

Understanding Society

Different world, same problems?

Winter 2010



Editorial

Today's challenges are unprecedented in how unique they are and their degree of interconnectedness. This has led to general strikes, protests and, in some cases, even changes in government. In this edition of *Understanding Society* we use the research we have done over the last year to look at what, if any, effect these global challenges had on elections in 2010.

We examine what public opinion tells us about the mood of countries and take a closer look at people's perceptions of their healthcare. We ask Göran Persson, the former PM of Sweden, what lessons can be learned from how he handled their economic crisis in the 1990s, while Christian Bason, the Director of MindLab, tells us what opportunities are there for innovation in policy making during these tough times. We also measure the impact of the financial crisis on Europe's most vulnerable.

Research has never been more important, not only in designing policy but also to understand if it is working and how to turn its weaknesses into strengths. To that end the Ipsos Social Research Institute has worked to fill the gaps in knowledge, painting a clearer picture of the current global environment for our clients and helping them make better evidence based decisions.

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The Ipsos Social Research Institute works closely with international organisations, national governments, local public services and the not-for-profit sector across 64 countries worldwide.

Foreword

Welcome to the latest edition of *Understanding Society from the Ipsos Social Research Institute.*

It is a cliché, but we really are living in an increasingly interdependent world. This has been particularly evident during the global economic crisis but what happens around the world also affects our society, politics, and public services. This means that many of our clients and partners are becoming more and more interested in learning lessons about their own countries by looking at others.

This international focus mirrors what we are doing ourselves within the Ipsos Social Research Institute. We are made up of experts in social research in over 30 countries worldwide, and increasingly we are finding that a combination of local expertise and international context adds fresh insight to our work.

One of the main international trends we can pull out is that of uncertainty, and in particular uncertainty over the impact of the economic crisis. There is even uncertainty over whether it really is a global crisis: one of the more interesting points to come out of the recent G20 summit is that what the West sees as a 'global' crisis is actually viewed in parts of Asia as a 'North Atlantic' crisis - and certainly our data points to a wide variation in economic performance and confidence from the rapidly developing economies such as China and India down to much more worried countries in the US, Japan and much of Europe.

At the same time governments across the world are faced with some really difficult decisions; unemployment is by some way the biggest concern among citizens around the world, but policy-makers have to square the need to focus on job creation with managing eye-watering public debts. They also have to face up to the usual challenges of public opinion, where people in many countries agree public spending needs to be reduced, but are unwilling to accept the pain that might cause them personally. We are lucky enough to have the chance to talk to someone who has had to make those difficult decisions, Göran Persson, the Prime Minister of Sweden during their economic crisis in the 1990s. His thoughts on the lessons for the current situation are essential reading.

Unsurprisingly, public dissatisfaction and unease is often expressed at the ballot box, and we examine four countries in detail to explore the impact this has had: Brazil, the United States, Britain and France. For different reasons these give us examples of 'change' and 'continuity' elections, and demonstrate how crucial it is for governments and politicians to demonstrate credibility on economic issues, and also bring the public with them when difficult decisions have to be made.

There can be just as much learnt from exploring individual issues in detail as from looking at the macro picture, and in this report we examine three areas in particular. Christian Bason, Director of MindLab in Denmark, is recognised as

one of the leading thinkers on innovation in public services, and he gives us his ideas on what has to be a crucial part of the public sector response to the challenges it faces.

Health is one of those public services that faces particular challenges, but also where reform is always highly controversial (just witness the recent debate in the US for proof of this). We take an overview of public attitudes to health services across the world, and pull out the common themes among citizens' priorities for the way ahead.

Returning to our starting point, Ipsos Serbia carried out a fascinating in-depth study for the World Bank taking a look at the economic crisis not from a top-down level, but exploring the impact it has had on some of the most vulnerable groups in society.

One of our core values at the Ipsos Social Research Institute is a commitment to sharing the messages from our research across the world with as many people as possible, and we hope you enjoy your reading. In the meantime, if you would like to discuss any of the issues raised in this report, or wish to learn more about what we can do for you, please get in touch. ■



Bobby Duffy
Global Director,
Ipsos Social Research Institute

To see the world in a grain of sand: What public opinion tells us about the mood of nations



Gideon Skinner
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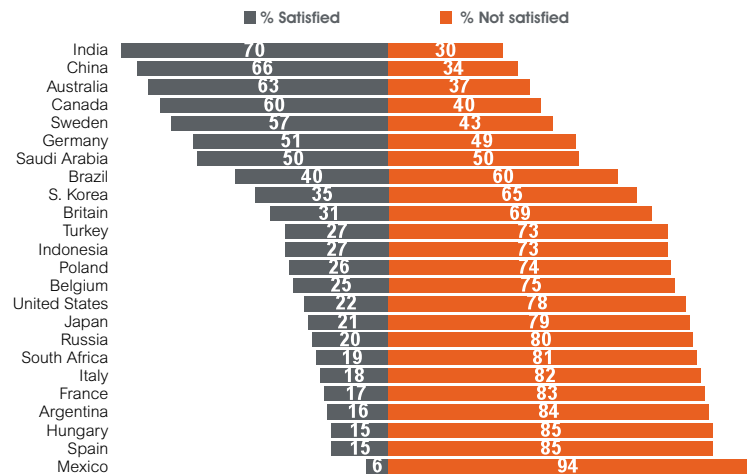
Politicians and policy makers around the world are constantly dealing with conflicting opinions when reacting to events. By studying public opinion across the world there is much we can do to reconcile two seemingly irreconcilable truths: that people are a mass of contradictions, and that at some level behaviour and opinion can be understood, explained and even predicted.

It is very clear that one of the biggest – if not the biggest – source of uncertainty in the world today is the impact of the economic crisis. But one of the more arresting aspects of public opinion research is exploring how views on social values, cultural norms and economic confidence differ between nations – and what influences these views.

For example, we know that the majority of people around the world consider themselves to be happy (although there is much sophisticated debate about what exactly this measures). Around nine in ten people in countries as diverse as India (95%), Indonesia (92%), Australia (90%), Turkey (90%), Great Britain (87%) and Brazil (86%) say they're happy, for instance¹.

Satisfaction with country

Now, thinking about your country, overall, are you satisfied or dissatisfied with the way things are going in your country today?



Source: Ipsos Global @dvisor, c.500 - 1,000 online residents aged 16-64 (18-64 in the US and Canada) in each country; 7-21 September 2010

Yet, despite this generally high level of personal happiness there is widespread dissatisfaction with the way things are going in the world. Only in India, China, Australia, Canada, Sweden and Germany are more people satisfied with the way things are going than are dissatisfied, and these are the countries that we often find on the top of such measures. Many people across the world say they are dissatisfied, from developed countries with large economies such as the United States (78% are dissatisfied) and Japan

(79%), to quickly growing emerging economies such as Russia (80%) and Mexico (94%), and developing nations such as South Africa (81%).

It is a similar story when considering confidence in government. Those in emerging and rapidly developing economies – India (78%), Brazil (66%) and Russia (54%) – that are deemed to be at a similar stages of economic development², and those in Saudi Arabia (82%), are more confident in

¹ Findings in this article come from Ipsos Global @dvisor - a monthly online survey of citizens aged 16-64 (18-64 in the United States and Canada) in 24 countries. Minor weights are applied to balance results by age, gender, city, population and education levels according to the most recent country census data. In more developed countries we can be confident that our sample provides a good picture of the population. However, in some developing countries, where a minority of the population has access to the internet, the sample should be seen as representing a more affluent and connected segment of citizens.

their government than not. Residents in some of the most developed countries are especially downbeat – three in five Americans say they do not feel confident in the way their government tackles problems facing the country (61%), as do three-quarters of Germans (74%), four in five French citizens (80%) and 84% of those in Japan.

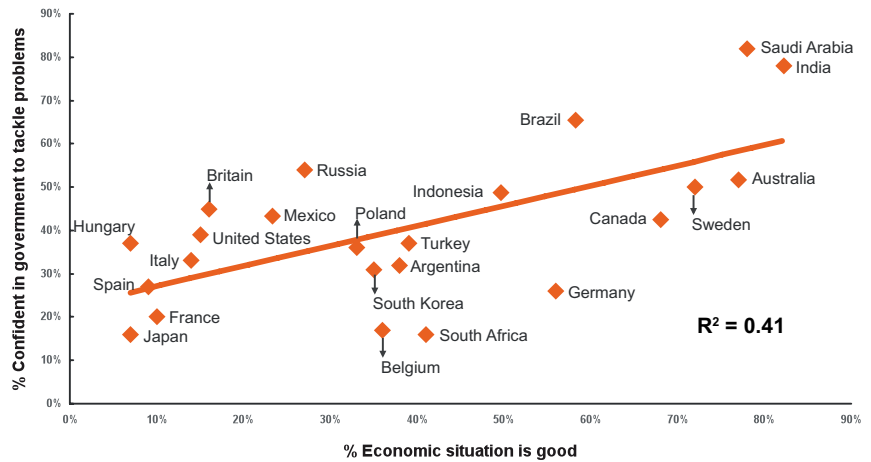
So, people are broadly happy, but are not satisfied with the way things are going in their country and lack confidence in their government. On the face of it this seems counter-intuitive: how can people express such personal happiness yet display such concern about the way their country is moving? The answer may well be the economy, stupid.

We know, for example, that to a large extent confidence in government is linked to economic performance. As the chart shows, the more confident people feel about the economic situation facing their country, the more confident they are in the ability of their government to tackle the main issues they face.

One possible explanation for this is that satisfaction and confidence are closely related to how countries have been able to recover from the financial crisis.

