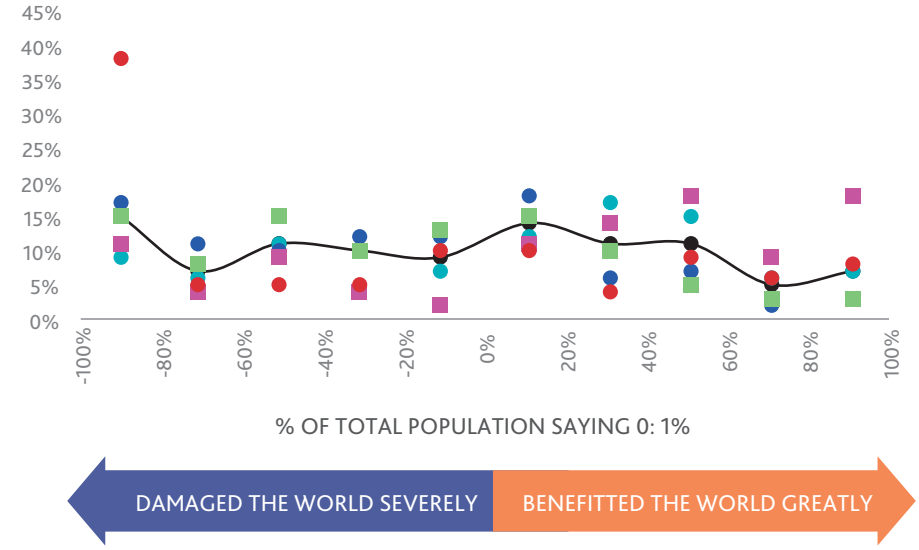


Figure 4.8f:
Religion

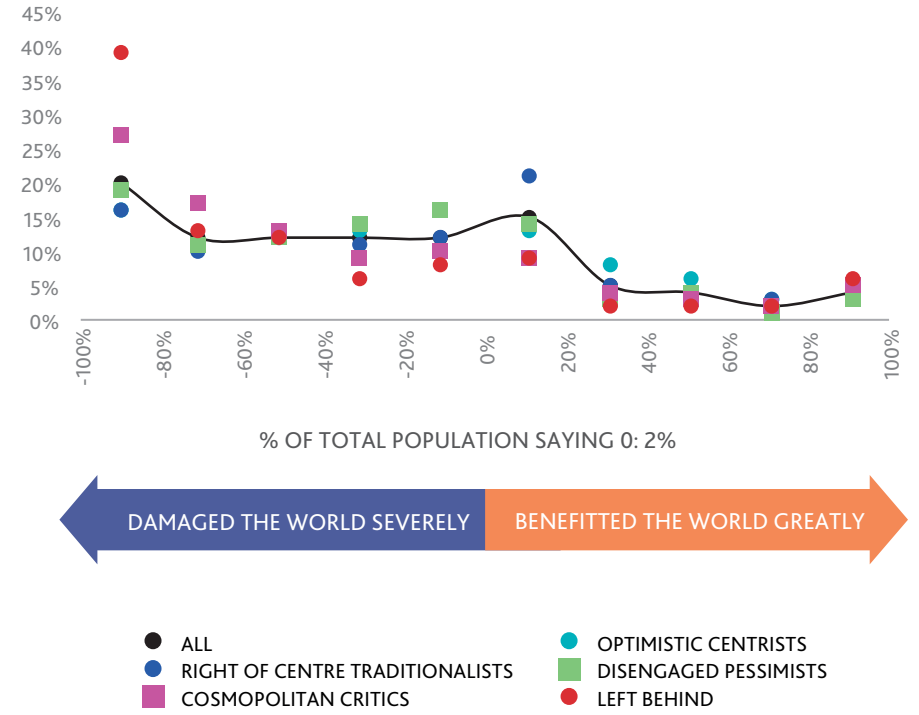


Figure 4.8g: Job automation

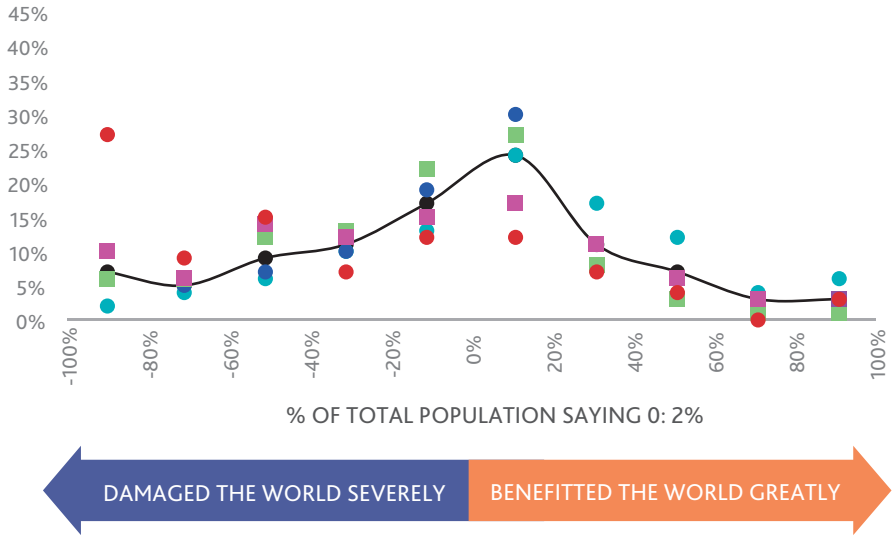
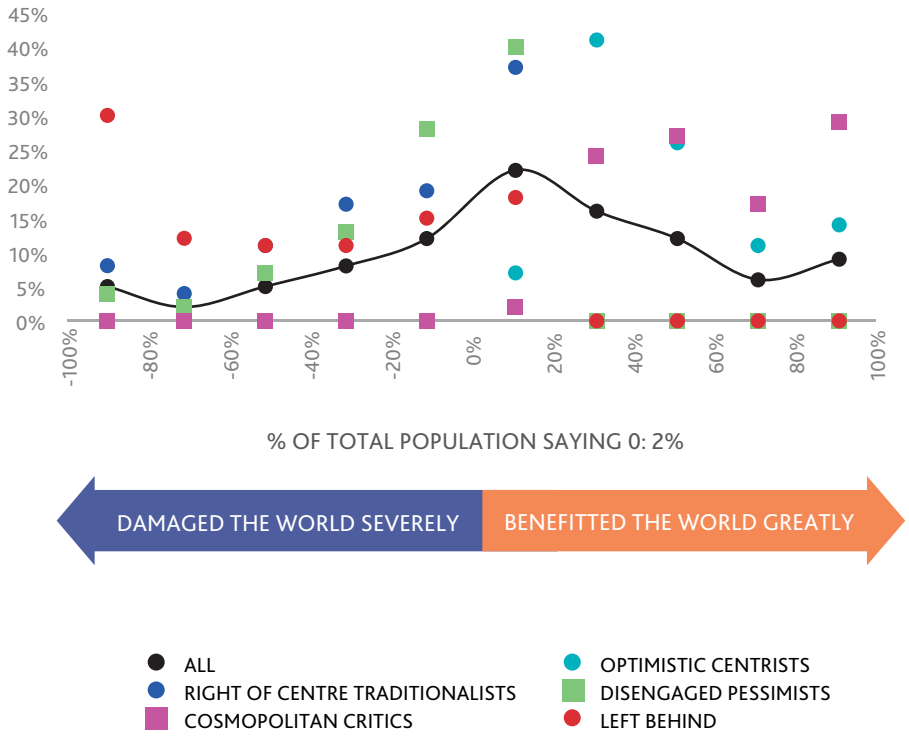


Figure 4.8h: Rising living standards outside the West



5. MAXDIFF—WHAT IS MOST IMPORTANT TO US?

As new technologies and social trends develop, it is tempting to speculate about the changing importance of utilities and public services. How essential is the internet to our lives? Is it still important to young people to have a well-paying job? Are the minimum wage, universal healthcare and free education still considered necessities in today's world?

We test this empirically, using a 'MaxDiff' analysis (where respondents repeatedly choose the most important and least important items from a constantly changing list) to create a 'hierarchy of needs' for the modern world.

MaxDiff analysis does not simply ask respondents to rank each utility in order of importance. Instead, it is used to determine importance based on people's real choices when faced with three or four options which constantly swap in and out.

The political implications of the findings are significant. We know the problems of modern capitalism as defined by the public. By analysing the public's key priorities, we can start to ascertain what their desired solutions might be.

The following outlines those key priorities.

5.1 SUMMARY: WHAT WE NEED MOST

The MaxDiff rankings summary table below shows that the top necessities in modern society—food and water, emergency services, universal healthcare, good housing and a decent job—rarely change across different sections of the population. Below this, the hierarchy of needs looks very different for different groups. Older people and Conservative voters prioritise military security and financial savings over decent well-paying jobs, educational provision and the minimum wage, which in contrast are all more important to younger people and Labour voters.

