

Opinion Poll

People prepared for long period of austerity



IAN McSHANE
ANALYSIS

Half of those surveyed feel the economy will be in a worse position this time next year

TODAY IS the final day of coverage of the 2009 *Irish Times* Behaviour & Attitudes Social Poll.

In it, we look forward to people's general prognosis for the year ahead, the extent to which they have been encumbered with personal debt, and the personal lessons that have been learned from the rapid descent from affluence to bare survival.

Looking forward one year, people's views as to whether the country will be better off, worse off, or about the same as it is now are not as profoundly negative as one might have expected.

Thus, half of all those surveyed feel the economy will be in a worse position this time next year, a figure which is remarkably consistent across all socio-demographic groupings. A further one in seven (increasing to one in five of all 18-34-year-olds) actually feel that things will have improved by next October, with the remaining one-third assuming things will remain pretty much as they are.

Taken in conjunction with our regular consumer confidence tracking data, our view is that consumer sentiment with regard to the next 12 months has probably bottomed out, having declined consistently since early 2008. As discussed in yesterday's article, the general public will need reassurance in relation to a whole raft of social and economic indicators before confidence actually begins to improve to any extent.

Indeed, the findings of this poll would suggest that people generally are of the view that it will be quite some time before the economy actually begins to grow again, and that they are as a result preparing themselves for a protracted period of austerity over the coming years.

Hence, just one-quarter of all adults expect the economy to begin to grow again during 2010. A further 28 per cent feel that we can expect no growth until 2011, with a remarkably high one-third expecting no notable recovery until 2012 or beyond.

These predictions would appear to be significantly at odds with even the most pessimistic of forecasts from the Department of

Finance and such credible think tanks as the ESRI.

If indeed growth does return by the second half of next year, as has been suggested by a number of credible economic commentators, we may witness a more sudden and significant uplift in confidence and spending behaviour than today's poll figures might suggest, with people potentially beginning to loosen the purse strings by as early as autumn 2010.

One of the consequences of any such improvement in public sentiment may be the clearing of some of the personal debt currently hampering significant sections of the population.

On this point, we can estimate from the survey data that, apart from mortgage borrowings, the average Irish adult currently has just under €7,300 worth of personal debt. This figure becomes that bit more significant when we realise it includes almost half of the population (45 per cent) who claim to have no such personal borrowings at all.

In other words, most of this debt is being carried by that broad section of the population aged in its mid-20s to mid-50s, where the average amount owed rises to around €11,000 per individual.

We have no way of knowing from this research how well people are coping in servicing this debt, nor what type of pressure they may be under from their lending institutions. It is, however, revealing that an estimated 200,000 people have had an overdraft facility, credit card, debit card or ATM card withdrawn from them over the last 12 months.

We can only assume that, as the effects of the December budget begin to register in pay packets in the early part of 2010, people will find it increasingly difficult to manage their personal debt, and begin at least in some instances to dip into any savings they may have set aside for a rainy day.

Finally, we draw our analysis of the 2009 poll to a close with an overview of personal lessons learned from this recession.

Interestingly, the most commonly cited lessons gleaned from the experiences of the last year or so are more practical in nature – specifically, a sobering realisation that people should have saved more and spent less during the good times!