This is seemingly confirmed when we compare how confident people are in their economy – and by extension their government – with actual fiscal performance. While there is little relationship between confidence in the economy and current GDP, there is a fairly strong correlation with projected growth, suggesting it is how countries have recovered from recession that matters in

Confidence in government v economic situation



Source: Ipsos Global @dvisor, c.500 - 1,000 online residents aged 16-64 (18-64 in the US and Canada) in each country; 7-21 September 2010

determining public confidence. It is no surprise, therefore, that among countries measured in this survey, India and China – the two countries with the highest level of satisfaction with their country – have the highest projected GDP growth this year³.

In Spain, meanwhile, where a negative GDP growth is forecast, just 15% are satisfied with their country (the second lowest, above only Mexico) and 27% confident in their government. Similarly, low growth is expected in countries such as Hungary, Italy and France, which are also among the lowest in the satisfaction ratings. Britain is also predicted a low level of growth but enjoys slightly higher satisfaction ratings, perhaps reflecting a continued honeymoon period for the new government.

At the same time, though, it is instructive to look at the outliers. Canada, Saudi Arabia, Sweden and Australia have high levels of confidence, but their growth

rates are on par with countries whose citizens are less happy. It may be that confidence in these countries is higher because they were less affected by the economic downturn and have enjoyed generally stable growth over a period of time. Their confidence will also be down to other reasons. We know from experience that these countries tend to be at the top of most satisfaction measures, suggesting generally positive feelings towards their country or well established social optimism.

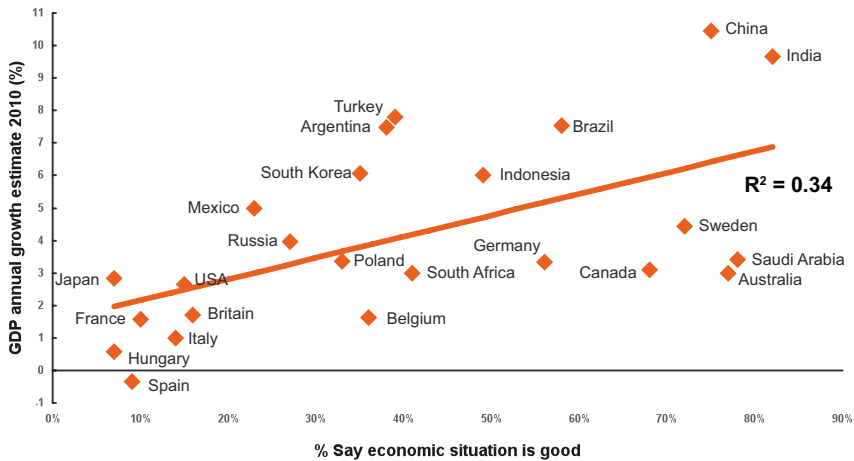
Turkey, Argentina and South Korea, meanwhile, seem to have high levels of anxiety despite high growth, suggesting that other issues take precedence for citizens in these countries.

Given the importance attached to how countries have recovered from the economic downturn, it is informative to explore what the public thinks of the measures governments are taking to address this situation in a little more

² <http://www2.goldmansachs.com/ideas/brics/index.html>

³ Based on October 2010 IMF staff estimates.

GDP annual growth v economic confidence



Source: GDP Annual Growth Estimate 2010, International Monetary Fund, World Economic Outlook Database, October 2010 <http://www.imf.org/external/pubs/ft/weo/2010/01/weodata/>

Source: Ipsos Global @dvisor, c.500 - 1,000 online residents aged 16-64 (18-64 in the US and Canada) in each country; 7-21 September 2010

detail. Looking at Europe specifically – which has been hit particularly hard by the crisis – data from a recent Eurobarometer survey (May 2010) shows that people are unclear about the best approach to tackling debt.

Although a majority of residents in each of the 27 EU Member States agree that measures to reduce the public deficit and debt in their country cannot be delayed, which could be seen as an endorsement of public sector cuts, there is also a fairly high level of agreement that it is 'necessary to increase public deficits to create jobs in an international financial and economic crisis'. This contradiction shows the difficulty in unpicking perceptions.

However, it is possible to explain this apparent contradiction. While at first glance there appears to be no particular link between the proportion of those who agree that tackling the deficit cannot be delayed and the level of actual government debt, if we remove the outliers there is a clear correlation

between the two measures: the greater the debt, the more likely people are to say that it needs to be cut.

These recent examples of social unrest suggests that while the public largely recognises the need for cuts, the full extent of the economic downturn and its impact on public services is only just starting to hit home.

The outliers themselves again suggest complex challenges for those in power. In France and Portugal support for reducing national debt is relatively low despite high government debts, suggesting politicians and policy makers in these two countries

have more work to do to convince the public of the need for action. Based on current levels of agreement significant cuts in public spending are likely to result in a relatively large disaffected minority and potential social unrest. It is no surprise, therefore, that when faced recently with pension reform an estimated 3.5 million French people took to the streets in protest.

In Italy and Greece, meanwhile, the level of debt is extremely high, necessitating severe action to ensure the economy survives. In these countries social unrest may also be expected despite broad agreement that something needs to be done, and there has, of course, already been widespread protesting over austerity measures in Greece.

These recent examples of social unrest suggests that while the public largely recognises the need for cuts, the full extent of the economic downturn and its impact on public services is only just starting to hit home. This is reflected in the fact that unemployment is by a distance the most pressing issue for people across the world, and has been since late 2008 when people first began to feel the effects of the downturn. This high level of concern helps to explain why so many people say they are willing to increase public deficit to create jobs, yet simultaneously see the need to tackle public debt.

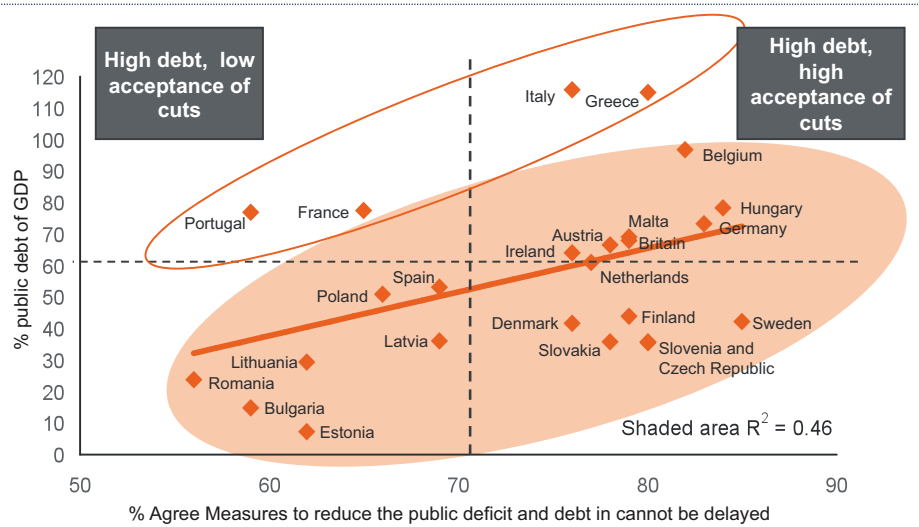
But it is not just the economy and unemployment that is causing people concern. Although the economy and its effects dominate the minds of many and is clearly the most pressing issue for governments across the world to address, people do also have other concerns and these can vary significantly between countries.

In emerging economies such as China, Argentina, Mexico, Hungary and Russia, poverty and inequality is the issue of greatest concern. On the other hand, the higher the GDP per capita in a country, the less likely people are to be concerned about this, though with some that break the rule such as Germany.

It is a similar story when considering corruption. Like poverty and inequality, corruption is also a regularly cited concern across the world, but attracts much less attention in more developed countries. Corruption is the single biggest concern in India (50%) and Indonesia (66%), and is also high among Latin American countries such as Brazil (40%) and Argentina (32%), as well as in Russia (50%).

Core public services such as healthcare and education are generally seen as less of a concern worldwide – around one in five globally say these are a worry in their country. However, concern does fluctuate between countries. In particular, concern about these basic public services

Public debt and attitudes towards its reduction



Sources: International Monetary Fund, World Economic Outlook Database, October 2010; Standard Eurobarometer 73: May 2010

correlates closely with inequality. Taking the example of education, it is clear that the more unequal a country is the greater the concern. In countries with a high level of inequality such as South Africa, Brazil, Argentina and Mexico, concern about education is higher than in more equal countries such as Sweden and Japan. This is also true of crime and violence,

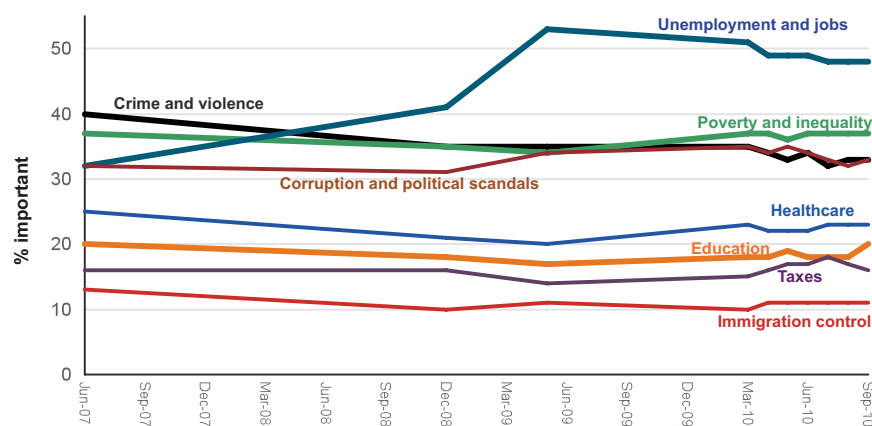
which is seen as a particularly acute problem in Latin America and South Africa.