Table 5.1a: MaxDiff rankings summary—most important services by demographic

		GENDER		AGE		SOCIAL GRADE		GE2017 PARTY	
	ALL	MALE	FEMALE	18-24	65+	AB	DE	CONS	LAB
Food and water	1	1	1	1	1	1	1	1	1
Emergency services	2	2	2	3	2	2	2	2	2
Universal healthcare	3	3	3	2	3	3	3	3	3
A good house	4	4	4	4	4	4	4	4	4
A decent well-paying job	5	5	5	5	6	5	5	6	5
Compulsory & free education	6	6	6	6	7	6	7	8	6
Armed Forces	7	7	7	10	5	7	6	5	9
Ability to save funds/bank	8	8	8	9	8	8	9	7	8
Minimum wage	9	9	9	7	11	9	8	10	7
Further & higher education	10	10	10	8	14	10	11	13	10
Large supermarkets	11	13	11	12	13	13	10	12	11
Television & radio	12	11	12	16	9	11	12	11	12
Your own car	13	12	14	17	10	12	15	9	16
Internet and search engines	14	14	15	11	15	15	13	14	13
Books	15	15	13	13	12	14	14	15	14
Subsidised public transport	16	16	16	14	16	16	16	16	15
Smart devices	17	17	17	15	17	17	17	17	17
The arts	18	18	18	18	18	18	18	19	18
Affordable air travel	19	19	19	19	19	19	19	18	19
Social media platforms	20	20	20	20	20	20	20	20	20

5.2 IN DETAIL: TOTAL POPULATION

The five most important utilities to the public overall are food and water (ranked 1 out of 20), the emergency services (2) and universal healthcare (3). After these necessities, a good house to live in (4) is more important than a decent well-paying job (5), while compulsory and free education (6) is considered more important than the Armed Forces (7).

The internet (14), smart devices (17) and social media (20) are all way down the hierarchy of needs for the public as a whole—below television and radio (12), supermarkets (11) and cars (13).

Subsidised public transport is not considered a necessity (16). Likewise, affordable air travel (19) and the arts (18) are luxuries, not essentials.

The MaxDiff scores on the chart below work as follows. 100 is the average score; anything smaller than that (i.e. closer to 0) is of above average importance to an individual's life, and anything greater than 100 is of below average importance.

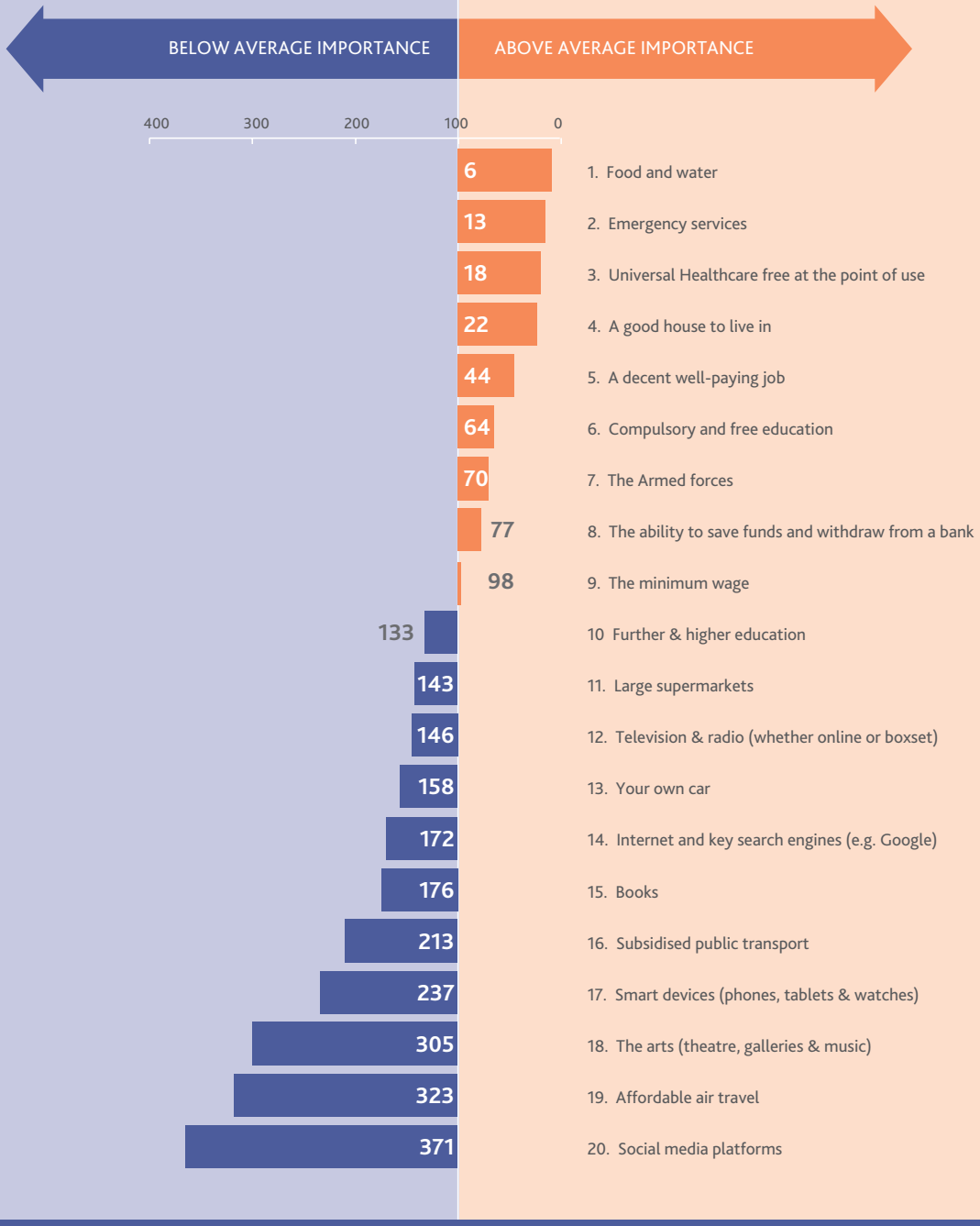


Figure 5.2a: Total population

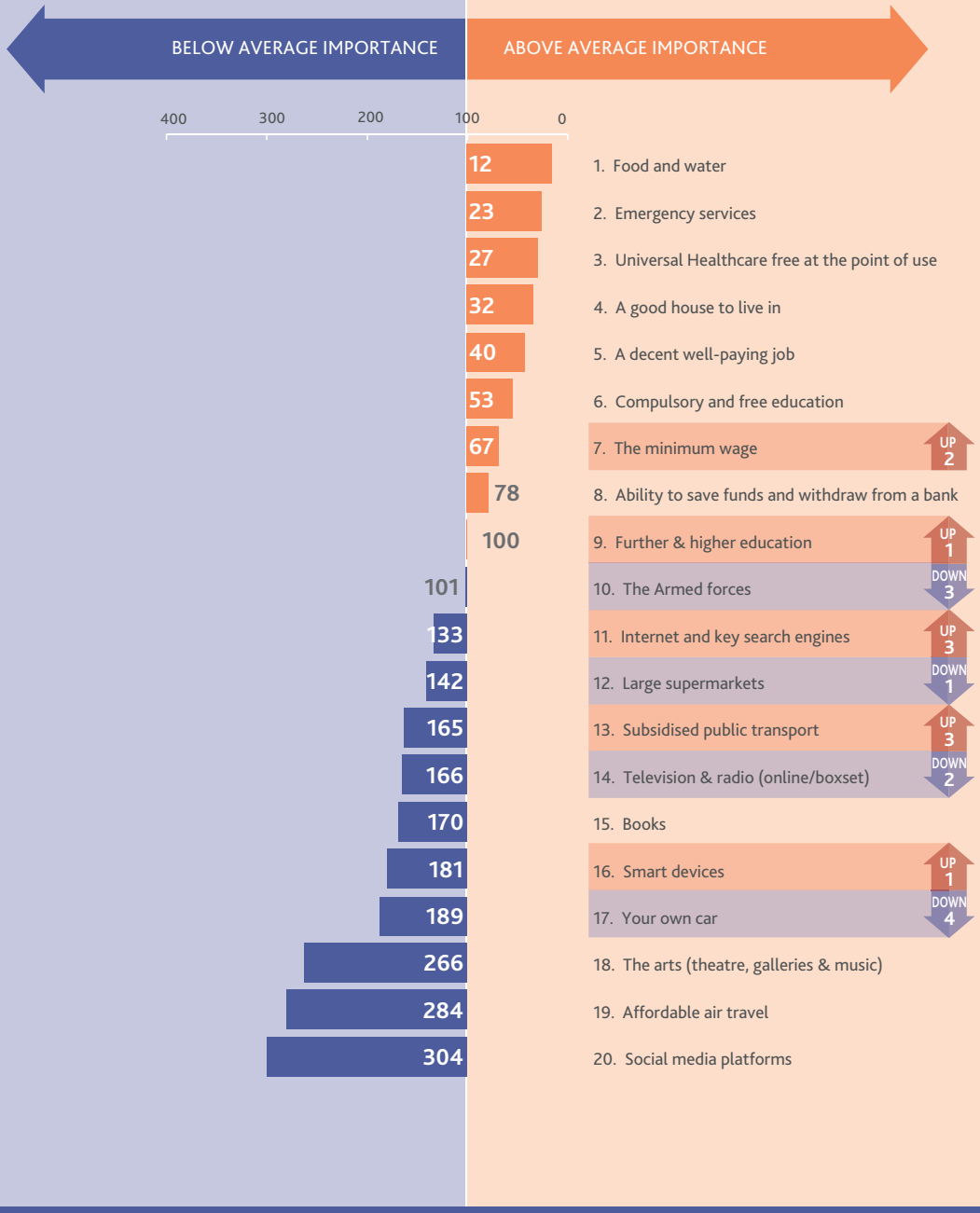


Figure 5.3a: 18-34 (with changes vs total population highlighted)

5.3 IN DETAIL: 18-34s

The top six societal needs for people aged 18-34 remain unchanged when compared to the population as a whole. Beyond these top needs, however, there are a number of differences between younger people and the wider population. Younger people are far less concerned about having a car than the population as a whole. Unlike their older counterparts, the MaxDiff analysis shows that 18-34s prioritise subsidised public transport over owning a car. They are the only age group to do so.

