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AP Poll: Leaving Iraq Will Help Economy
The Associated Press

Friday 08 February 2008

Washington - The heck with Congress' big stimulus bill. The way to get the country out of recession - and most people think we're in one - is to get the country out of Iraq, according to an Associated Press-Ipsos poll.

Pulling out of the war ranked first among proposed remedies in the survey, followed by spending more on domestic programs, cutting taxes and, at the bottom end, giving rebates to poor people in hopes they'll spend the economy into recovery.

The \$168 billion economic rescue package Congress rushed to approval this week includes rebates of \$600 to \$1,200 for most taxpayers, the hope being that they will spend the money and help revive ailing businesses. President Bush is expected to sign the measure next week. Poor wage-earners, as well as seniors and veterans who live almost entirely off Social Security and disability benefits, would get \$300 checks.

However, just 19 percent of the people surveyed said they planned to go out and spend the money; 45 percent said they'd use it to pay bills. And nearly half said what the government really should do is get out of Iraq.

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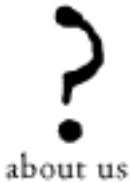
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Forty-eight percent said a pullout would help fix the country's economic problems "a great deal," and an additional 20 percent said it would help at least somewhat. Some 43 percent said increasing government spending on health care, education and housing programs would help a great deal; 36 percent said cutting taxes.



"Let's stop paying for this war," said Hilda Sanchez, 44, of Waterford, Calif. "There are a lot of people who are struggling. We can use the money to pay for medical care and help people who were put out of their homes."

The subject of leaving Iraq shows a sharp partisan divide - 65 percent of Democrats think it would help the economy a lot, but only 18 percent of Republicans think so.

Just 29 percent of people think putting more money in the hands of the poor would help a great deal in fixing the country's economic problems.

According to many economists, the lower people are on the income ladder, the more probable it is that they will spend a rebate and do it quickly - a shot in the arm for the ailing economy.

In the poll, 61 percent said they think the economy is already in a recession.

"Things are bad, but it will get a lot worse," said Jim Sims, 60, of Greer, S.C.

And Nanette Dahlin, 52, of St. Louis Park, Minn., said the economic stimulus package "would only make a recession less damaging."

The economy nearly stalled in the final three months of last year. Some economists, like the majority of poll respondents, say it may actually be shrinking now, given the strains from a persistent housing slump and a painful credit crunch. The worry is that people and businesses will hunker down further and pull back their spending, sending the economy into a tailspin.

Federal Reserve Chairman Ben Bernanke has gotten more forceful in cutting interest rates to spur people to buy more and to energize businesses. And now Republicans, Democrats and the White House have shown rare cooperation in approving relief.

Rebate checks could start showing up in mailboxes in May. However, Sanchez is typical in saying the money will "go automatically to bills." Thirty-two percent said they would save or invest the rebate. Said Sims: "I'm hoping to hold onto it."

Just 19 percent - like Dahlin - said they would spend it, while 4 percent said they would donate it to charity.

Paying off bills or saving the money won't give the economy a quick boost, though it may well be a wise financial decision for many people who are up to their eyeballs in bills.

"What is good for the economy as a whole - spending a rebate - is not the best idea at an individual household level if you are buried in debt," said Greg McBride, senior financial analyst at Bankrate.com. "Issuing rebate checks to give a boost to consumer spending amounts to a Band-Aid over the much bigger problem of consumer debt burdens," he said.

With Wall Street in turmoil, the top economic worry for poll respondents was seeing their nest eggs shrink. Fifty-nine percent said they were worried "a lot" or "some" about seeing the value of stocks and retirement investments drop. Those approaching retirement fretted the most.

Nearly half - 46 percent - said they were worried about being able to pay their bills. This is especially a concern for people whose household incomes are under \$50,000, and for minorities. Twenty-eight percent most feared losing their jobs; minorities and those with a high school education or less were especially concerned.

Also, 48 percent of homeowners polled worried that the value of their homes would drop. The housing bust has led to record-high foreclosures, and weaker home values have made people feel less wealthy.

Who deserves most of the blame for the economy's troubles?

More than half - 56 percent - pointed the finger at mortgage lenders. Forty-four percent said Bush deserves a lot of the blame. After that come Congress, Wall Street, consumers themselves and in last place the Federal Reserve.

The Fed has the public's confidence that it will be able to right the economy.

More than half - 55 percent - said they have a great deal or some confidence in Fed to turn things around. Forty-one percent said that about Congress, only 28 percent about Bush.

In fact, economic problems have contributed to pulling the president's approval ratings to all-time lows. Only 29 percent approve of his handling of the economy, the lowest mark yet in this polling. Bush's overall job-approval rating slid to 30 percent, also a record low.

The AP-Ipsos poll was conducted Monday through Wednesday this week and involved telephone interviews with 1,006 adults. It had a margin of sampling error of plus or minus 3.1 percentage points.

AP Director of Surveys Trevor Tompson and AP News Survey Specialist Dennis Junius contributed to this report.

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