Other issues are even more specific to certain countries and this illustrates the difficulties that governments face, such as immigration, which has long been a political hot potato in Britain and continues to be so. While one in nine globally say that immigration is an issue for them (11%) this rises to 43% in Britain, with only Australia close (34%).

So, at a time of great uncertainty across the world politicians and policy makers need to be comfortable dealing with chaotic, complex situations where there is no easy answer, or single lever to pull, while seemingly attuned to fluctuations in public mood and changing priorities. A sophisticated understanding of public opinion can first highlight where some of the most difficult issues exist, but also provide some answers towards resolving them. ■

The most worrying issues

Which three of the following topics do you find the most worrying in your country?



Source: Ipsos Global @dvisor, c.500 - 1,000 online residents aged 16-64 (18-64 in the US and Canada) in each country; 7-21 September 2010

Stick or Twist?

Politics, the economy and elections



Clifford Young
Ipsos USA



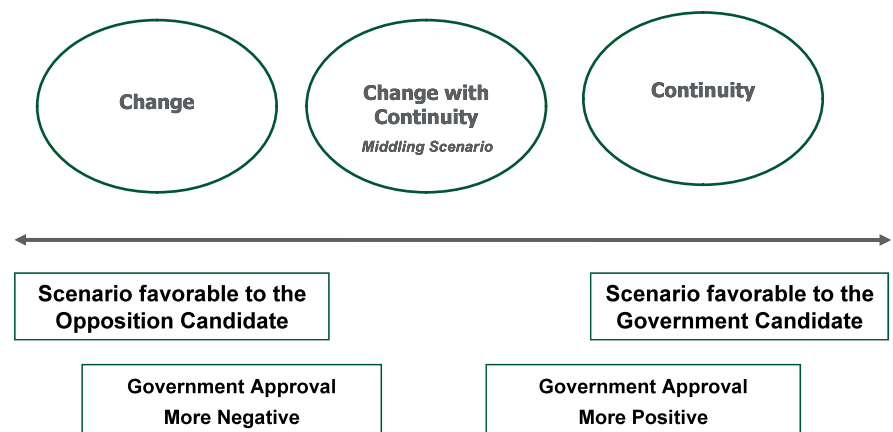
Brice Teinturier
Ipsos France

“All politics is local”, or so the adage goes. The logical extension of this is that the business of politics is unique to each country, with its own electoral DNA.

While the local element cannot be denied, Ipsos actually finds many consistent themes across elections and across countries. Such patterns demonstrate that a global view can provide invaluable insights into the business of politics and political analysis. Our approach is based on the statistical analysis of hundreds of elections around the world and shows that the electoral calculus is often quite simple: people want either change or continuity.¹

“Change elections” are those where voters want to “thrown the bums out”. Here government approval ratings are typically in the tank - either because of a bad economy, some political scandal or catastrophic event. Change elections favour the opposition candidate (or the challenger) over the government candidate. Obama’s victory over McCain is a classic example of a change election.

Desire for change-continuity typology



In contrast, “continuity elections” are those where voters want “more of the same”. Why? The reasons vary, but typically the economy is humming along, and serious political scandals and foreign policy quagmires have been avoided. The government candidate, in such instances, is typically favoured. For instance, Clinton in 1996 and Brazil’s Lula in 2006 are perfect examples.

Middling elections, are those that cannot be clearly defined as continuity or

change. They represent about 25 per cent of all elections. Here other factors such as the power of personality, the effectiveness of the campaign, or the force of incumbency play greater roles.

Below we will provide some meat behind our analytical model using four different case studies: the UK general election in May 2010, the Brazilian general elections in November 2010, the US mid-term elections in November 2010, and the French Presidential election in 2012.

¹ See Cliff Young and Chris Garman (2010) “The Unpredictability of Pundits and Predictable Elections: Using public opinion to predict political disputes” WAPOR Conference, Chicago, Illinois.

US Mid-Term Elections: Change Now Does not Mean Change later



The 2010 mid-terms in the United States were definitely a 'change' election. Turnout was up (82.5m people voted, approximately 27% of the population), and the Republicans made large gains in both local and national races. Republicans won a majority in the House of Representatives, and narrowed the margin in the Senate.²

Why did we see such a strong Republican surge in 2010, given the Democratic gains and Obama's win in 2008? In short, 2010 was about voter angst with the economy. Currently, half of the public (49%) rate the economy as the most important problem facing the US, while only 13% of Americans see the economy as being on the right track - a toxic mix for incumbents.

An American public worried about their economic future placed blame at President Obama and his party's feet.

This, paired with Obama's dropping approval ratings (43% vs. 53% in early October), meant that the 2010 electoral cycle was a change election year that naturally favoured the Republicans.

However, despite the 2010 election setback, and the fact that policymaking will be more difficult from 2011 onwards (given the potential for gridlock between the parties), there is still a good chance that President Obama will be re-elected³:

Barring a major external economic shock or act of God, all projections suggest that the economy will begin to pick up steam. Forecasts put unemployment at about 6.7 per cent⁴ on average for 2012-2014, a sharp drop from today's rate of over 9 per cent. Our polling shows that a declining unemployment rate is the number one signal for voters that the economy is improving. 2012, in other words, should be a year of positive signals.

Even given this terrible economic environment, Obama would still be in a strong position to take the White House in 2012. Why? First, according to our models, the very fact that Obama is an incumbent means he is about three times more likely than all challengers - from either party - to win. Second, even with a tepid 45 per cent approval rating, Obama has a 71 per cent chance of taking the White House, and an 84 per cent chance if his numbers go to 50 per cent.

This means that from a political perspective, Obama should be less worried about his 'legislative laurels' and more about the jobs numbers - as this

is what will in large part determine his success in 2012. In the end, Obama's slogan in 2012 might very well be "more of the same you can believe in".

UK General Elections: Moderated Change with Compromise

Against a lousy domestic and international economic environment, the 2010 general elections in the UK were about 'change' and, ultimately, compromise. The Labour government, in power for the past 13 years, was damaged by the severity of the crisis in the UK, losing the general election in May this year. Change in 2010 was in the air. In the end, no single party gained an overall majority at the election, leading to a coalition between the Conservatives and Liberal Democrats - on paper unlikely bedfellows.

Throughout the 2010 electoral cycle, 'the economy' reigned supreme as the top priority in voters' minds. No party, though, gained a definitive lead as having the best economic policies: the Conservatives were unable to convince the public that they would be markedly better than Labour (who had, however, lost their own commanding lead on this issue, built up since their 1997 election victory). Voters also told us their views of the leaders had more influence on their vote choice, and policy issues less, than ever before.

So, even though there was real appetite for change (three-quarters of the public thought that Britain needed a new team of leaders), the voters did not swing decisively enough to the Conservatives

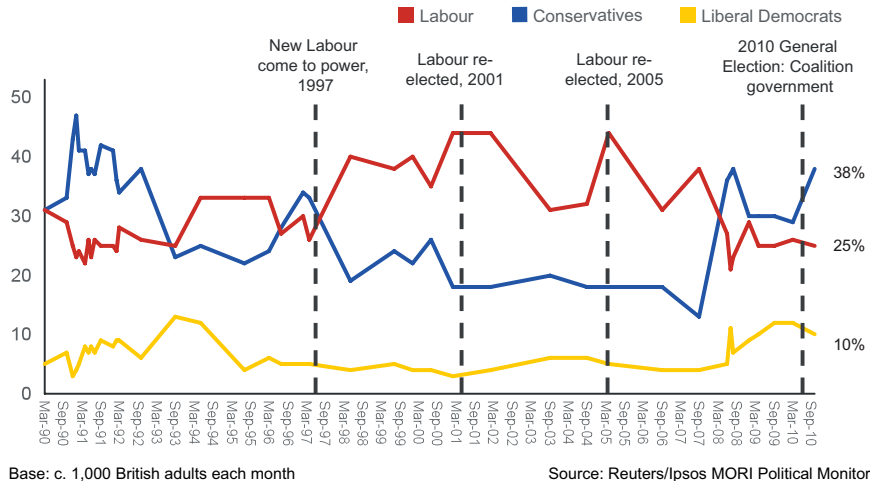
² Recent polls include final poll <http://www.ipsos-na.com/news-polls/pressrelease.aspx?id=5030> and <http://www.ipsos-na.com/news-polls/pressrelease.aspx?id=4994>

³ <http://blogs.reuters.com/great-debate/2010/11/08/misreading-the-midterm-tea-leaves/>

⁴ http://www.cbo.gov/ftpdocs/117xx/doc11705/2010_08_19_SummaryforWeb.pdf

Best party on the economy

Which party do you think has the best policies on the economy, the Conservatives, Labour, Liberal Democrats or some other party?



to give them an outright victory. However, the Labour government was unable to hold onto power. The Conservatives had led in voting intention polls since the start of 2008 and their leader David Cameron was more popular than Prime Minister Gordon Brown throughout this period, but it was not enough. On the other hand, Brown had enjoyed a 'bounce' when he first came to office in June 2007, but his failure to call an early election meant that he lost the only chance he was to have throughout his premiership.

Looking ahead, the Coalition government has pursued a firm line on the need for deep cuts to public spending and quick reduction of the deficit. It has enjoyed a honeymoon so far in spite of this, but when the cuts start to have an effect on people's lives, will ratings begin to drop? Or will grudging respect for the Coalition leadership that it is the 'right thing to do' override dissatisfaction with the effects of the cuts? Here time will ultimately reveal its secrets.