They are also significantly less likely to consider the Armed Forces important. When viewed with the poll's other findings—which show young people supporting reduced military spending while the rest of the population supports the opposite—it is clear that 18-34s want the defence budget to be redirected to areas they consider more beneficial. These include increasing support for lower paid workers and further and higher education.

The internet, public transport and smart devices all rise in importance for younger people when compared to the population as a whole, while large supermarkets and television and radio fall lower down the hierarchy of needs.

5.4 IN DETAIL: 65+

For the oldest portion of the population, the importance of education, decent jobs and the minimum wage all fall as they move into retirement. So too does the importance of large supermarkets and the internet.

On the other hand, 65s and over are more likely to consider the Armed Forces, television and radio, owning a car and books more important when compared to the rest of the population.

It is clear that universal healthcare free at the point of use and decent housing are critical to the UK public across all ages, ranking just below food and water and the emergency services in terms of necessity.

In addressing concerns that capitalism has overstepped the market, the political establishment must show that it wishes to protect universal healthcare and promote a fair housing market if it is to convince the public that it truly cares about its needs. It should also be noted, given the importance of good housing to all sections of society, that our poll also finds considerably more support for the idea that 'the housing market is flawed and the government should intervene' than that 'the government has no place stepping in'.

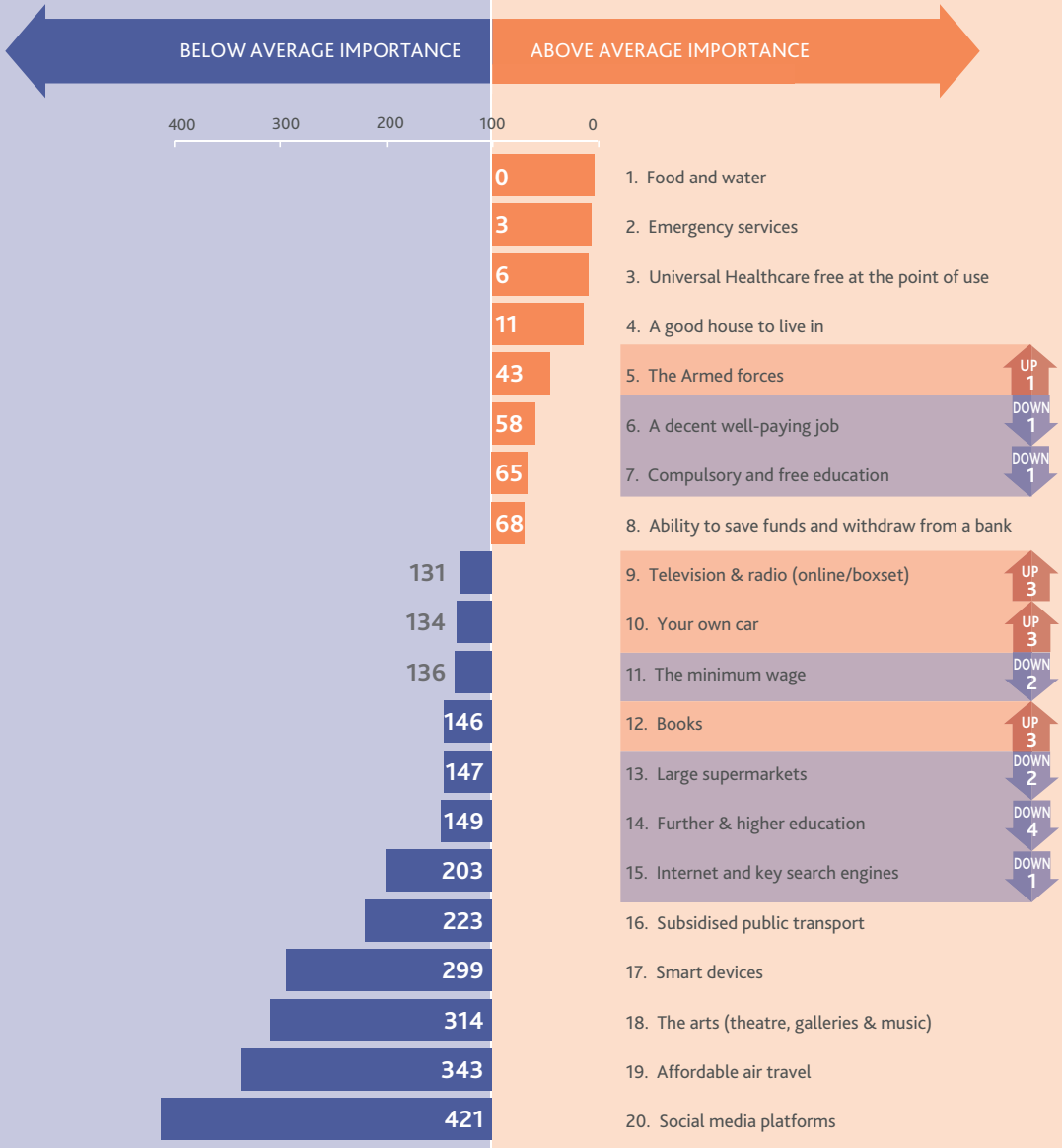


Figure 5.4a: 65+ (with changes vs total population highlighted)

5.5 MAXDIFF: WHAT EACH SEGMENT PRIORITISES

As we found with age and party support, the top priorities—food and water, emergency services, universal healthcare, good housing and decent well-paying jobs—change little between the five segments of the population. There are, however, some differences below these top needs.

For the Left behind segment, the minimum wage, the Armed Forces and having cars and subsided public transport are all more important than for the population as a whole.

For Cosmopolitan critics, the minimum wage and books are more important but the importance of the Armed Forces, large supermarkets and owning cars all fall.

Disengaged pessimists are fairly similar to the population as a whole in terms of their most important needs. The importance of education for this (slightly older) segment falls slightly.

When it comes to their hierarchy of needs, Optimistic centrist are the most representative of the population as a whole.

The needs of Right of centre traditionalists differ considerably from the overall population. As an older segment, they are less personally concerned about education, the arts, books and subsidised public transport. Instead, they place a greater importance on the Armed Forces and easy access to large supermarkets, TV and radio, cars, smart devices and affordable air travel.

5.6 THE SEGMENTS: POLITICAL IMPLICATIONS

The five segments reveal that significant portions of the country—especially Cosmopolitan critics and Left behind—are vehemently anti-capitalist. Free markets find strong support among Right of centre traditionalists and some support among Optimistic centrists, but even the latter of these segments views capitalism with negativity. Interestingly, the Disengaged pessimists, who make up 23% of the country and are arguably the most politically 'in-play' segment, have a clear latent hostility towards capitalism—even if this is not explicitly factored in to all of their preferred policy choices.

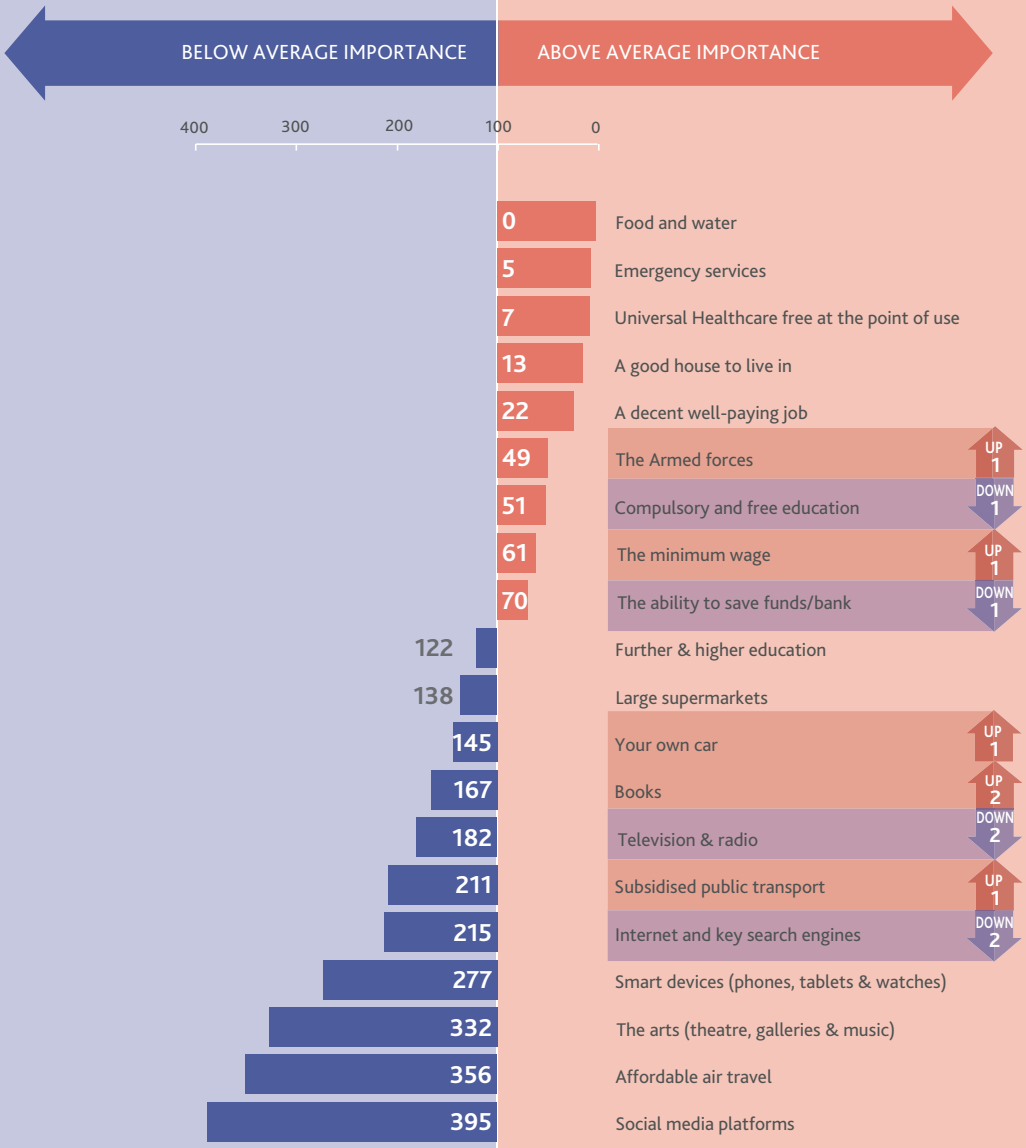


Figure 5.5a Left behind (with changes vs total population highlighted)

