

WHILE MOST BELIEVE EDUCATION SCHOLARSHIPS SHOULD GET TOP PRIORITY IN NEXT FEDERAL BUDGET, WHEN GIVEN FULL RANGE OF CHOICES CANADIANS OPT FOR MORE MONEY TRANSFERRED TO PROVINCES FOR HEALTHCARE, EDUCATION AND SOCIAL ASSISTANCE SPENDING OVER ALL OTHER POTENTIAL MEASURES

-- Reducing the accumulated debt should take priority over tax cuts and increased government spending --

-- Six in ten (61%) support anti-deficit legislation --



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This Canada-wide poll was conducted by telephone between January 21st and 26th 1998 among a representative cross-section of 1,510 adult Canadians.

The data were statistically weighted to ensure the sample's age composition reflects that of the actual Canadian population according to the 1996 Census data.

With a national sample of 1,510, one can say with 95 percent certainty that the results are within ± 2.5 percentage points of what they would have been had the entire adult Canadian population been polled. The margin of error will be larger within the various sub-groupings of the survey population.

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Three quarters (75%) agree that the federal government should make education spending, such as scholarships and tax breaks for those who save for education, the TOP priority in its next budget. However, when asked to choose between specific policy alternatives, more Canadians choose to increase the amount of money Ottawa sends to the provinces for healthcare, education and social assistance spending, increase funding for programs to create jobs for young people, fund new health programs such as homecare or pharmacare programs and increase the new benefits program for children in low income families over a new scholarship fund to improve access to education – a scholarship fund receives the same proportion of mentions as reducing the federal debt. Next, in a head-to-head trade off between these and other policy options, scholarships are in the middle of the pack, as Canadians choose increased transfer payments, increased funding for programs to create jobs for young people, increased money for childcare benefits for low-income families, and new health care programs such as homecare and pharmacare as the top priorities for the federal government surplus.

Contextually, however, when asked to select between three alternatives that the federal government can pursue with future surplus money, Canadians continue to prioritize reducing the accumulated debt (45%) over cutting taxes (29%) and spending more money on government programs (23%). Also, over half of Canadians (52%) fear that now that the deficit has been almost eliminated, the Liberals may start spending excessively and get the country back into a deficit situation. In spite of this negative assessment, almost six in ten (58%) believe that once the government starts spending again, it will do so more wisely than it did in the past.

Given this backdrop, and in the absence of a law that makes deficits illegal, a slim majority (54%) of Canadians indicate that once the federal budget is balanced, it would be acceptable for the government to run a small deficit as long as it promised to eliminate it quickly. However, when given the option, six in ten (61%) Canadians support the federal government passing a law making it illegal for it or future governments to run a deficit.

These are some of the findings of a National Angus Reid Group Poll conducted by telephone between January 21st and 26th, 1998 among a representative cross-section of 1,510 adult Canadians. A sample of this size is said to have an associated margin of error of ± 2.5 percentage points, nineteen times out of twenty.

EDUCATION AS A PRIORITY IN THE NEXT BUDGET GETS TOP MARKS

Three quarters (75%) indicate that they agree that the federal government should make education spending, such as scholarships and tax breaks for those who save for education, the TOP priority in its next budget.

This perspective is strongest in Atlantic Canada (83%), among younger Canadians (82%), among those who have not completed high school (78%), among those with a high school diploma (78%) and among the less affluent (82% among those with household incomes below \$30,000). Those least inclined to support a scholarship fund or tax breaks for those who save for education are British Columbians (35%), those between 35 and 54 years (28%), those who have completed university (27%), and the most affluent (28% among those who have a household income of \$60,000 or more).

HOWEVER, WHEN GIVEN CHOICE, CANADIANS SELECT OTHER OPTIONS OVER EDUCATION

Respondents were told that the federal government will soon be in a surplus situation and that it will have funds available to carry out a number of policy options. A list of these options were read to Canadians in randomly paired sets of two and respondents were required to indicate to which item they attached the highest priority. This list ranks the options according to how often they were selected by respondents as their top priority:

- increase the amount of money Ottawa sends to the provinces for healthcare, education and social assistance spending (73%)
- increase funding for programs to create jobs for young people (66%)
- fund new health programs such as homecare or pharmacare programs (64%)
- increase the new benefits program for children in low income families (64%)
- a new scholarship fund to improve access to education (55%)
- reduce the federal debt (55%)
- reduce income taxes (52%)
- improve our highways (52%)
- purchase military equipment for our armed forces (16%)
- provide more Canadian film and television productions (12%)

INCREASED TRANSFER PAYMENTS RISES TO THE TOP IN 'TRADE OFFS' ON POLICY OPTIONS

Examining the results of the individual pairing exercise allows for an exploration of how specific spending options are regarded in the context of other alternatives. This is a richer analysis than simply examining 'the most mentioned' list above because it enables a breakdown of what trade-offs Canadians are willing to make.

When presented with the pairs, these items fared best,

- Transfer payments is chosen over every other option.
- Increasing funding for programs to create jobs for young people is chosen over all other alternatives except for increasing transfer payments.
- Increasing the money spent on childcare benefits for low-income families loses to increased transfer payments and jobs for young people.
- New health care programs such as homecare and pharmacare lose to transfer payments, jobs for young people and increased child benefits.