Lula's Dilma and 'More of the Same'

Bucking this trend, the 2010 Brazilian election was one of continuity. Brazilian voters elected Dilma Rouseff (Lula's handpicked successor) over the opposition candidate Jose Serra, Governor of São Paulo State in the second round 53 to 47%. Ultimately, Dilma won (and Serra lost) because voters were pleased with their present condition and did not want to change ship at midstream for a number of reasons.⁵

First and foremost, over the Lula years, the average Brazilian has experienced a marked improvement in their standard of living. Multiple indicators tell this story of success from rising family income levels to increased access to personal credit to declining rates of poverty. Over 30 million voters, for instance, entered the Brazilian 'C' or middling class in just five years. The symbolic power of such a social accession, however, trumps any

impersonal statistic. Ultimately, Dilma's victory is, in large part, a function of a new emergent middle class in Brazil and the powerful narrative which it made possible.

Second, Brazil's economic trajectory over the last few years has been greatly different than that of the rest of the world. While the North Atlantic was swept up in the economic turmoil in 2008 and 2009, Brazil steamed along almost completely insulated from the chaos around it, growing at an annual clip of about 5% over the last few years. This comes into sharp relief when analysing consumer confidence, as Brazil has maintained high levels of optimism while the opposite trend is true for most other countries.

Third, President Lula - even through political scandal and economic downturn - has maintained astronomically high approval ratings for most of his second term (80 per cent and higher), being, at one time, the most positively evaluated President in the world. In part, his success is down to luck - a favourable economic environment. But Lula's approval ratings are also a function of his power of personality and effective social policies directed at the poor (Family Scholarship Social Program, "Bolsa Familia") and the working middle class (Payroll Loan Program, "Credito Consignado").

While all is rosy in Brazil for now, this emergent middle class is already changing the Brazilian political landscape. Indeed, middle class voters no longer see 'jobs and the economy' as the exclusive priority. Instead, other issues related to 'quality of life' are gaining importance, including healthcare, education, crime,

⁵ Our own modeling early in 2010 suggested that Dilma had an 87.5% chance of taking the 'Palácio do Planalto'

and transportation. This new 'quality of life' agenda suggests a definitive shift in what the average Brazilian voter wants.

Brazilian voters, having a little more money in their pockets and greater economic stability, worry less about "jobs" and more about the education of their children, their property, and time with their families. Policy makers and politicians must address these issues or face extinction - too much continuity now may mean change later.

Will it be Change or Continuity? Sarkozy's Crisis

With less than two years before the next Presidential and Parliamentary elections in France, President Sarkozy's popularity, now just 30%, is at its lowest level since he took office⁶. Lately this has been marked by a number of strikes over his controversial pension reform Bill raising the minimum retirement age. But does this signal a mood for presidential change, or might Nicolas Sarkozy yet stand a chance of re-election?

Sarkozy's decline in approval ratings has its parallel in French opinion towards the economy (though his presidency has also faced many other challenges, such as a political funding scandal, criticism of his embodiment of the Presidential office, and difficulties in implementing his reform programme, as well as continuing unemployment). In October 2007, when Sarkozy was at the peak of his popularity, 44% thought the economy was in good shape, up from 27% in May.



By April 2008, however, French economic confidence had plummeted to just 13%, and currently stands at 10%, amongst the lowest in Europe.⁷

Whilst Jacques Chirac's popularity twice fell beneath 30%, the fall was sudden and his public favour bounced quickly back each time. Worryingly for Sarkozy, however, his popularity has remained under 40% for the last 12 months, and has been in gradual decline since June 2009. Moreover, the prospect of the economy improving significantly before the May 2012 election appears low: GDP growth is not forecast to reach 2% until 2014, 9.4m French workers are expected to be unemployed in 2012, and government debt is due to still be on the rise by the time of the next election.⁸

At first sight, then, Sarkozy's case seems a lost cause. Yet his gradual erosion of support has not precipitated a rise of the Left. Socialist leaders have also suffered recent declines in popularity. Indeed, the fall-out of the pension reform

Bill and the recent strikes seem not to have triggered the resurgence of the Socialist Party many analysts expected, but instead these events are drivers of a more widespread disillusionment with the political establishment - "a plague on both your houses".

President Sarkozy's low approval ratings indicate that 2012 could easily be a change election. Our own statistical modeling suggests that he would only have about a 35% per cent chance of holding the presidency at his present levels of approval. However, voters' general disillusionment with the system coupled with a resurgent economy could save Sarkozy. Most probably, the elections will be a muddled mess in the middle, where voters could put the Socialists back in power or just as easily keep Sarkozy, though without clarity of purpose. In the end, only time - and economic and political events - will reveal what voters truly desire: 'change' or 'more of the same'. ■

⁶ Source: Ipsos – Le Point. Fieldwork conducted 5th-6th November 2010 by telephone interview. Base: 960 person sample, representative of the population of France aged 18+. <http://www.lepoint2.com/sons/pdf/ipsos-politique-8nov.pdf>

⁷ Source: Ipsos Global @dvisor, October 2007 – September 2010.

⁸ Source: GDP Annual Growth Estimate 2010, International Monetary Fund, World Economic Outlook Database, October 2010. <http://www.imf.org/external/pubs/ft/weo/2010/02/weodata/index.aspx>

Wall Street to Welfare

Interview with Göran Persson



Ashish Prashar
Ipsos MORI, UK



Göran Persson is Senior Advisor at JKL since 2007. JKL was established in 1985 and has since grown to be one of the largest and most respected communication firms in the Nordics with headquarter in Stockholm, Sweden. Göran Persson served as Prime Minister of Sweden between 1996 and 2006. Before becoming

Prime Minister and Party Chairman of the Social Democratic Party, Göran Persson served as Minister of Finance between 1994-96 and Minister for Schools in the 1990s. During Sweden's presidency of EU in 2001, Göran Persson was President of the European Council.

Ashish Prashar Europe is currently going through a period of spending austerity and a fiscal crisis. You faced a similarly constrained environment in the 1990s. Can you draw any parallels with Britain and Europe today? How do the situations compare? And what can Europe learn from the way you approached your programme of reform?

Göran Persson There are similarities and differences of course, so let's take the differences first because they are important. When we had our crisis it was more or less an isolated problem for us, Finland, and a few others but today there is a group of western economies (among them the UK) who are all having the same problem, which creates difficulties because there is risk that they will drag each other down. We didn't have that problem; we were surrounded by growing markets. We are also an export led economy which gave us quite a good stimulus and when we devalued our currency, because we had a floating currency' it strengthened our exporting industry. It gave us a very good driving force for the economic growth. On the other hand, the UK for example is in an extremely dangerous and weak position because of its limited ability to export; they literally don't have anything to sell. And you can see this year if you look at the pound, it hasn't given any stimulus to the exports despite the devaluation. So that is one tremendous difference.

The other difference is when we introduced and pushed forward our austerity programme we were rewarded by the financial markets with lower interest rates; the UK only has higher interest rates in front of them. Anyone who knows anything about macro economics knows that if you have a stimulus via monetary

policy you can have a harsh programme on the fiscal side. However, if you have an austerity situation on both the fiscal side and monetary policy then you have a very dangerous situation. That is one other difference and I think that it's important to underline.

For the similarities for the European economies you need to focus on Spain, Italy, France and the UK. Among those the UK has the most crisis awareness, I doubt that that is the case in France and Italy and for a time I doubt that this was the case in Spain, but the UK is aware and so were we. Without crisis awareness among the population it is impossible to go forward with a restorative programme as you need to have the backing of the population. The second similarity is not so difficult to see it; is some type of mismanagement of the public finances.

AP A big issue through the recent UK election and its aftermath has been the extent to which both Labour and coalition governments have been open with the public about the scale of cuts and reforms to public services. How did you engage with your public during the 1990s? What would your advice be to other finance ministers and governments?

GP The attitude must be, this is painful, it is politically dangerous and you must be prepared to put your job at stake. You must also have someone who takes the lead in the process, someone you can blame, or in the end salute for what has been done, it's not the prime minister of course but is an active, visible, present minister of finance, nobody else can do it if it is of the magnitude of the problems you have today. Of course if he or she might fail then it's game over and it's up for the prime minister then to decide

how it should be done. I took the stance to more or less personify the whole programme, and was extremely active in communicating what we had to do, and also in challenging all the strong, organised, interest groups who opposed the different measures, not least in their own fields. The key is to be visible and present, you need to take the lead and you need to be aware this will not be an easy task, but if you succeed you gain at least respect, you will never be loved but you gain respect and respect is hard currency.

AP How did you cope personally with Sweden's pain? You were happy to be the one who personified the cuts - you were happy to be the face of the axe. What did this mean for you personally? What advice would you give a finance minister like George Osborne in the UK today?

GP If Osborne fails then you are extremely vulnerable as a government because the buck stops with him and no one else. Osborne has to be the one who personifies what you are doing and he has also to leave if he fails; you can be sure in a year it will be obvious if he fails or not. The huge risk for Osborne is of course (and this is another difference when comparing Sweden to the UK) that he might cause a second downturn in the economy, and if that happens then you have an extreme situation. But on the other hand you can be sure about a second downturn in economy if he doesn't do anything at all.

There's one more dimension that I'm not sure if it links to this issue, but for me as a social democrat, politics is important and I'm confident that you need strong public finances to be able to balance market forces. Never have I been as humiliated

as I was when I visited Wall Street and had to finance our deficit, borrowing money from those 27 year old boys who were sitting there asking me about the Swedish welfare system. I was on my way to tell them it's none of your business, but I realised it was, and for a small country it was humiliating. It can also be a political crisis for a relatively big country to be put through the same, like the UK, this time by Chinese and American markets. For me as a socialist that was not acceptable, to win back power to the parliament and to the people that was the task.