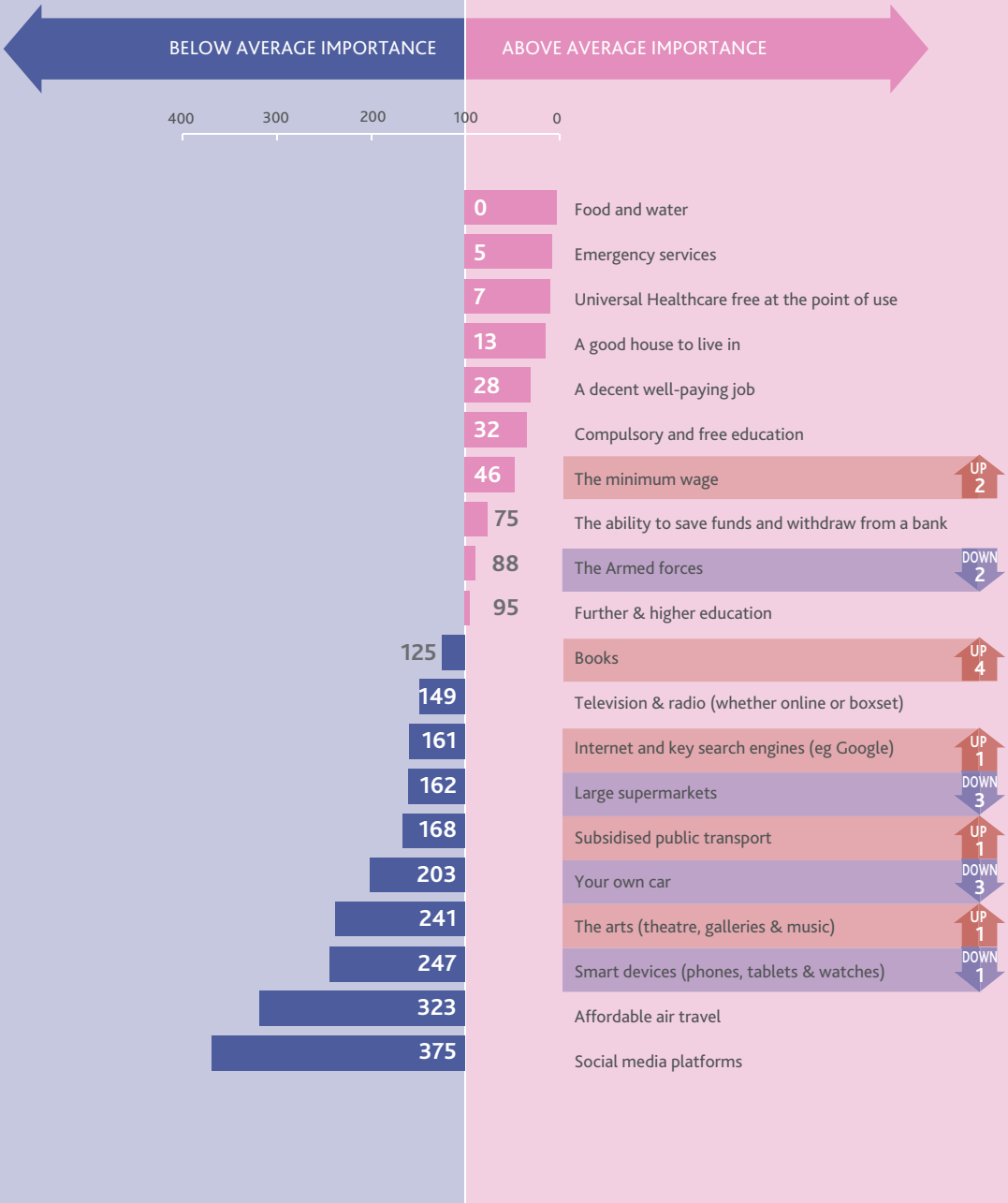


Figure 5.5b: Cosmopolitan critics (with changes vs total population highlighted)

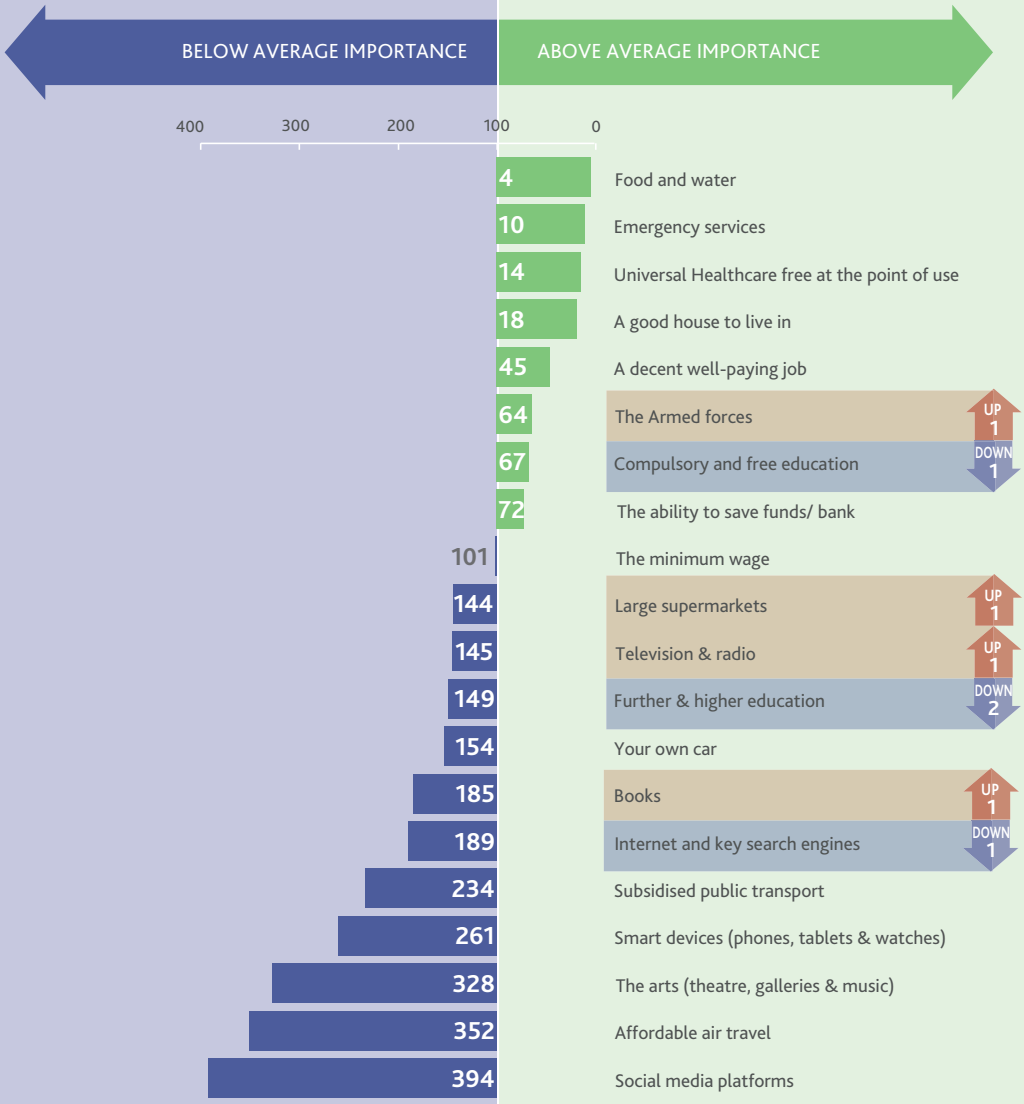


Figure 5.5c: Disengaged pessimists (with changes vs total population highlighted)