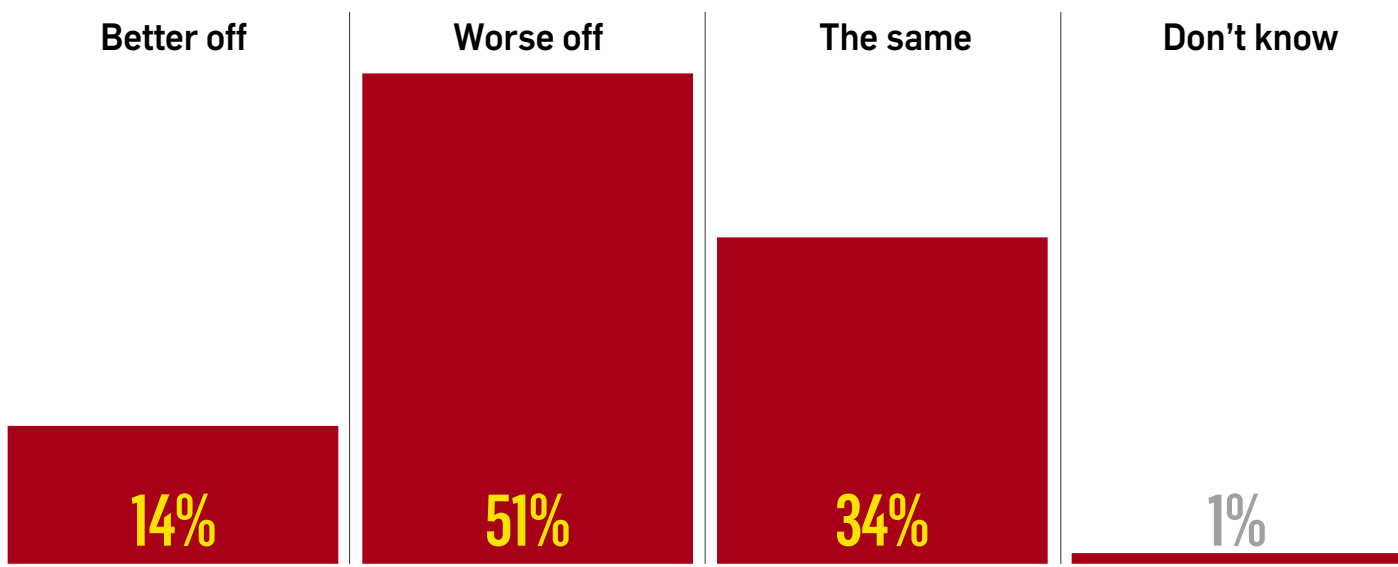
Less than one in five of all adults were inclined to point the finger of blame at someone other than themselves at this question, with twice as many criticising Government handling of the crisis as blaming the banking system.

Only time will tell of course whether we will in fact begin to manage our personal finances as tightly as people are suggesting, or will yet again succumb to the rampant consumerism of the Celtic Tiger years when money begins to flow again.

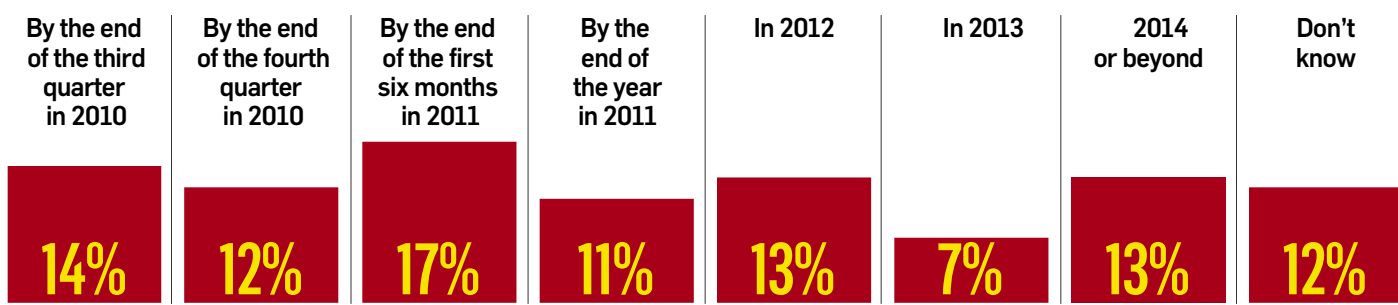
Ian McShane is managing director of Behaviour & Attitudes