AP When you watch what is happening in Greece I was wondering what your thoughts were?

GP Greece is an example of mismanagement and also a good example of the quality of the statistics inside the European Union. I remember when Greece qualified for membership in the monetary union; we at the time in question were not convinced about the statistics? But we were not in the group so I was not especially active. I have those same doubts about Italy and if Italy goes in the same direction as Greece then you don't have an isolated problem, you have a problem for the whole European Monetary Union.

AP Sweden nationalised its banks and the Labour Government in the UK made a similar move during the crisis, never getting to see the potential upside. How successful was the nationalising of the banks, did you make the money back? Did you make more?

GP I think the coalition government will only see the upside of this problem; Labour was hit by the downside. They had to spend to save, you will see this

when it's payback time because in a nationalised bank you also have the assets as well as liabilities. We ended up with a surplus and we still own quite a big part, 20% of the biggest Nordic bank 'Nordea' and it is on the selling list, has been so since I was minister of finance '94. But at the same time to privatise can't be an ideological process, if you look at this from an ideological perspective you end up in doing extremely bad business you know? You have to have the perspective of what is best for the bank and best for the country. We don't want to end up owning the bank system but we don't want to leave it, giving it away to those who once destroyed it. Now it is up for those who want to come in as owners to pay for it and to pay extremely well when the UK chooses to sell, you end up in a pragmatic position, and then you're not doing business from an ideological perspective. If you start with the ideological perspective you end up either keeping the bank forever or on the other hand getting rid of it as quickly as possible, both are stupid positions. So for the banks realise you have assets and do good business when you sell those assets, take your time it's on your side that is the first thing.

AP What do you think are the prospects of emerging from this period in good social and economic shape?

GP Economies such as the UK are in a very dangerous and troublesome situation: if you don't do anything about the deficit you end up in a situation where the market will take over, that is humiliating even for the Conservatives in UK. If you do the wrong things, cut too quickly, too harsh that might even create new problems so it's not easy. Having

high taxes and a good economic growth rate is not a problem as it depends on how you use your tax revenues, how efficient you are, if you tax for a good education system that is the driving force for economy growth.

For the welfare system I am convinced that a fair distribution is a driving force for economic growth, good education systems, research and development systems, a fair pension system, everything that is basic for a decent society to work. If you can't finance that, if you can't afford that you are not a rich country and you have to face that the old times are over, it's a new game and you have to restart. For example, I don't think that UK is there yet but the UK is much, much more vulnerable than they think and that is a tragedy in a way.

AP I would also be interested in your reflection on the 'state is too big' issue. What are your thoughts on this given that Sweden has consistently been upheld as a 'big state' society?

GP This was for me the main driving force behind the reinforcement of the public finances; to be able to go on with the model you can't do that with borrowed monies. You need to have redistribution between classes in society, redistribution between different groups of age, between different groups regionally and between men and women, it's constantly a question of redistribution and using this creates a fairer society to underpin economic growth. Without economic growth there is no fair distribution, but without fair distribution there is no economic growth and to manage this you need a quite sophisticated big public sector. But the trick is permanent reform never start loving your systems.



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AP What are your reflections on the recent election result in Sweden?

GP I think that my party lost because they destroyed more or less the brand of social democracy by going into a coalition with the left wing Communist party and the Green party. So they destroyed the possibility of going with a clear social democratic message and that was a tremendous mistake. The irony is we had a good economic position

that we delivered for the incoming government 2006. So the relativity good times in Sweden combined with the damage to the social democratic brand in the campaign was I think the explanation for the centre right party's success.

AP Our survey data from around the world show that people ideally want Swedish welfare on US taxes. Do you think this is ever possible?

GP It's not possible to have US taxes and Swedish welfare and even if the Republicans end up in the White House I can guarantee they will have to raise taxes and reduce expenditures. If you want to have a Scandinavian welfare model you also have to pay for it, it doesn't come for free. It's better to have a well educated, healthy and productive population, everyone realises that now especially when they've got a difficult situation as it is in Europe. ■

Co-creation is key to innovation in government



Christian Bason
Director, MindLab



As public managers face a near-perfect storm of deep budget cuts, rising service costs induced by demographic change, and increasing citizen expectations for better services, they must co-create new solutions to effectively meet this challenge.

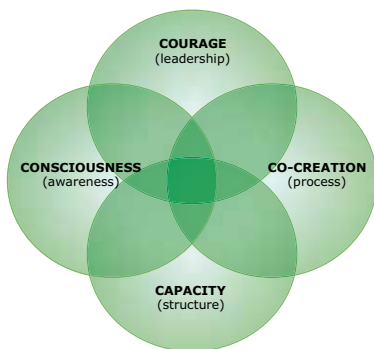
Public sector innovation – new ideas that create value for society – is not new. However, public managers around the world, from Australia to the UK, and from the Netherlands to Denmark, are demonstrating how a significantly more conscious and systematic approach to creating innovative solutions can

effectively address some of our most pressing societal challenges. These organisations are leveraging the practices and tools of innovation to create radical new value. Real-world cases show that cost savings of between 20% and 60% can be possible while also increasing citizen satisfaction and generating better outcomes. In order to make such paradigmatic innovation much more likely, leaders in government must build an infrastructure of innovation – a public-sector innovation ecosystem. The ecosystem is built through four simultaneous shifts in how the public sector creates new solutions:

- a shift from random innovation to a conscious and systematic approach to public sector renewal;
- a shift from managing human resources to building innovation capacity at all levels of government;
- a shift from running tasks and projects to orchestrating processes of co-creation, creating new solutions with people, not for them;
- a shift from administering public organisations to courageously leading innovation across and beyond the public sector.

These ‘four C’s’ of public sector innovation must be nurtured and developed simultaneously, if we are to create sufficiently resilient and powerful public organisations for the future.

Figure 1: The public sector innovation ecosystem: four C’s



Executing the four shifts towards an innovation ecosystem implies specific challenges and new tasks for public leaders at all levels – from the politician and the chief executive to mid-level managers and institution heads. It requires closing the gap between recognising that innovation is important, and doing something concrete about it. Most of all, it requires the courage to really co-create new solutions with people, not for them.

Barriers abound

There are plenty of reasons why innovation might be impossible in government. It might therefore be well worth enhancing our awareness of some of the most critical obstacles that public managers face as they try to drive change from within the system:

Paying a price for politics. Politically governed organisations can be prone to keep and maintain power, rather

than to share it. Politicians sometimes (some would say often) prefer short-term positive media exposure over what could be the most effective long-term solution. Incentives for sharing tasks and knowledge amongst public sector organisations are not very high, and internal politically motivated competition may overrule sensible collaboration.

Anti-innovation DNA. Public sector organisations are hardly fine-tuned innovation machines. In spite of the trumpeting of ‘reinvention’ and entrepreneurship, many of them still embody the type of hierarchy and bureaucracy that private companies have been fighting to throw away since the ‘downsizing’ era of the mid-1980s. Organisational silos, traditional roles and lack of cross-cutting coordination are still significant challenges. New forms of collaboration such as project organisation, virtual organisations and dedicated innovation units are still in many countries considered exotic.

Fear of divergence. As co-founder of the design consultancy IDEO, Tim Brown has pointed out the major innovation barrier in most organisations is that leaders don’t allow for innovation projects to diverge sufficiently. While that may be a problem in the private sector, it’s an even greater issue in the public sector. Public managers and employees tend to shy away from the edge of something new, sometimes even before they know what it is. Some of it has to do with a lack of experience and competence in managing the innovation process. But most of it is cultural: most public organisations intuitively do not seek to be at the forefront of a change agenda. Risk-taking is typically not embraced, but discouraged.

In Australia, the Centre for Social Innovation (TACSI), which is sponsored by the Government of South Australia, launched a campaign to crowd source ideas for innovative social solutions from ordinary citizens, putting one million AUD in the pot for the best proposals. This “Social Innovation Challenge” resulted in 8 rewarded projects in fields ranging from digital solutions in care for the ageing to urban renewal.

Where’s the citizen? Most public organisations have a long way to go before they honestly can claim that they are putting citizens’ needs at the centre of their efforts. This point has been at the core of observations by the OECD, the European Commission and in several reviews of British public sector innovation. Achieving administrative efficiencies is somehow more natural to government than delivering high-quality services and outcomes.

An orchestra without a conductor. Public sector organisations have few or no formal processes for conducting the innovation process. Managers focus on budgeting, operations and tasks, and employees may be highly skilled lawyers, economists, doctors, nurses and schoolteachers – but few of them have formal skills in creativity or innovation. At best, public sector organisations operate with highly linear, ‘stage-gate’ project processes. However, innovation, particularly in its early ‘front end’ phases, needs to focus more on co-creation: open collaborative processes, iteration, active user involvement, visualisation, prototyping, test and experimentation.

Leading into a vacuum and the 80/20 rule. Although there is much good to say about evaluation and evidence-based policymaking, evaluation has become such a prevalent tool in the public sector that it overshadows the need for faster, more experimental, forward-looking problem-solving. When it comes to their development efforts, public sector organisations seem to spend 80% of their energies on understanding the past and (at best) managing the present, and perhaps only 20% of their efforts on systematically exploring future directions for better policies and services.

The scaling problem. Too many innovations stay locked in their location of origin, not spread, scaled or diffused – regionally, nationally or internationally. Traditional methods such as best practice publications, websites, toolkits, command and control efforts, networks and various forms of collaboratives have proven to be of limited effectiveness. What are the tools, approaches and means that can up scale public sector innovations from one domain to all the domains they might benefit?