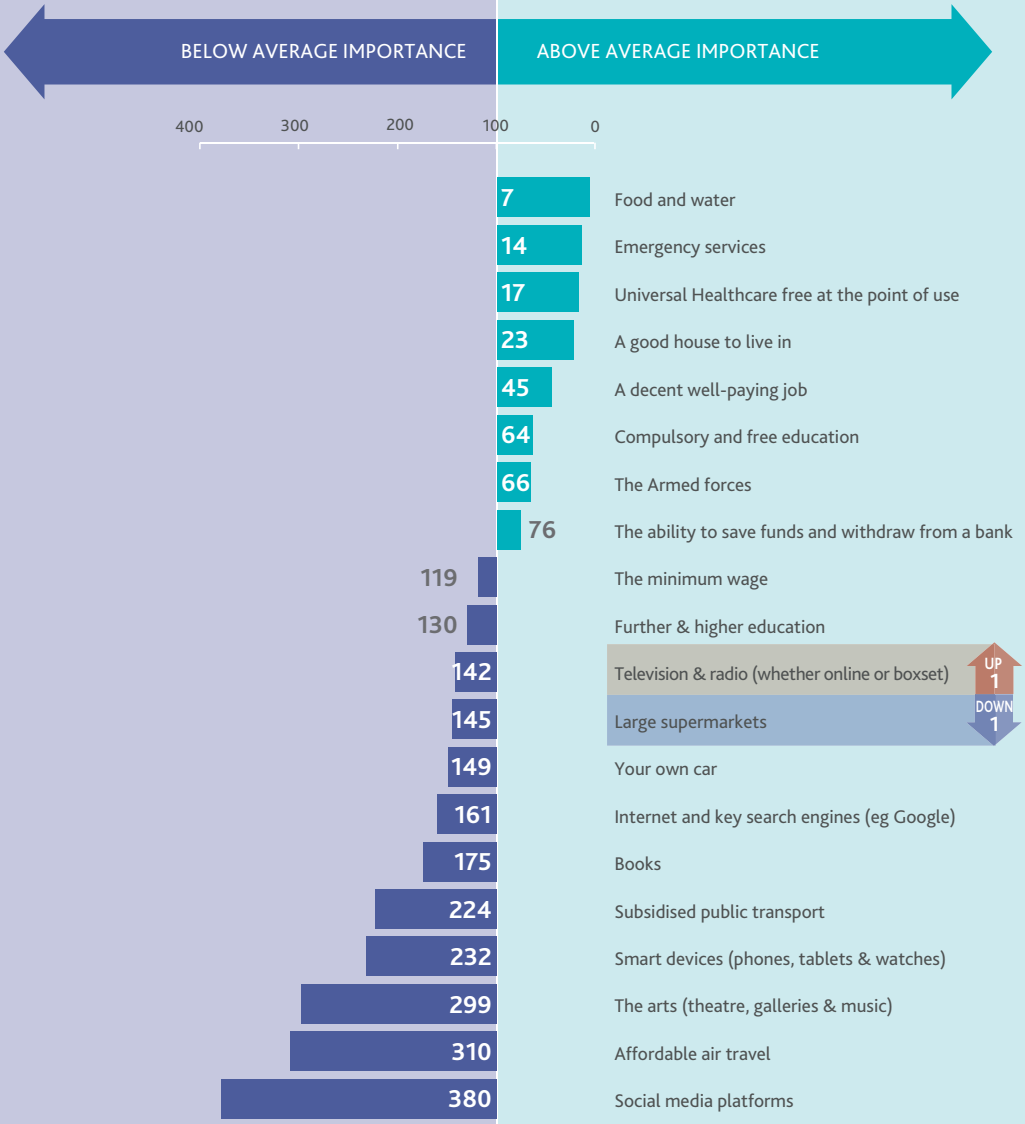


Figure 5.5d: Optimistic centrists (with changes vs total population highlighted)

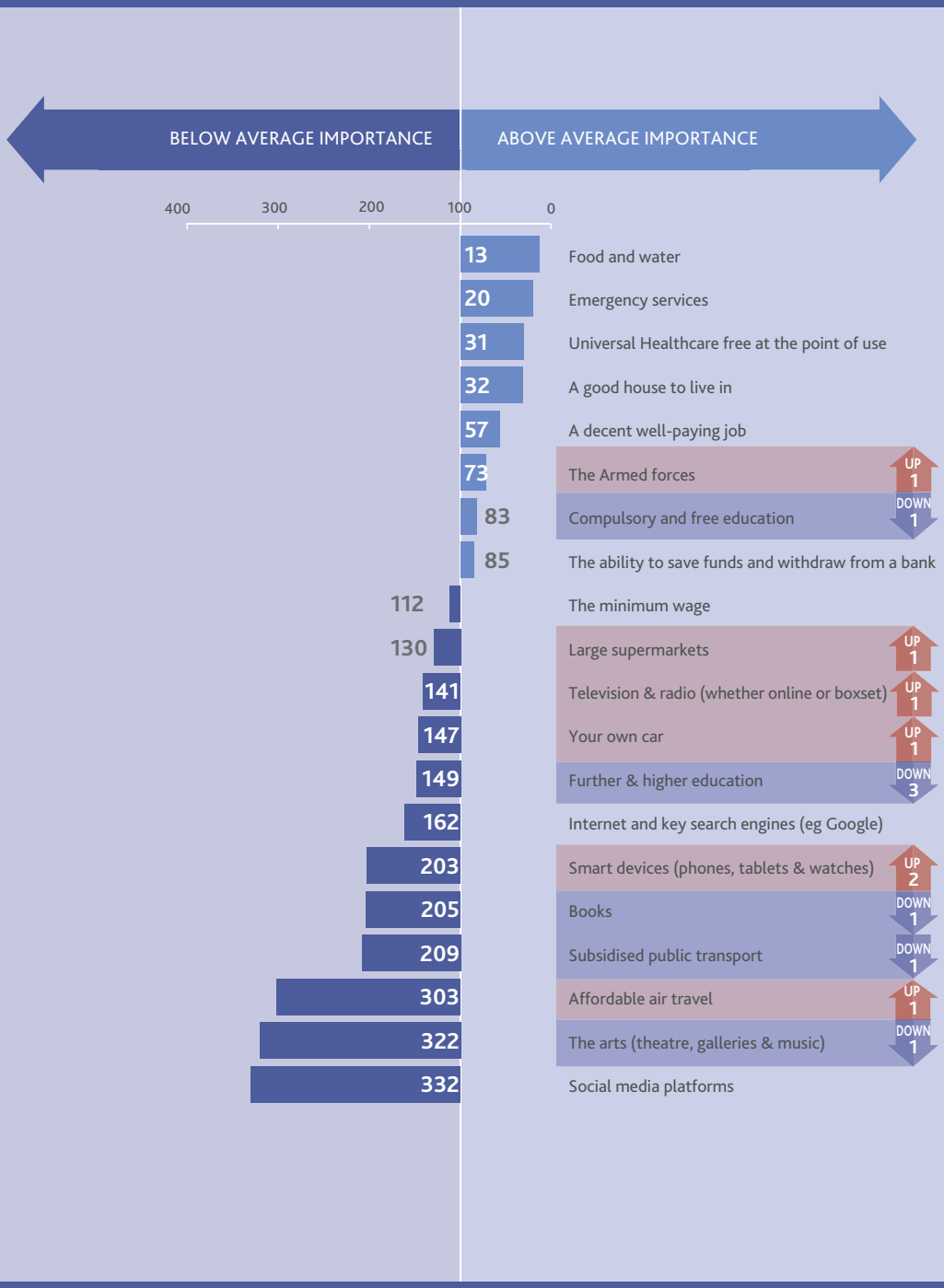


Figure 5.5e: Right of centre traditionalists (with changes vs total population highlighted)

6. PLOTTING THE POPULATION

Using the results from our poll, we have created a single data point for each participant that encapsulates the degree to which he or she is pro-free enterprise and socially liberal. This allows us to plot where different segments of the population lie on the free enterprise vs social liberalism spectrum. The free enterprise index and the social liberalism index are calculated using a Principal Component Analysis. This reduces a range of variables from our poll into single data points that sum up the views of respondents on the economic spectrum (using variables such as their attitudes towards capitalism and regulation) and the social liberalism spectrum (using variables such as their attitudes towards immigration, same-sex marriage and the justice system amongst other social issues).

Take, for instance, Labour and Conservative voters at the 2017 General Election. Figure 6a shows that—as one would expect—Labour voters tend to be more socially liberal and less in favour of free enterprise, whereas Conservative voters are less socially liberal and more in favour of free enterprise.

While most respondents cluster towards the centre, there is a clear diagonal dividing line cutting through the cluster, above which an individual is far more likely to be a Labour voter and below which they are far more likely to be a Conservative voter.

Figure 6a:
Socio-economic axes: Conservative 2017 GE voters vs Labour 2017 GE voters



