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Where Is The Public On Government Regulation?

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New results from two major polls with long trends provide different pictures of public attitudes toward regulation, but a similar picture of deep partisan differences on the issue. A third and more extensive survey informs the other two.

Last week, the Gallup Organization released the results of a September survey, noting that “[f]or the 12th year in a row, more Americans say there is too much government regulation of business and industry than say there is either too little or the right amount.” In the new poll, 45 percent said too much, 23 percent too little, and 29 percent about the right amount. Sixty-eight percent of Republicans compared to 20 percent of Democrats said there was too much regulation. Pew’s question, which the organization posed for the first time in 1994, asks people which of two statements comes closer to their view. In the June–July poll, 50 percent said government regulation of business is necessary to protect the public interest, while 45 percent said government regulation usually does more harm than good. Two-thirds of Democrats said government regulation was necessary, compared to 31 percent of Republicans.

A third survey, conducted by Dr. Emily Ekins of CATO, is a more extensive exploration of attitudes toward regulation in the financial arena, but it also asks people a series of general questions about regulation. The CATO survey divided Pew’s tradeoff question into two separate questions, asking people to agree or disagree with each statement. When asked this way, 69 percent agreed that government regulation is necessary to protect the public interest. Almost as many, 62 percent, in the other question agreed that it usually does more harm than good. In terms of positive attributes of regulation, 59 percent in the CATO survey agreed that many important benefits have resulted from regulation of business and industry, and 56 percent agreed that government regulation is a good way of making business more responsive to people’s needs. Negative judgments were stronger: 74 percent agreed that regulations often fail to have their intended effect, and 60 percent that government regulation hinders innovation and growth. On all these questions, like the Gallup and Pew questions above, there were sharp partisan differences. Just to give one example, 39 percent of Republicans agreed that important benefits have resulted from government regulation, compared to 77 percent of Democrats.

The survey’s battery of questions on government *regulators* as opposed to *regulations* found that 80 percent felt regulators often allow their own biases to influence their jobs and 75 percent said they care more about their jobs than about overall economic well-being. Nearly two-thirds said

they could help prevent another financial crisis, and 58 percent felt they have the knowledge and information to do their jobs well.

What do these clashing results say about the public's views on regulation? Contradiction is a key property of public opinion, and we see it here. We want to get government off the back of business, but at the same time, we want to be protected. Examining public views on a specific issue such as financial regulation provides more insight.

Virtually all questions asked since the 2008 financial crash show support for greater regulation of banks and financial institutions. In the CATO survey, 41 percent said there should be more, 33 percent about the same amount, and 25 percent less. Around two-thirds in two questions said government regulators were doing a fair to poor job of oversight of these industries, and separately, protecting consumers from unethical practices. (In two other questions, identical proportions, 48 percent, had "hardly any" confidence in Wall Street and separately, financial regulators). In a hypothetical question about a significant reduction of regulation, 10 percent said the free market would do an excellent job of ensuring business behaves ethically, while 27 percent said it would do a good job, 27 percent only fair, and 23 percent poor.

Other polls have shown us that people don't believe the financial system is more secure than before the 2008 crash. In a Pew poll on the fifth anniversary of the crisis, 63 percent said the system was no more secure than before the 2008 financial crisis. In a poll this summer from Bloomberg, 63 percent said it was realistic to expect another financial crisis like 2008 in the next several years. In the CATO survey, 26 percent said the new regulations make a crisis less likely, 24 percent more likely, and nearly half, 48 percent, said they won't make much difference. So the public seems to want regulation as a hedge against bad developments or bad actors, but they have doubts about whether it will be very effective. That's the public's bottom line.