These barriers to getting innovation in government off the ground are daunting. However, by building innovation ecosystems, governments can seek to explicitly tackle them head on. Let's consider each of the ecosystem's dimensions in turn.

Consciousness: Building a language for innovation

Arguably innovation is a difficult word: it can be interpreted very differently by different people and organisations; what might be very innovative in one context might be considered common sense in another. None the less, public

In Brazil, the government has established CGEE, the Center for Strategic Studies and Management Science, Technology and Innovation, which assists decision-makers with systematic foresight and scenario research. The centre has helped inform policy makers in fields as diverse as nano technology and climate change.

organisations that want to up their innovation game need to build an awareness of innovation as a discipline in its own right, and help public managers and staff to see what the implications might be for them. In Australia, for instance, several initiatives are paving the way to raising innovation consciousness. The commonwealth government has proposed a new strategy to foster a culture of innovation in government; the Victoria Public Service has launched an ambitious Innovation Action Plan to embed innovation and cross-cutting collaboration in the civil service; and in Adelaide, a new Centre for Social Innovation is running widely-publicised 'innovation challenges', leveraging the potential of crowdsourcing for new ideas by inviting ordinary citizens to contribute with suggestions to find bold solutions that can create better lives.

Capacity: Organising to innovate

Building innovation capacity is to ensure that political context, strategy, organisation, technology, and culture and people all strengthen an organisation's ability to innovate – rather than the opposite. MindLab, the organisation I head in Denmark, is an expression of the desire to embed innovation practices in the organisational structure of multiple government organisations. A cross-ministerial unit working with three major departments, MindLab takes on concrete projects in fields such as employment service, eliminating red

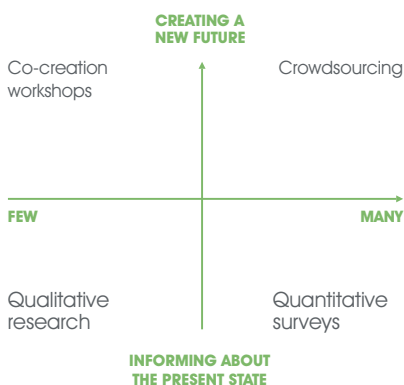
tape for citizens and small business, and redesigning online digital tax services. By combining the resources of public servants with a dedicated innovation staff, including designers and ethnographers, MindLab is essentially an innovation catalyst. Likewise, in the Netherlands, the Department of Public Works and Water Management is using scenario planning, creative physical spaces, facilitated workshops and visual technology to engage civil servants across the organisation to collaborate more, empowering them to tackle the complex future challenges of living in a flat country in times of climate change. Across the globe in Brazil, the CGEE, a government-run foresight unit, is working to provide long-term strategic insight to policymakers, using new web-enabled tools like a Future Timeline, visualising trends and generating a better basis for decision-making.

Co-creating for better service and outcomes

Co-creation is an approach to involving citizens, businesses and other key recipients of public services much more directly in the innovation process. It focuses not just on understanding present challenges, but also on creating new futures with people, not for them. Rather than mainly involving citizens through quantitative satisfaction surveys, as is usually the case today, co-creation reflects the need for public managers and staff to get much, much closer to people's everyday lives through

qualitative social research and through deep direct involvement in workshop-based dialogue about concrete solutions. Finally, we can tap into the creativity and innovative potential of ordinary citizens by inviting them to submit their own ideas about how to solve societal problems (crowdsourcing). In other words, we should harvest the entire potential for citizen involvement, as illustrated below.

Figure 2: Potential for increased citizen involvement



For instance, in the UK, the NHS Institute for Innovation and Improvement is involving physicians, nurses and patients directly in radically improving new treatments and service processes. In the county of Kent, the Social Innovation Lab Kent (SILK) is reshaping social services through creative working methods, ethnographic research, service design and empowerment of citizens to take part in service delivery. In the United States, the Transportation Security

Administration is applying human-centred design to reinvent how citizens experience airport security. Through new insight into citizen's service journeys, the agency has developed new solutions to improve the efficiency and experience of airports, and enhance the level of security. In France, Paris-based La 27e Region works as a social laboratory for the country's 26 regional councils, applying service design and other innovation approaches to tackle challenges in the fields of education, urban and city development, and social cohesion. They have helped involve local communities and students in co-creating the architectural blueprint for entirely redesigning a high school in the south of France. In Denmark, we have placed co-creation at the heart of our efforts at MindLab.

Co-creation not only ensures that we address the real-life challenges of end-users of public services; it also guides the involvement of all other internal and external stakeholders that are critical to implementation and assuring behaviour change and societal impact.

Courage

Finally, regardless of how strategic or systematic innovation practices become, public sector innovation will not take off without courageous leadership at all

levels of government. Here are four rough profiles of the types of leaders who must be bold enough to embrace innovation:

The visionary is the political leader, who must formulate the vision and set the level of ambition, while overcoming the temptation to interfere with ongoing experimentation and development.

The enabler is the top manager, who must be both protector and the number-one champion of the organisation's innovation ability.

The 360 degree innovator is the mid-level manager; potentially the largest sceptic of fresh thinking and change inside government, but also, at best, a 360-degree facilitator of innovation.

The knowledge engineer is the head of institutions which deliver services and enforce regulation, and who ultimately determines how the public sector serves citizens and businesses – every day.

Being courageous enough to really let citizens and business into the machine-room of public sector innovation, involving them in co-creation, might be the biggest challenge facing these leaders. In a recent issue of the *Economist* the editors characterized the UK government's spending cuts with a single word: 'Ouch!'. Given the stark realities many public managers face right now, it shouldn't be hard to recognise that embracing innovation is not optional. ■

Christian Bason is director of the Danish innovation unit MindLab. Christian Bason's most recent book, *Leading public sector innovation: Co-creating for a better society*, was published by The Policy Press in October 2010.

In the Netherlands, the Department of Public Works and Water Management in 2008 launched the future centre LEF (it isn't an acronym, LEF means 'courage' in Dutch). LEF is a major physical facility with a number of workshop spaces, open meeting areas, plenary rooms and a large exhibition space. As part of the Ministry, LEF's ambition is to provide a creative platform for problem solving, ideation processes and enabling breakthroughs for the more than 8,000 employees of the public body. Groups of civil servants can book the space and a team of facilitators to help them tackle their problems and generate new solutions.

Less wealth, worse health?



Ben Barnes
Ipsos Eureka, Australia



Mike Colledge
Ipsos Reid, Canada



Anna Quigley
Ipsos MORI, UK



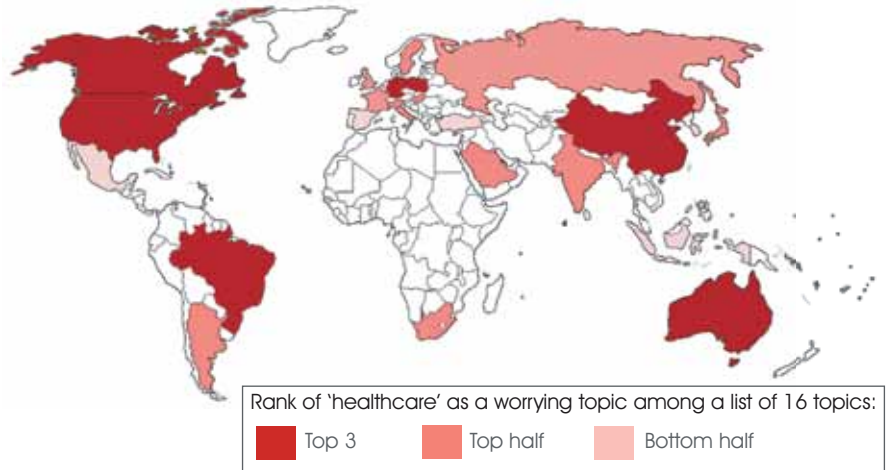
Healthcare is one of the largest social policy challenges facing the world. Costs are inexorably rising, due to some of the biggest global trends – in particular, an ageing population and technological advances that are making ever more sophisticated treatments the norm rather than the exception.¹

When we combine this with faltering economic growth off the back of a severe global recession, and the sovereign debt crisis that many countries are facing, it is clear that governments face some very tough decisions in how to look after the health of their citizens. Experts have been making this argument for many years, “the countries of Europe and Central Asia, together with much of the developed world, face a potential financial and health crisis unless they respond quickly to a profound demographic change taking place in their societies”.² But what do the public think about the services available to them in their country? What do they want to see their governments doing about the challenges ahead?

As a starting point, healthcare is certainly something that features heavily in the minds of the public – often appearing amongst citizens’ most worrying topics.³

Of course, the extent of concern about healthcare varies greatly by country, overtaken in some by worries about unemployment, poverty, corruption and crime. However, concern is not

Where is healthcare perceived to be an issue?



Source: Ipsos Global @dvisor, c.500 - 1,000 online residents aged 16-64 (18-64 in the US and Canada) in each country, 7-21 September 2010

necessarily higher in countries that are judged to provide worse healthcare (according to the World Health Organisation (WHO) ranking).⁴ In fact, in countries with a poor healthcare ranking, people worry relatively less about it compared to those in countries with the best performing health systems.⁵ This may well be because the countries where healthcare systems are judged to be poorest tend to be less developed; as a result

they are facing a range of many other pressing problems. In more developed countries, citizens are free to worry more about healthcare (and have different expectations about what should be

provided). It is only within this group of richer countries that we see the pattern we would expect: people are more concerned about healthcare in nations the WHO does not rate as highly.