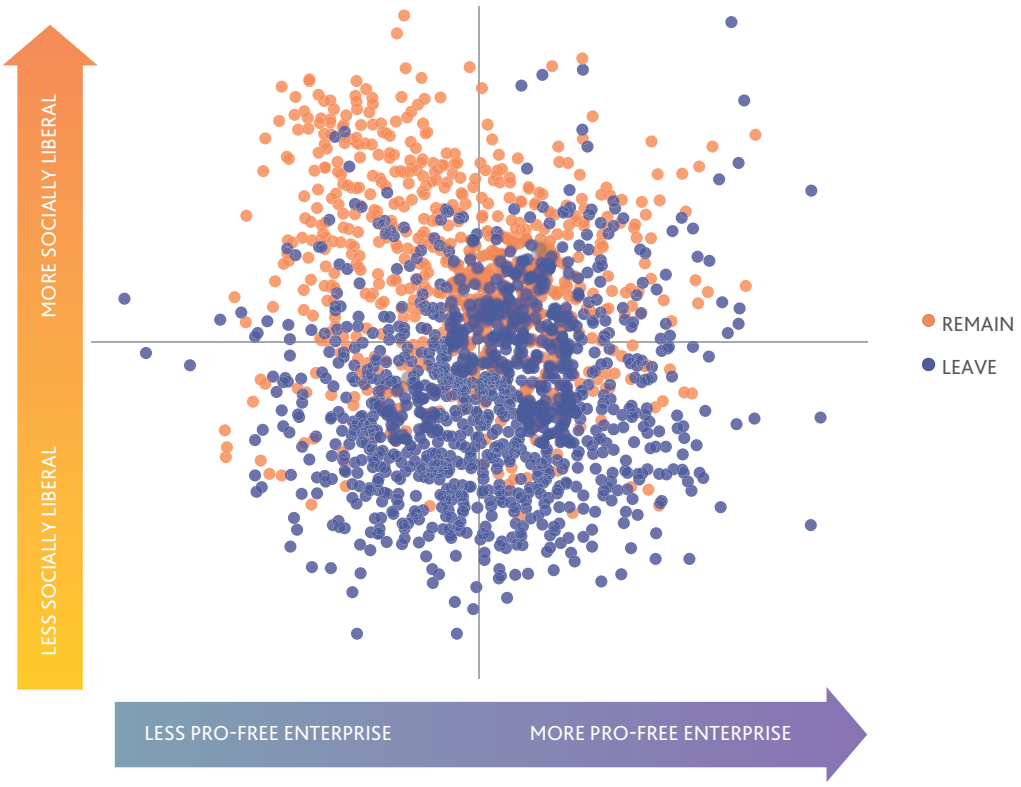


Figure 6b: Socio-economic axes: Remain voters vs Leave voters

Contrast this to the distribution of Leave and Remain voters at the EU referendum (Figure 6b). Here we can see that the dividing line (horizontal this time, rather than diagonal) is predicated to a much greater extent on social—rather than economic—attitudes. There is also a greater dispersion of attitudes among both Leave and Remain voters than among Labour and Conservative voters.



A similar dispersion is to be found by age (Figure 6c). Comparing younger and older people, we notice that there is little correlation between age and the economic liberalism of a respondent (both young and old individuals are scattered horizontally). It is almost as easy to find anti-free trade younger people as anti-free trade older people.

Conversely, age is a large determinant of social liberalism (with younger people far more likely to be placed above the centre line than below it).

To illustrate more clearly still that there is no strong correlation between age and economic liberalism but that there is a correlation between age and social liberalism, we have plotted each in isolation in Figures 6d and 6e.

Figure 6c: Socio-economic axes: 18-35s vs 65+

Figure 6d:
Age vs economic liberalism index

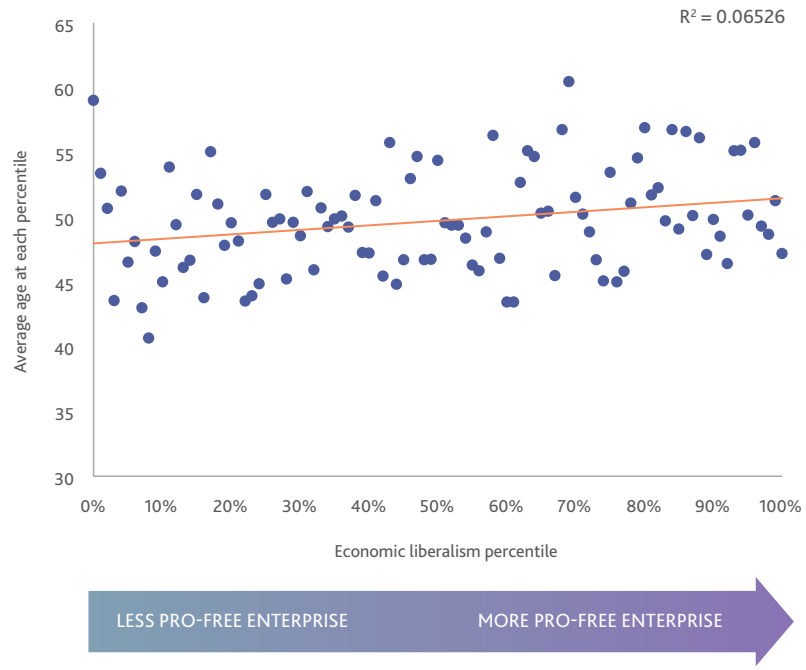
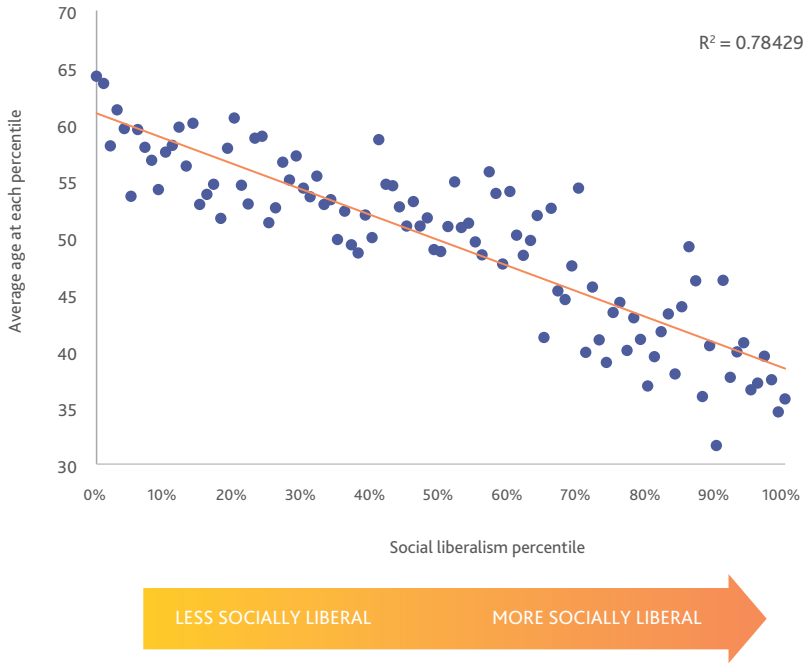
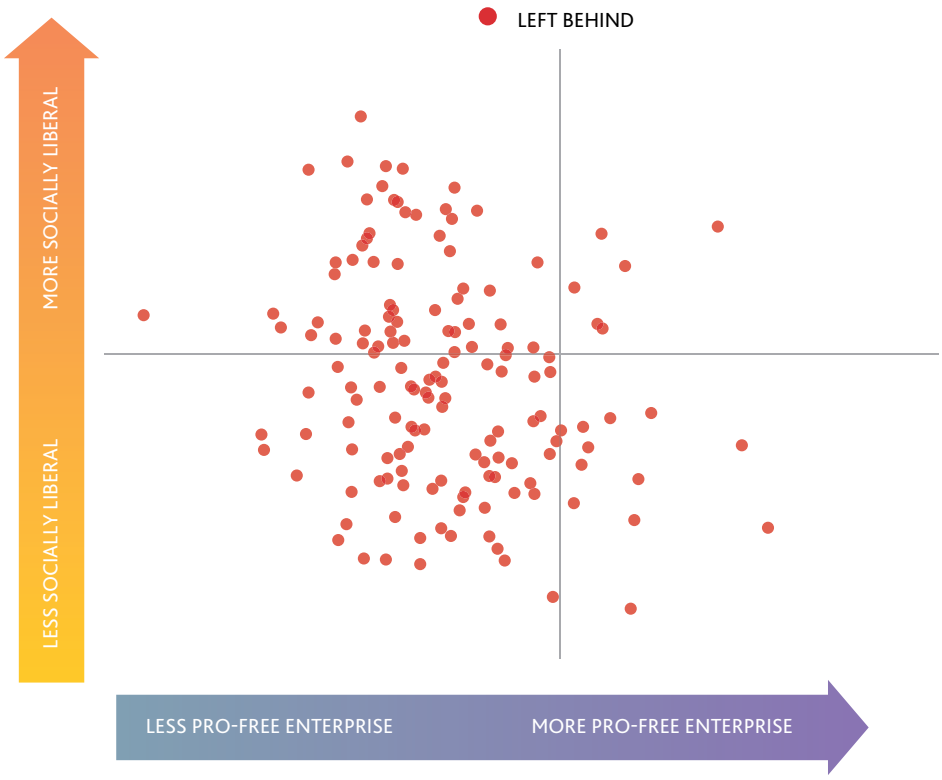


Figure 6e:
Age vs social liberalism index





Where do the five segments of the population fit on these axes?

The Left behind segment are heavily skewed towards the anti-free enterprise end of the spectrum (Figure 6f). They also tend to be less socially liberal.

