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Broad Concern about 'Fiscal Cliff' Consequences

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Public Is Skeptical Deal Will Be Reached Broad Concern about ‘Fiscal Cliff’ Consequences

As the president and congressional leaders begin negotiations to avoid the “fiscal cliff” deadline at the end of the year, there is widespread public concern about the possible financial consequences. More say the automatic spending cuts and tax increases scheduled to take effect in January would have a major effect on the U.S. economy than on their own finances. But nearly identical majorities say the effect of the changes would be mostly negative for the economy (62%) and their personal financial situation (60%).

The public is skeptical that President Obama and congressional Republicans will reach an agreement by the end of the year to avoid the fiscal cliff. About half (51%) say the two sides will not reach an agreement, while just 38% say they will. If no deal is reached, more say that congressional Republicans would be more to blame than President Obama (53% vs. 29%).

The latest national survey by the Pew Research Center for the People & the Press and The Washington Post, conducted Nov. 8-11, 2012, among 1,000 adults finds sharp partisan divisions over prospects for a deal to avoid the fiscal measures from automatically taking effect.

Republicans are particularly skeptical: By a 66%-25% margin more think an agreement will not be reached. By comparison, Democrats are about as likely to expect a deal to be made

Fiscal Cliff Seen as Threat to Both National and Personal Finances

<i>Effect of automatic tax increases and spending cuts on...</i>	The U.S. economy	Your own financial situation
	%	%
Major effect	68	44
Minor effect	21	38
No effect	2	9
Don't know	<u>10</u>	<u>9</u>
	100	100
<i>Effect will be</i>		
Mostly negative	62	60
Mostly positive	20	17
No effect/DK	<u>18</u>	<u>24</u>
	100	100

PEW RESEARCH CENTER/WASHINGTON POST Nov. 8-11, 2012. Figures may not add to 100% because of rounding.

Public Skeptical about Agreement; More Would Blame Republicans

<i>Will President Obama and Reps in Congress reach agreement?</i>	Total	Rep	Dem	Ind
	%	%	%	%
Yes	38	25	47	37
No	51	66	40	51
Don't know	<u>11</u>	<u>9</u>	<u>12</u>	<u>11</u>
	100	100	100	100
<i>More to blame if agreement not reached ...</i>				
Reps in Congress	53	12	85	53
President Obama	29	68	7	23
Both (vol.)	10	13	4	12
Neither (vol.)	2	3	*	3
Don't know	<u>7</u>	<u>4</u>	<u>3</u>	<u>10</u>
	100	100	100	100

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(47%), as not (40%). Among independents, 51% do not think President Obama and Republicans and in Congress will come to an agreement, while 37% think this will happen.

If an agreement is not reached, 85% of Democrats and 53% of independents say that Republicans in Congress would be more to blame. About two-thirds of Republicans (68%) say that if an agreement is not reached, President Obama would be more to blame.

Impressions of Fiscal Cliff

While debate over the fiscal cliff is the dominant issue in Washington, many Americans say they do not fully understand the consequences of the tax and spending measures taking effect. Only about quarter (26%) say they understand very well what would happen if the automatic spending cuts and tax increases were to go into effect in January; 32% say they understand the effect of these changes fairly well. About four-in-ten (42%) say they understand the impact of these measures not too well (23%) or not at all well (17%).

There are only slight partisan differences in percentages saying they understand the consequences of the fiscal cliff: 64% of Republicans and 61% of Democrats say they understand the possible impact of the spending and tax changes. That compares with 53% of independents.

Those who say they understand the potential impact of the automatic spending cuts and tax increases either very or fairly well are more likely to say there will be a major impact on the U.S. economy (75%) and their own personal finances (48%) than are those who understand the issue not too well or not at all well (58% major impact on economy, 38% major impact on personal finances).

How Well Do You Understand What Would Happen?

<i>Understand impact of spending cuts and tax increases...</i>	Total	Rep	Dem	Ind
	%	%	%	%
Very well	26	24	30	25
Fairly well	32	40	31	28
Not too well	23	20	27	23
Not at all well	17	15	8	24
Don't know/Refused	<u>2</u>	<u>2</u>	<u>4</u>	<u>1</u>
	100	100	100	100

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The election is the public's top news story this week: Fully 60% say they followed news about the presidential election very closely. That is the same as the percentage tracking election news during the week that Obama was elected president four years ago (60%).