“the countries of Europe and Central Asia, together with much of the developed world, face a potential financial and health crisis unless they respond quickly to a profound demographic change taking place in their societies”

There are also substantial differences between countries in perceptions of the quality of healthcare provided; in Singapore, as many as nine in ten rate the quality of healthcare as good, falling to under three

in ten in Hong Kong.⁶ Again, objective measures of the quality of healthcare (such as WHO rank) only partly account for these differences in perceptions. For example, Italy and Singapore both figure

¹ The UN for example, predicts the proportion of the world’s population aged over 60 will double between 2000 and 2050 (from 10% to 21%). The recent debate in the US on healthcare is also at least partly prompted by rising costs.

² Robert Holzmann, World Bank Director for Social Protection (2005).

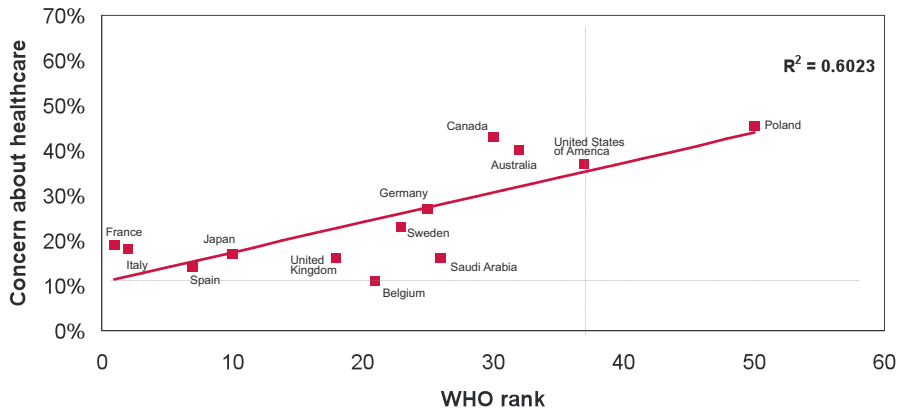
³ Source: Global @dvisor.

⁴ World Health Organization’s ranking of the world’s health systems, World Health Report 2000.

⁵ The average WHO rank for the 22 countries included in the Ipsos Global @dvisor survey was 58. The countries were then split into two groups according to whether they were in the top or bottom half (countries achieving a better rank, lower than 58, and those achieving a poorer ranking, of 58 and above).

⁶ Source: Accenture Citizen Experience Survey (2009), an online survey of around 1,000 respondents per country carried out in 16 countries. <http://www.accenture.com/publicservicevalue>

Public concern about healthcare and WHO rank



Source: Ipsos Global @dvisor, c.500 - 1,000 online residents aged 16-64 (18-64 in the US and Canada) in each country; 7-21 September 2010

among the best performing healthcare systems in the world according to the WHO (ranked second and sixth respectively), yet citizens in Singapore are twice as likely to rate the quality of their healthcare system as good than in Italy (87% compared to 43%). This may partly be accounted for by cultural factors, for example strong consensual support for Government and a reluctance to criticise public authorities in Singapore (in addition to a very efficient healthcare system).⁷ This reminds us that citizens do not just judge their healthcare system on 'quality', but take into account other factors as well, such as access and affordability. (We would like to particularly thank the Accenture Institute for Health and Public Service Value for permission to reproduce these international findings from the Accenture Citizen Experience Survey 2009).

While perceptions of quality vary significantly from one country to another, there are a clear set of common factors that citizens are asking for from their healthcare system. For example,

providing the public with the information they need to exercise choice about their healthcare, and control over it, is strongly related to trust in the government to improve services. They also place importance on *tailoring* services to the needs of those who use them – but at the same time they ask for *equal* access to services for everyone. This illustrates the complexities in understanding what the public demand from their services. Clearly it will be difficult for governments to balance these competing demands, but perhaps the answer is involving the public in decisions about services – and this is also related to trust in the government to improve services. If people are able to see how decisions are made (and have the opportunity to influence those decisions) they may be more likely to accept them.

Of course, governments also need to consider how to deliver the quality that

their citizens are asking for within tighter budgets. This will inevitably entail some difficult decisions, so it is important to understand what their populations are likely to accept. Most popular is lowering the burden placed on the system – either by making use of alternative methods of healthcare delivery or by changing citizens' own behaviours. In many countries, requiring patients to change their lifestyle before being treated is one of the most acceptable ways of lowering costs (or *least unacceptable*, certainly when compared with alternatives such as charging for treatment, longer waiting lists or travelling time, limiting provision or freezing the pay of healthcare professionals). They also believe that governments have a role to play in encouraging healthier lifestyles. In fact, out of the countries included in our research, only Germany had a majority that believe government should not interfere in individual lifestyle decisions.

The main conclusions then chime with two very current themes that have been seen across other work on healthcare and social issues more generally – citizen engagement and behaviour change/social marketing.

...out of 14 countries, it is only Germany where a majority believe that government should not interfere in individual lifestyle decisions.

Firstly, informing and engaging citizens are central to trust. When difficult decisions need to be made, the temptation is to shy away from the debate with citizens, as we expect contradictory views and we may feel that people want strong, decisive leadership. Both of these points are true to an extent – but neither are incompatible

⁷ Tsan-Kuo Chang, *Reporting Public Opinion in Singapore, Journalistic Practices and Policy Implications in The International Journal of Press/Politics* January 1999 vol. 4 no. 1 11-28.

with talking more to citizens and getting their views on what should be done. Those countries whose governments do this well are better rated by the public.

Secondly, people increasingly recognise that individuals themselves have a responsibility to change their own behaviour and take some of the pressure off the system. More importantly, they believe that government has a role to play in encouraging this change, through social marketing interventions. This is not to say that people are crying out for government interference in their lifestyle choices, but rather that they are willing to accept this can be an important tool, and better than the alternative of even more thinly spread resources.

However, as so often, the devil is in the detail of implementation. Taking account of local structural and cultural contexts is vital – and it is here that research among citizens can play a vital role. We leave you with this quote from Dr Margaret Chan, DG of WHO, who clearly sets out the need for evidence to take informed, targeted action: “the impact of the crisis will vary country by country, but to sustain levels of health there is a growing consensus as to what needs to be done. We need good quality real-time information to guide the response; we need to be able to identify groups most at risk; to ensure that safety net programmes are well targeted so they reach the most needy; to seek efficiencies in spending where possible; to recognize that crises often offer opportunities for reform; to sustain spending on prevention (which is often the first casualty of spending cuts); and where external aid is required to ensure it is as effective as possible.” ■



Acceptable ways of lowering healthcare costs

| Method of lowering costs of healthcare | Countries where citizens rate it as one of the most acceptable |
|--|--|
| Seeing health professionals other than doctors | Australia, Canada, France, Hong Kong, Ireland, Norway, Singapore, Spain, UK, United States |
| Encouraging telephone and online consultations | Australia, Canada, Germany, Hong Kong, India, Ireland, Norway, Singapore, Spain |
| Requiring patients to change their lifestyle before receiving treatment | Australia, France, Germany, Hong Kong, India, Japan, Spain, UK |

Source: Accenture Citizen Experience Survey 2009

Behind the headlines: measuring the impact of the economic crisis on Europe's most vulnerable



Hana Baronijan
Ipsos Strategic Puls, Serbia



Kully Kaur-Ballagan
Ipsos MORI, UK

In response to the economic crisis, governments across Europe and the world have focused largely on calming the financial markets and dealing with the macroeconomic situation. The crisis has seen the sharpest contraction in EU economic activity in its history and the effects are likely to be long and deep. But of course, the impact of the economic crisis is not just felt at the macro level.

Soaring levels of unemployment could plunge many people into poverty and welfare systems will be put under immense strain. There are also likely consequences for social cohesion and social exclusion, with greater competition over resources and employment. Despite this, much less attention has been given to the social impacts of the economic crisis and, in particular, the effect it is having on society's most vulnerable groups; groups who existed at the margins of society even before the crisis hit, and who are likely to be disproportionately affected by it now. For example, in March 2009 the OECD Secretary-General Angel Gurría was warning G8 Labour and Employment Ministers in Rome that:

'Governments need to take quick and decisive action to avoid the financial crisis becoming a fully-blown social crisis with scarring effects on vulnerable workers and low income households.'

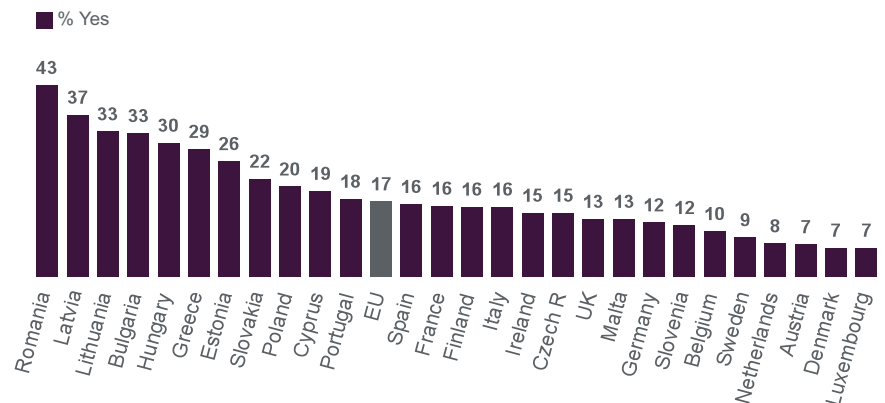
Recent data from the Flash Eurobarometer show that three-quarters of EU citizens believe that poverty levels have increased over the last year. When we look at the picture in more detail, it is countries in

south-east Europe and the Baltics who are most likely to admit that they have faced problems in paying ordinary bills in the past 12 months (see chart below).