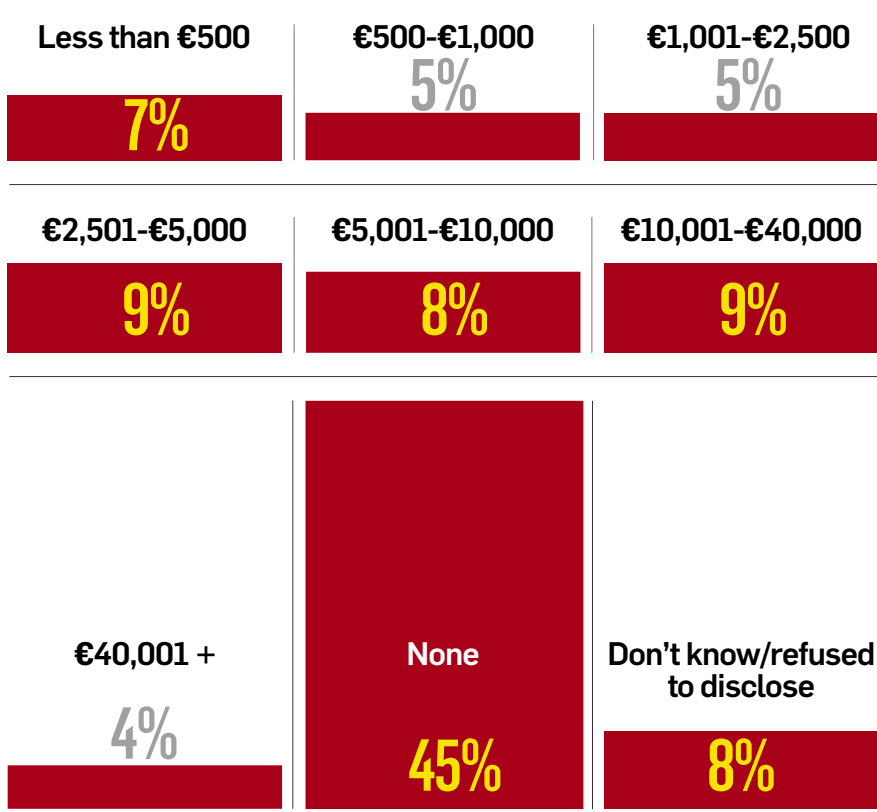
THE ECONOMY: DO YOU THINK THE COUNTRY WILL BE BETTER OFF, WORSE OFF OR ABOUT THE SAME THIS TIME NEXT YEAR?



THE RECOVERY: HOW SOON DO YOU FEEL THE ECONOMY WILL BEGIN TO GROW AGAIN?



YOUR DEBT: APART FROM MORTGAGE BORROWINGS, WHAT IS YOUR TOTAL PERSONAL DEBT?



Average savings (excluding don't knows/refused) = €7,960

HAVE YOU HAD AN OVERDRAFT FACILITY, CREDIT CARD, DEBIT CARD OR ATM WITHDRAWN OVER THE LAST 12 MONTHS?



Keener to learn than apportion blame for mistakes



CARL O'BRIEN
ANALYSIS

People are willing to take responsibility for their financial problems and get on with things

WITH ALL the frustration and rage spilling out of spittle-flecked radio and TV debates on the economy, you might think the country is seething with anger.

Yet, a radically different picture emerges in today's opinion poll. For the most part, people appear less consumed with blaming institutions for the economic mess we're in. Instead, they seem keen to learn from the past, take personal responsibility for their financial problems, and get on with things.

When respondents were asked without specific prompting what were the biggest personal lessons they learned from the recession, most (41 per cent) said they should have spent less and lived within their means. It's a sentiment shared in nearly equal numbers across most age groups. Others said they should have saved more (15 per cent) and borrowed less (5 per cent).

The issue of recrimination came lower. A total of 12 per cent said they wouldn't trust the Government or politicians, while just 5 per cent said they wouldn't trust the banking industry. As for builders and developers, another 1 per cent said they wouldn't trust them either.

In general, younger people are more likely to feel they should have saved more and spent less in recent years, while middle aged people are likely to distrust bankers or politicians.

Older people aged 65-plus were mostly likely to say they hadn't learned anything from the recession, perhaps a sign that they've seen it all before. A total of 5 per cent say their life has not been affected by the Celtic Tiger.

THE ECONOMY

Despite largely optimistic findings earlier in the week – with most people saying they are content and that it is time for Ireland to start believing in itself – many feel there is worse to come. When asked how they believed the country will fare economically next year, most (51 per cent) said it would be worse off. Around a third (34 per cent) believe it will be the same, while just 14 per cent believe the country will be better off.

Younger people are more likely to be optimistic for the future, with one-fifth of all people aged 18-34 believing the economy will improve next year.

Overall, more than half of people believe the economy will be growing again within the next two years. A total of 26 per cent believe it will start to grow in 2010; 28 per cent think it will grow by 2011; and 13 per cent think we will have to wait until 2012. One-fifth are even more pessimistic and do not expect growth until 2013 at the earliest.

DEBT

When it comes to debt, some 45 per cent of people say they are not in arrears. Most of those who are debt-free are younger and older members of society. For example, some 80 per cent of over-65s have no debt, a figure which falls to 31 per cent among the 25-44 age group.

Of those in arrears, the average debt facing a person is €7,270 (excluding mortgage debt). This includes credit card debt, personal loans, etc.

Significant numbers, however, are facing very heavy debts; some 13 per cent have debt well in excess of €10,000. Again, it is the 25-44 age group which is most likely to be in debt.

Life for those in debt hasn't

More than half of people believe the economy will be growing within the next two years

been made any easier by new restrictions over access to credit.