Figure 6f: Socio-economic axes: Left behind

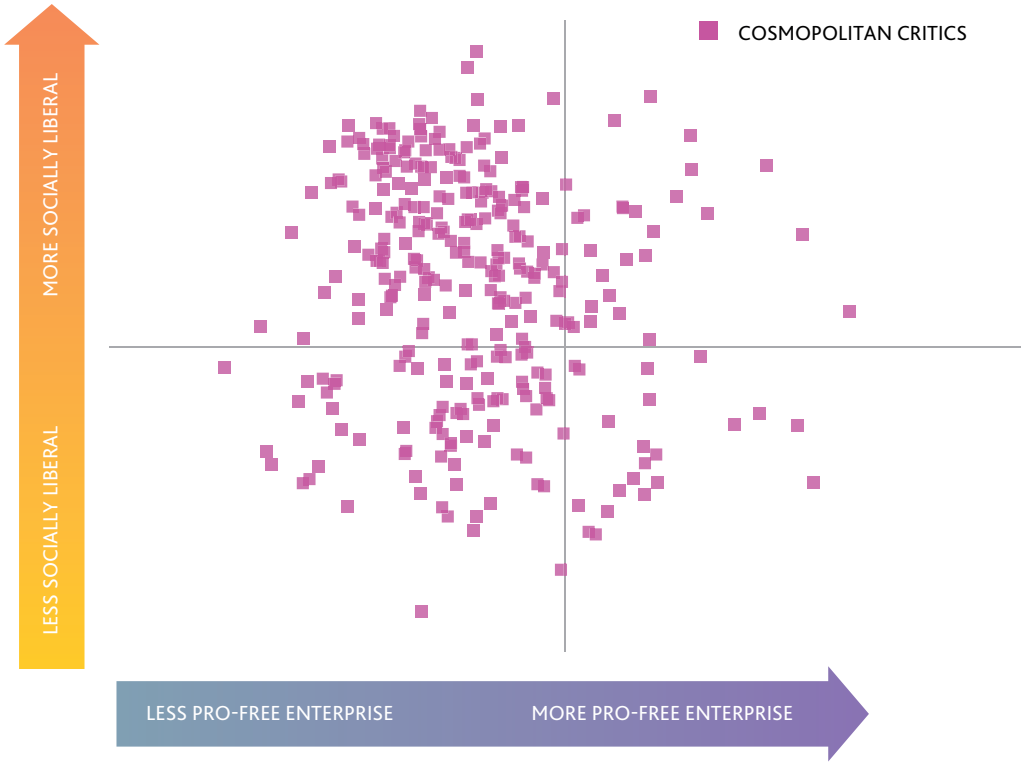
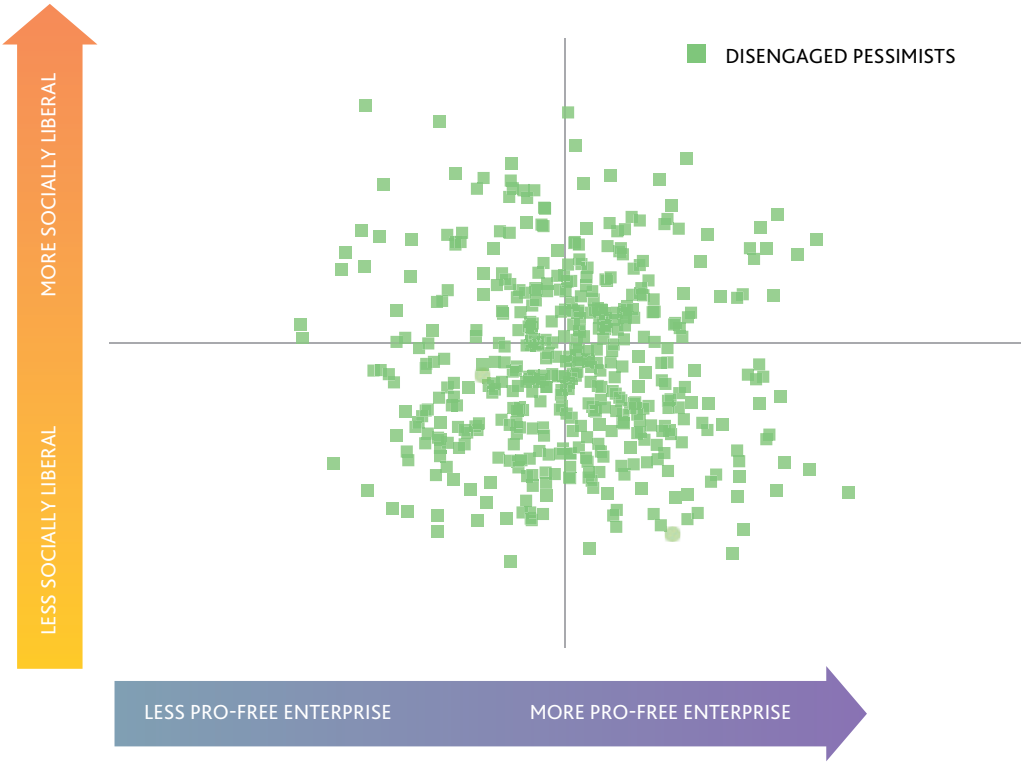


Figure 6g:
Socio-economic axes: Cosmopolitan critics

Cosmopolitan critics can be found in each quadrant but they cluster most in the top left corner—where respondents are most socially liberal and least in favour of free enterprise (Figure 6g).



Disengaged pessimists cluster around the middle of the quadrants (Figure 6h). They are more likely to be politically disengaged, although this does not stop them having a strong latent hostility towards capitalism.

Figure 6h: Socio-economic axes: Disengaged pessimists

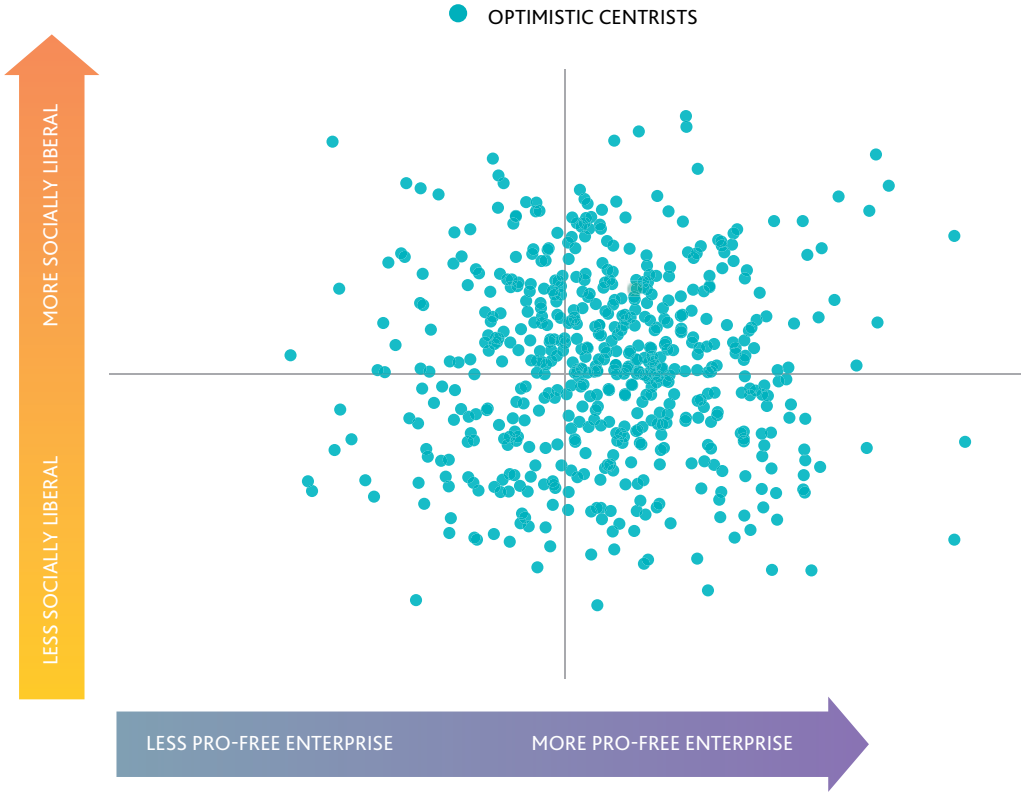
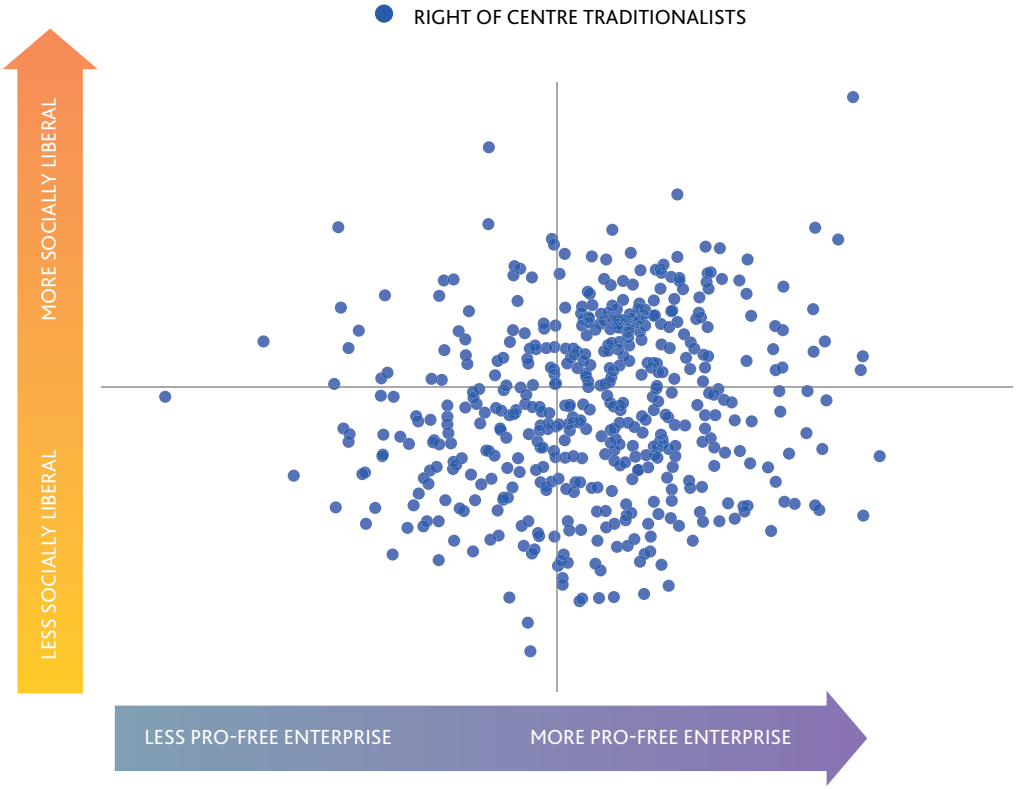


Figure 6i:
Socio-economic axes: Optimistic centrists

Optimist centrists show a similar distribution to Disengaged pessimists and can be found in all four quadrants of the chart (Figure 6i). Nevertheless, they tend to be more pro-free enterprise and more socially liberal, clustering most heavily in the top right quadrant.



