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Poll: History Will Hang Politicians for Downgrade

By Danielle Sottosanti August 10, 2011

Unlike the partisan bickering and gridlock that led Standard & Poor's to downgrade the U.S. credit rating for the first time ever, history books will assign blame for the debt drama to both sides of the aisle.

That's according to 50% of respondents to an *Ignites* poll that asked readers, "Whom Will History Hang for U.S. Credit Downgrade?"

Exactly 404 poll respondents indicated that history will blame all politicians for the United States' loss of its AAA debt rating and that the downgrade reflects a "stunning bipartisan failure in leadership." That made it the poll's most popular response.

Much of the remaining half of *Ignites* poll respondents say historians will lay blame on one side of the aisle or the other.

About 24%, or 195 respondents, say history will blame President Obama and the Democrats for "playing politics with the debt crisis." That made it the poll's second-most-popular response.

On the flip side, another chunk of poll respondents say historians will blame conservatives. Roughly, 12%, or 98 respondents, say history will blame the Tea Party for "refusing to compromise on a solution," while 8%, or 63 respondents, say it will blame the Republicans for refusing to budge on tax hikes.

Experts have mixed opinions about the survey's dominant sentiment but agree that the historic downgrade jolted the market, pointing to the Dow's 634-point drop on Monday, the first trading day since S&P's decision.

"I am not surprised, but I think [the respondents] are wrong," says Louis Harvey, president of **Dalbar**, explaining, "In the heat of battle you tend to focus on the players but, after the fact, you only remember the leader and the villain. If I look forward 20 years, the only parties history will remember are S&P and Obama."

Robert Ellis, principal of **Fast Track Advisors**, agrees with the poll's majority opinion that all politicians are responsible. Blame "can be divided between intransigent Republicans who promised no tax increases" and "equally intransigent Democrats," who he says do not want to face being "unable to buy the votes" of Americans receiving government benefits, if they reduce those benefits.

A potential positive effect of the downgrade is that it could inspire politicians to collaborate on a new debt-reduction deal, says Niels Holch, executive director of the **Coalition of Mutual Fund Investors**.

"Now the silver lining here is that this crisis atmosphere that has ensued because of the downgrade will force the politicians in Washington to consider a more far-reaching deal to reduce the debt," he says.

Lastly, 5%, or 44 *Ignites* poll respondents, say history will blame S&P for a “decision based more on politics than economics.” That was the least popular opinion in the poll.

Ellis says he believes the downgrade will kill S&P, resulting in its replacement with new raters unassociated with the market fall resulting from the downgrade or, moreover, the subprime crash. However, he also says that S&P “got it right but did it wrong,” as the company should have waited to see if the bicameral, bipartisan group of 12 lawmakers charged with identifying additional deficit cuts make those cuts.

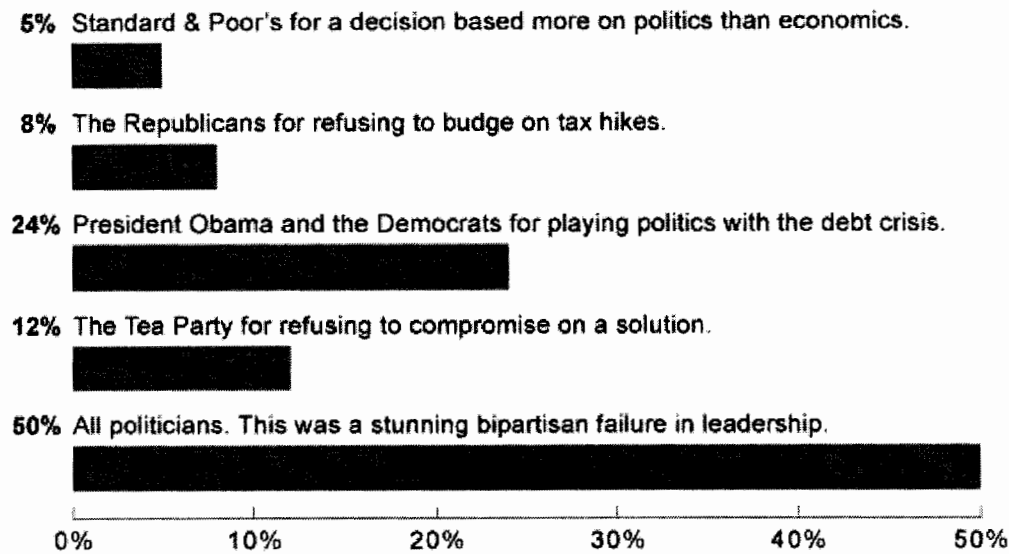
Meanwhile, Holch calls S&P’s downgrade a “gutsy move” and says the company has to be given “some credit for being critical of the debt deal.” Overall, he feels that a broader set of issues, including the European debt crisis, factored into Monday’s market drop, saying, “It seems to be a global problem and it all can’t be because of the S&P downgrade of the U.S.”

As of 3 p.m. Tuesday 804 *Ignites* readers participated in the survey.

The poll is an unscientific sampling of *Ignites* subscribers. Participants voted only once and were self-selected. *Ignites*’s audience consists of money managers, service providers and financial advisors.

☰ POLL RESULTS

Whom Will History Hang for U.S. Credit Downgrade?
 Whom will the history books blame most for S&P’s historic downgrade of U.S. credit?



Total Votes: 804

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