Nearly half (46%) followed news about the impact of Hurricane Sandy very closely, down slightly from 53% a week prior.

Interest in news about the fiscal cliff nearly equals interest in news about the economy. Nearly four-in-ten (38%) followed news about the debate in Washington over the possible spending cuts and tax increases very closely; 41% paid very close attention to economic news. In July, just 23% followed news about the possible tax and spending changes very closely.

Election Tops News Interest

% following very closely



PEW RESEARCH CENTER Nov. 8-11, 2012.

Partisan Divide in Views of Fiscal Cliff

Republicans and Democrats take somewhat different views on the effect automatic spending cuts and tax increases would have on the economy and their own personal finances.

Republicans are more likely than Democrats to say there would be a major effect on the economy (78% vs. 64%) as well as on their own personal finances (54% vs. 39%).

In addition, 79% of Republicans say the effect on the economy would be negative and 74% see a negative impact on their own personal finances. By comparison, Democrats express less concern: 50% say the economic effect of automatic spending cuts and tax increases would be mostly negative, and 52% say the same about the effect on their personal finances.

Impact of Automatic Tax Increases, Spending Cuts

Tax increases and spending cuts will have...

	Total	Rep	Dem	Ind
U.S economy	%	%	%	%
Major effect	68	78	64	64
Minor effect	21	14	26	21
No effect	2	1	2	3
Don't know	<u>10</u>	<u>7</u>	<u>9</u>	<u>11</u>
	100	100	100	100

Effect will be

Mostly negative	62	79	50	62
Mostly positive	20	8	31	19
No effect/DK	<u>18</u>	<u>13</u>	<u>19</u>	<u>18</u>
	100	100	100	100

Personal financial situation

Major effect	44	54	39	40
Minor effect	38	34	42	39
No effect	9	5	10	11
Don't know	<u>9</u>	<u>6</u>	<u>8</u>	<u>10</u>
	100	100	100	100

Effect will be

Mostly negative	60	74	52	59
Mostly positive	17	8	24	15
No effect/DK	<u>24</u>	<u>18</u>	<u>24</u>	<u>25</u>
	100	100	100	100

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About the Survey

The analysis in this report is based on telephone interviews conducted November 8-11, 2012 among a national sample of 1,000 adults 18 years of age or older living in the continental United States (600 respondents were interviewed on a landline telephone, and 400 were interviewed on a cell phone, including 191 who had no landline telephone). The survey was conducted by interviewers at Princeton Data Source under the direction of Princeton Survey Research Associates International. A combination of landline and cell phone random digit dial samples were used; both samples were provided by Survey Sampling International. Interviews were conducted in English. Respondents in the landline sample were selected by randomly asking for the youngest adult male or female who is now at home. Interviews in the cell sample were conducted with the person who answered the phone, if that person was an adult 18 years of age or older. For detailed information about our survey methodology, see: <http://people-press.org/methodology/>.

The combined landline and cell phone sample are weighted using an iterative technique that matches gender, age, education, race, Hispanic origin and region to parameters from the March 2011 Census Bureau's Current Population Survey and population density to parameters from the Decennial Census. The sample also is weighted to match current patterns of telephone status, based on extrapolations from the 2011 National Health Interview Survey. The weighting procedure also accounts for the fact that respondents with both landline and cell phones have a greater probability of being included in the combined sample and adjusts for household size among respondents with a landline phone. Sampling errors and statistical tests of significance take into account the effect of weighting. The following table shows the unweighted sample sizes and the error attributable to sampling that would be expected at the 95% level of confidence for different groups in the survey:

Group	Unweighted sample size	Plus or minus ...
Total sample	1,000	3.7 percentage points
Republicans	274	7.1 percentage points
Democrats	328	6.5 percentage points
Independents	339	6.4 percentage points

Sample sizes and sampling errors for other subgroups are available upon request.

In addition to sampling error, one should bear in mind that question wording and practical difficulties in conducting surveys can introduce error or bias into the findings of opinion polls.