To help examine this issue, Ipsos in Serbia¹ was commissioned by the World Bank and Serbian government Social Inclusion and Poverty Reduction Unit to conduct an important study looking into the impact of the global economic crisis on some of Serbia's most vulnerable communities, using World Bank

Running out of money?

Has your household at any time during the past 12 months run out of money to pay ordinary bills or buying food or other daily consumer items?



Flash Eurobarometer Wave 4: May 2010

¹ The research was led by Hana Baronijan, Sasa Jovancevic and Ivan Stojilovic from Ipsos Serbia, Jelena Markovic from the SPIRU and Sarojini Hirshleifer of the World Bank

methodology and our own expertise in social research. The World Bank ranks Serbia as an 'upper-middle income' country and it has enjoyed a relatively strong economic growth rate in recent times. However, it has been significantly affected by the global economic crisis. It suffers from a very high unemployment rate of 19.2%² (compared with 10.1% in the euro area). In addition, the transition to a democratic state and the effects of the war in the 1990s can still be felt. There is poor infrastructure, low levels of confidence in the state and Serbia has the largest refugee population in Europe, with refugees and internally displaced persons (IDPs) making up a significant part of its population (according to the Government, the number of IDPs from Kosovo is approximately 210,000)³.

There are lots of methodological challenges involved in researching vulnerable groups. However, the Ipsos Social Research Institute has built up a huge level of experience and expertise in researching hard to reach groups and the policy issues that affect them. For instance, we have recently conducted a qualitative study among recent migrants to explore their experience of living in the UK, and in Australia we carried out a large-scale programme of research among the indigenous people on their attitudes towards healthcare and illness. This project was no different in the need to devise a careful strategy for finding out the views of hard to reach people in Serbia. Indeed, the research was commissioned precisely because the Labour Force Survey, which is being used as the main analysis tool for the World Bank's research into Serbia's vulnerable

groups, does not give a full picture of these communities. Furthermore, even if reaching such groups was possible via a survey, issues such as low levels of literacy would make surveying these groups very difficult (or inappropriate). Close collaboration with the World Bank also meant we could share our experience in developing a methodology for investigating different aspects of the standard of living among vulnerable and socially excluded people.

Ipsos Serbia conducted a large-scale 'rapid assessment' qualitative study among four particular vulnerable communities: the Roma population, single parents (mothers), those living in small rural households and IDPs. We also needed to reflect the range of different people within these groups, for instance Roma living in cardboard settlements and slums and those who are more integrated into mainstream society, or single mothers living with and without their families. In addition to this, a series of in-depth interviews was conducted with community members and officials, such as those working in the areas of social and child protection and representatives from the business sector (in particular those who employ people from vulnerable communities).

Prior to the economic crisis, these vulnerable groups already faced many challenges and disadvantages, for instance many of the Roma community live in cardboard settlements and have poor access to basic amenities such as electricity and clean water. While many IDPs live in rented accommodation, some live in refugee camps where there

are huge issues with low education levels and long-term unemployment. These groups also face widespread discrimination, described in personal terms by one Roma participant: "*No one likes us. Albanians say that we are with Serbs, Serbs say that we are dirty, local Roma say that we don't know Roma language and they look down at us ... no one wants us*". Looking at another group, there is a vast rural-urban divide with poverty rates in rural areas (where almost half of the country's population resides) almost double those in urban areas.⁴

While the research shows that it is difficult to disentangle the direct impact of the economic crisis on these groups from their already precarious existence, it does certainly highlight that the economic crisis has compounded the challenging circumstances under which they live. As one community representative put it:

"[The impact of the crisis is huge] because of the situation in the country even before the crisis, primarily unemployment. The number of families who receive social assistance is increasing."

The increase in unemployment has had a devastating affect on these groups. Many of the people in these communities depend primarily on working in low-skilled, casual jobs in the 'grey economy' and the availability of work in this sector has been hit hard as a result of the crisis. Furthermore, there is greater competition for these jobs as general unemployment increases. Employers (both in the public

² Statistical Office for the Republic of Serbia, April 2010

³ <http://www.unhcr.org/pages/49e48d9f6.html>

⁴ <http://www.developmentandtransition.net/index.cfm?module=ActiveWeb&page=WebPage&DocumentID=605>

and private sector) have introduced wage freezes to respond to the difficult economic climate. However, across the groups many participants (especially single mothers) felt that some employers were being unscrupulous and 'blackmailing' people into accepting lower wages or face unemployment. Although the gender dimension of the crisis' influence was not so evident, some findings show that men were impacted more strongly by the crisis than women were, due to greater demand for work combined with fewer opportunities in the industries where they were initially employed (such as construction and other different types of physical work), while women did not have so many problems in finding jobs which are considered typically 'female' (primarily house cleaning).

Price increases in basic goods and services have also had a detrimental effect; many can no longer afford basic foodstuffs or access healthcare and education services (in Serbia parents have to pay for essentials such as textbooks). As these groups were less likely to have savings and assets prior the crisis and have virtually no possibility of borrowing money through official channels (especially as many do not have official documentation), levels of debt have also increased. There are very few safety nets for these groups, and the situation was summed up by one Roma participant, who lives in a poor rural settlement, as:

"It is becoming worse by the day. People simply have nothing to eat, there is no food, they live from one day to another."

But the research did not only explore how these communities have been affected by the crisis, it also investigated the coping strategies these groups are utilising to manage their situation. With little prospect of regular casual employment (and virtually no prospect of formal employment), some groups have resorted to a hand-to-mouth existence. For instance many Roma traditionally make a living by scavenging and collecting raw materials for re-sale but now due to higher competition and lower prices of redemption they try to cope with the crisis by accepting any kind of jobs, even those they hadn't done before because they are too difficult or not profitable. Some of the small rural householders said they were simply growing produce to feed themselves and their families as there was little hope of making a living from the land (since they could not afford the materials to cultivate it). Across all the groups, an immediate coping strategy employed was simply to reduce consumption of basic goods and services – including 'luxury' foods such as meat and fruit; simply, in the words of one rural householder, "you earn less and you spend less". Most said they had become much more reliant on borrowing from friends, neighbours and family but this was becoming increasingly difficult as many were in the same situation. As one single mother said:

"My sister used to help me in all possible ways, she gave us money and food, my brother-in-law did some work at home. But he has lost his job and my sister's salary was reduced."

All the groups had turned to the state for assistance. However, many

were prevented from seeking further assistance as they did not have official documentation (a real issue among IDPs), did not have the confidence or language skills to communicate their needs, or because they were ineligible for benefits (for example small rural householders stated they could not apply for grants as their holdings were too small).

Clearly the situation reported in the groups is not sustainable and there is a real danger that many of these groups will become destitute and the problems facing these communities will become deeply entrenched. The state needs to provide a greater safety net for the vulnerable so that they can fulfil basic needs such as food and shelter. However, with greater unemployment there will be decreasing tax revenues to fund this assistance. There is undoubtedly no easy solution and the situation will require a range of targeted interventions from different agencies (such as government and business). However, what is evident is that these interventions need to address some of the underlying problems facing these groups, such as improving education and health outcomes and developing vocational skills.

Finally, what this study also shows is that just as the policy response to these issues needs to involve a number of complex, multi-level interventions, so must social research avoid a simplistic 'one size fits all' approach. Traditional monitoring systems (such as surveys) are insufficient in capturing the effects of the economic crisis on the most vulnerable groups in society, and therefore more innovative and tailored research methods are needed to help policy-makers develop the best response. ■

Introducing the Ipsos Social Research Institute

“Understanding people and society worldwide”

The Ipsos Social Research Institute is a world leader in understanding citizens, public service users and other key stakeholders in order to help our clients make better, evidence-based decisions.

Our specialist teams in individual countries have the in-depth sector knowledge to assist decision-makers across the full range of public policy issues. And with research operations spanning 64 countries worldwide, Ipsos has a fully integrated global network that delivers multi-country research for our international clients.

We do not just carry out research; we are committed to sharing the key messages we find as widely as possible. For example, we regularly publish thought leadership reports (such as this one) that explore social issues and provide evidence on changing public and stakeholder perceptions across the globe. Our leading-edge Research Methods Centre also acts as a hub for our thinking about how research and analysis needs to adapt in the face of social change, regularly publishing new approaches in journals and speaking at international conferences.

Our experience

The Ipsos Social Research Institute works both in individual countries and with multinational organisations focused on social issues. In terms of national-level research, we have worked with well over 300 different central government departments and hundreds more local and municipal bodies across dozens of countries.

We also work with a wide range of multinational organisations on major international studies. Our clients include the most important international institutions across the world, such as the United Nations, European Commission and OECD, and major financial bodies such as the World Bank and IMF. We also work for many other international NGOs and other global bodies, including the International Committee for the Red Cross, Médecins Sans Frontières, and many others.

Our work

Our work covers all types of social research, including policy formulation and testing, citizen and service user satisfaction studies, evaluations of impact, communications and branding work, social marketing research and stakeholder audits. It also crosses virtually every social policy area, and reflects our expertise across the main issues facing governments and society:

- International co-operation and development
- Municipal and local government services
- Public participation and deliberation
- Political research
- Public services (including crime, healthcare, transport, welfare, education)
- Families and children
- Employment and equal opportunities
- Urban regeneration and planning
- Environment, agriculture, rural development and fisheries
- Energy
- Enterprise, industry and trade
- Economics, finance and competition
- Information society
- Culture, sport and tourism

For more information, visit our website at <http://www.ipsos.com/public-affairs/SocialResearchInstitute>, or contact one of our local teams in over 30 countries worldwide, or one of our regional leaders overleaf.

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