A total of 6 per cent say they have had an overdraft facility, credit card or debit card withdrawn over the past year. Those most affected are those in the 45-54 age group (11 per cent). Most people – 90 per cent – haven't had any such facility withdrawn.

THE FUTURE

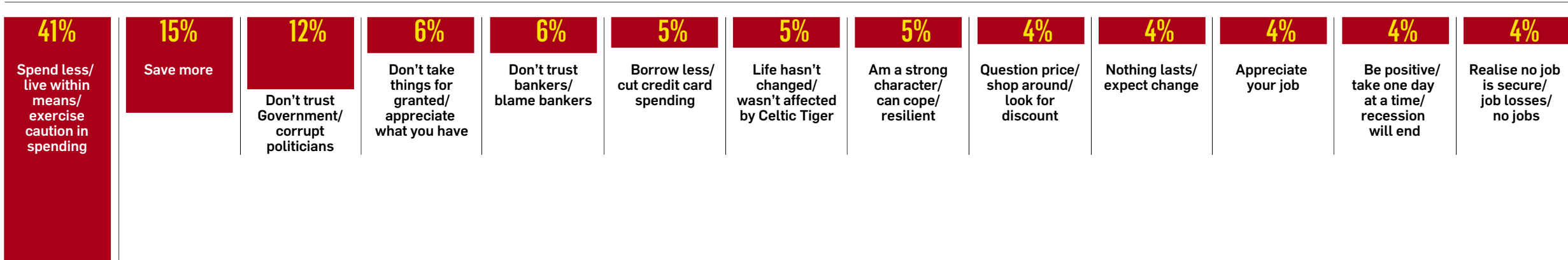
When asked what they would do differently in a future recession, people say the lessons they have learned are mostly financial.

Most people say they would save more (38 per cent) and be more careful with money (24 per cent), while 6 per cent say they will borrow less. Again, the numbers saying they won't trust politicians (3 per cent) or bankers (2 per cent) are relatively small.

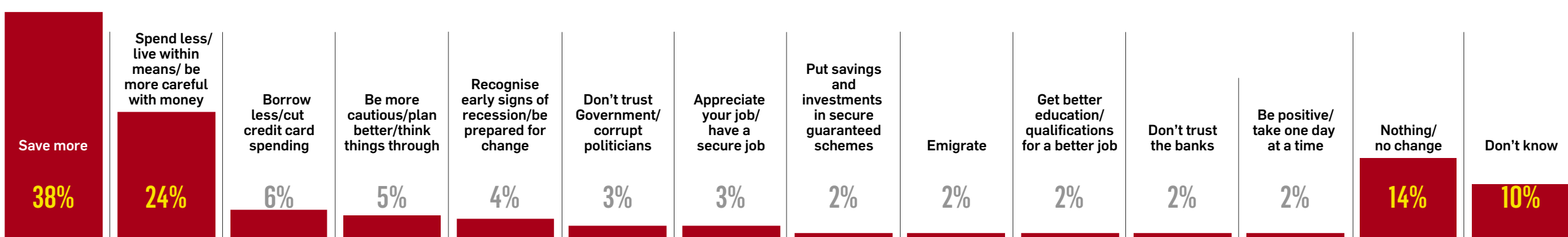
More say they will be more cautious (5 per cent) and be prepared for change (4 per cent).

Overall, most indicate they will be more cautious and prepared for change in the year ahead, come what may. One thing we can be fairly sure of from the poll findings is this: life after the recession will be much different to what went before.

LESSONS OF THE RECESSION: WHAT ARE THE BIGGEST PERSONAL LESSONS YOU HAVE LEARNED FROM THE RECESSION?



THE NEXT RECESSION: WHAT WOULD YOU DO DIFFERENTLY TO MAKE IT EASIER TO MANAGE IN A FUTURE RECESSION?



THE IRISH TIMES

IRELAND TODAY



This survey in the Republic of Ireland was conducted exclusively on behalf of *The Irish Times* by Behaviour & Attitudes, among a national quota sample of 1,004 Irish adults, in strict accordance with Aimro (Association of Irish Market Research Organisations) and Esomar (European Society for Opinion and Market Research) guidelines.

Fieldwork was conducted in-home at 100 different locations, with the sample controlled by region, age, working status and socio-economic status.

The survey findings are accurate to within approximately plus or minus three percentage points. Interviewing was conducted between October 12th and 26th, 2009.