Right of centre traditionalists map closely to Conservative voters (Figure 6j). They are the direct opposite of Cosmopolitan critics, with very few occupying the socially liberal, anti-free enterprise quadrant in the top left corner.

Plotting the centre of gravity of each of these groups on one graph, we can see how groups cluster together and where they diverge.

Labour voters in the 2017 General Election are remarkably similar in both social and economic views to the Cosmopolitan critics segment. Conservative voters in the 2017 General Election are most similar to the Right of centre traditionalists in attitudes, while the Optimistic centrists and Disengaged pessimists are currently found somewhere between the voters of the two main parties.

Leave voters, Remain voters, 18-34s and those aged 65+ vary remarkably little on economic attitudes. It is on the question of social attitudes where Leave voters and those aged 65+ diverge from Remain voters and 18-34s.

Figure 6j: Socio-economic axes: Right of centre traditionalists

7. BUSINESS AND POLITICAL CONSEQUENCES

7.1 BUSINESS CONSEQUENCES

The findings of this report have potentially huge consequences for businesses if politicians and policy makers begin to heed mounting public appetite for greater regulation of big business.

On 22 September, Uber was hit by a shock rejection of its application to operate in London by Transport for London (TfL), which argued that "Uber's approach and conduct demonstrate a lack of corporate responsibility". London mayor Sadiq Khan added that "providing an innovative service must not be at the expense of customer safety and security", echoing public sentiment in our research that businesses must be forced to take wider responsibilities beyond profit into consideration.

Populus has been tracking the reputation among the public of a wide range of companies, including Uber.[6] In February, Uber's Reputation Credit Score was relatively low compared to other companies, as was its Intensity Score: the extent to which a company elicits strong and varied opinions (Figure 7.1a). This suggests relatively few people had strong views about Uber.

This has, however, changed in recent months. Uber's Reputation Credit Score has fallen further and its Intensity Score has increased, which suggests that more and more people are forming strong views about the company—often in a negative sense. That was even before TfL's ruling. By addressing intensifying public scrutiny around its operating practises—amid a broader public desire to see corporate irresponsibility penalised—it is possible that Uber could have avoided a roadblock of its own making.

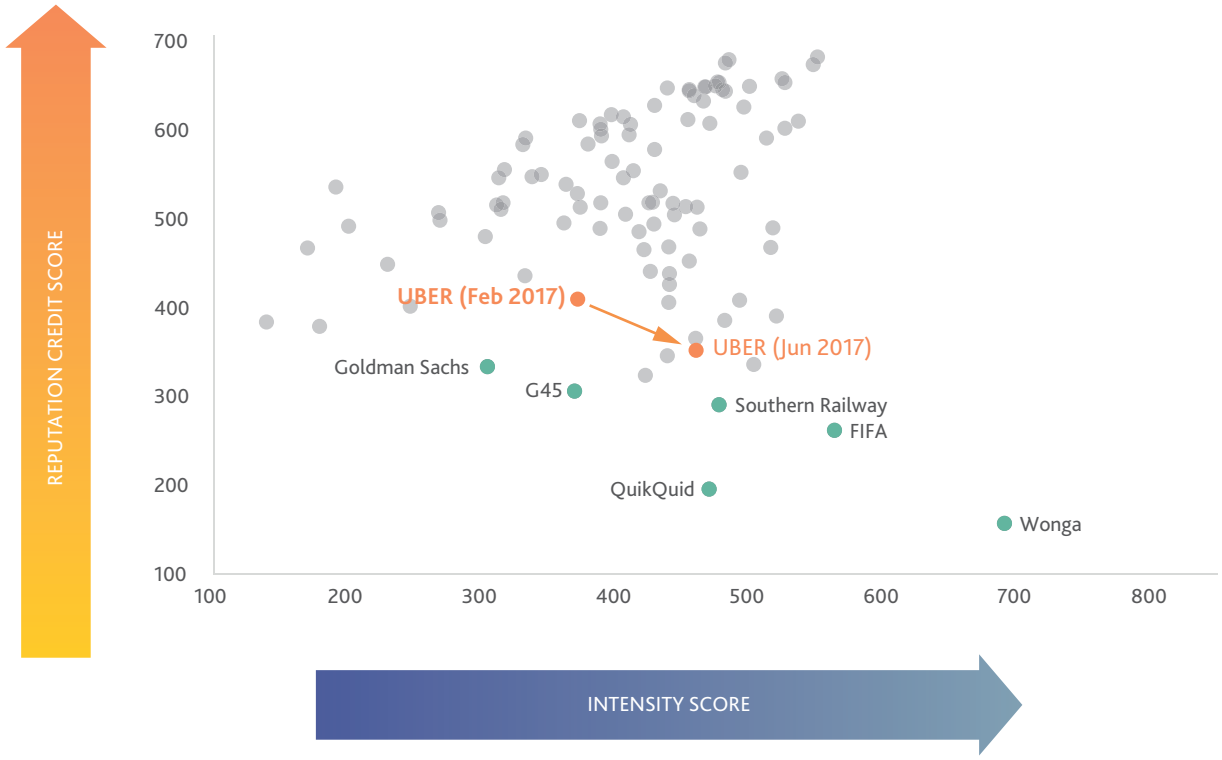
What is also noticeable about the companies which perform poorly in the Populus Reputation Model, is that despite their different business models, sectors and financial performance, they have factors in common. Transparency issues, legal procedures, customer/consumer scandals, and faulty products/ delivery all—to a degree—plague the reputations of these poorly performing companies.

What's also fascinating is that nearly all of them have had to withstand political pressure as a consequence of their poor reputations. This political pressure is due, in part, to the shifting economic attitudes amongst voters, and a waning tolerance for companies that are seen to be transgressing a natural sense of fairness. Although not within the specific remit of this report, the business implications of a changing landscape in public opinion on attitudes towards the free market are enormous.

7.2 POLITICAL CONSEQUENCES

This research finds that a clear anti-capitalist sentiment permeates throughout many segments of the population. Majority support for nationalisation of railways, water, gas and electricity is overwhelming. The public tend to reject free market ideas in favour of state regulation. They believe that big business has been

6 See also the Populus paper: 'On warning: why businesses must improve their reputation'. Published December 2016 http://www.populus.co.uk/2016/12/on-warning-why-businesses-must-improve-their-reputations/



given too much free reign for too long and that the economy needs to be reoriented away from a focus on profit. Moreover, anti-capitalist tendency is similarly prevalent across ages—and we find that it is in fact those aged 35 and over who are slightly more anti-free enterprise, not those who are younger.

There are important demographic divisions on social issues—on which the public as a whole tends to lean to the right—but we focus here on populist economic attitudes which have allowed the Labour Party (so often characterised as 'weak' on the economy, and indeed, rated poorly on the subject in opinion polls) to win more votes than many believed possible. The public appears to be more economically left wing than many commentators realise.

In the wake of the EU referendum debate, much focus has been given to the social attitudes of voters. Now, the political class will need to turn its attention to economic attitudes, or face the risk of the ground shifting beneath its feet.

And for those who believe that competition, entrepreneurship and free trade are key drivers to make societies more prosperous, it's time for us to up our game.

Figure 7.1a: The Populus Reputation Model

ABOUT THE AUTHORS



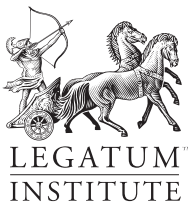
Matthew Elliott

Matthew's work as a Senior Fellow at the Legatum Institute includes researching the rise of Populism and political change. Having been Chief Executive of Vote Leave, the official Brexit campaign in the 2016 EU referendum, Matthew is now one of the UK's foremost political campaigners. He also led NOtoAV and won the 2011 referendum on the Alternative Vote. As a policy entrepreneur, he has founded and run numerous award-winning campaigns, including the TaxPayers' Alliance (TPA) and Business for Britain (BfB), the precursor to Vote Leave. Matthew has been described by the *Financial Times* as "one of the most formidable political strategists in Westminster", and by the *New European* as "an unsung titan of the Brexit cause". Through the Westminster Foundation for Democracy, he has worked with political parties across the world, including in Azerbaijan, Belarus, Georgia, Ghana, Guatemala, Kenya, the Maldives, Montenegro, Serbia and Ukraine. He has written four books, numerous op-eds, appears regularly on TV and radio, and is a frequent speaker both in the UK and overseas. He is also currently the Senior Political Adviser to Shore Capital.



James Kanagasooriam

James is Head of Analytics at Populus, joining in 2014. His work focuses on both corporate reputation issues and the application of data science techniques to political campaigns and voter micro-targeting strategies. James and his Populus team most recently utilised these techniques for the Scottish Conservatives at the 2016 Holyrood elections, and at the recent 2017 General Election. Before joining Populus, James was an investment banker at Rothschild and previously worked at the think-tank Policy Exchange. He is a graduate of Cambridge University. He writes intermittently for *Times RedBox* and tweets regularly on all things political and data related @jameskanag.



LEGATUM INSTITUTE
11 Charles Street
Mayfair
London W1J 5DW
United Kingdom

t: +44 (0) 20 7148 5400

Twitter: @LegatumInst

www.li.com
www.prosperity.com

OCTOBER 2017