When Canadians were asked whether the federal government should make education spending, such as scholarships and tax breaks for those who save for education, the TOP priority in its next budget, three-quarters (75%) respond positively. However, the pairing exercise demonstrates that in the balance of other alternatives, scholarships are "in the middle of the pack". The scholarship option is preferred to deficit reduction, increased military spending, increased film spending and more money being spent on

highways, but lags in terms commitments to provincial transfer payments, jobs for young people, new health programs, child benefits, and reduced taxes. This is not to say that Canadians will not support a scholarship program, but it does indicate that in the context of other spending alternatives Canadians place less value on the government funding scholarships.

It is also instructive to note that when Canadians were asked to indicate whether they would support increased government spending, reduction of the deficit or decreased taxes, the largest number of respondents choose reducing the debt (45%). However, when given the opportunity to direct the spending toward specific initiatives, Canadians indicate that they would prefer the federal government spent its money on transfers, jobs for young people, new health care programs, increased child benefits and spending money on scholarships. In fact, decreasing the debt is only preferred to spending more money on highways, tax cuts, military and Canadian film development.

Similarly on the question of decreasing taxes. Canadians support decreased taxes over increased government spending (29% versus 23% respectively); but once again, when given a concrete alternative, Canadians choose to increase transfers, create jobs for youth, increase child benefits, provide new health care programs, spend money on scholarships and reduce the debt before they would cut taxes.

Spending on highways, military and Canadian film are very low priorities for Canadians. Each of these alternatives loses by sizable margins to the other alternatives when they are paired against one another.

WHEN GIVEN SIMPLE CHOICE, REDUCING THE ACCUMULATED DEBT SHOULD TAKE PRIORITY OVER TAX CUTS AND INCREASED GOVERNMENT SPENDING

In the absence of specific policy trade-off options, Canadians were asked to simply choose between reducing the debt, cutting taxes or spending more on government programs as the main priority for the federal government in deciding what to do with any future surplus money. Similar to the findings of the November 1997 Angus Reid Poll, Canadians continue to prioritize reducing the accumulated debt (down from 47% to 45%) over cutting taxes (down eight percent from 37% to 29%) and spending more on government programs (up ten percent from 13% to 23%).

- Reducing the accumulated debt (45%) is ranked the number one government priority across all age, gender, education and income categories and across most of Canada -- in Atlantic Canada, debt reduction and increased spending tie for second place (29%). The strongest support for reducing the debt is in BC (55%), among men (51%), and among those with a household income over \$60,000 (54%). Atlantic Canadians (29%), women (39%), those without a high school diploma (33%) and those with household incomes less than \$30,000 (36%) express the least support for reducing the debt.
- Canadians choose cutting taxes (29%) as the second highest government priority -- the one exception is among those who have a university education who indicate that spending more on government programs (25%) is a slightly higher priority than cutting taxes (24%). Atlantic Canadians (38%) are the most supportive of cutting taxes (they ranked it the number one priority) and Ontarians (24%) are the least supportive.
- Although it is still ranked the least preferred among the options tested, almost one in four (23%) support increased government spending (up ten percent since November 1997). The greatest growth in support for increased government spending is among women (from 16% in November to 27% today), those over 55 (9% in November to 24% today) and those with household incomes between \$30,000 and \$59,000 (up from 11% in November to 25% today).

CANADIANS SUPPORT ANTI-DEFICIT LEGISLATION

Six in ten Canadians (61%) support anti-deficit legislation, that is they agree that the federal government should pass a law making it illegal for it or future governments, to run a deficit. These data indicate that Canadians want some assurances that the deficit levels of the past will never be seen again. As discussed above, over half (52%) fear that the federal government will spend the country back into a deficit situation again. The strong support for a law that binds a government to remain in the black demonstrates the strength of this fear.

With no legislation currently in place to curb federal deficits, half (54%) indicate that once the federal budget is balanced, it would be acceptable for the government to run a small deficit as long as *it promised to eliminate it quickly*.

The context for this deficit intolerance would appear to stem, in part, from the fact that Canadians do not believe the Liberals will steer the country free of a deficit situation in the future. In fact, half (52% -- up 2% from 50% in November 1997) fear that having almost eliminated the deficit, the Liberals may start spending excessively and get the country back into a deficit situation again. This is in spite of a belief among six in ten (58%) Canadians that once the government starts spending again, it will do so more wisely than it did in the past. That is to say that even though government's spending habits have improved, it will continue to run deficits.

- Those in Saskatchewan/Manitoba (64%), Canadians who do not have a high school diploma (61%) and the least affluent (55%) among those with household incomes below \$30,000) are most fearful of the Liberals' spending the country back into a deficit situation.
- Those more likely to indicate that they do not fear that the Liberals will spend the country back into a deficit situation are from Atlantic Canada (56%), have completed university (53%) and are among the most affluent (50% among those who have a household income of at least \$60,000).
- The faith in wiser future spending habits is consistent across most regions and all demographic breaks. Those in Quebec give the government the strongest vote of confidence (68%), while those in BC are the only Canadians who do not trust the government to spend more wisely (52% disagree with the statement that the government will spend more wisely in the future).

CANADIANS ARE POSITIVE ABOUT THEIR PERSONAL ECONOMIC SITUATION, BUT CONCERNED ABOUT IMPACT OF GOVERNMENT MEASURES

Although a majority (54%) indicates that they are personally benefiting from today's improved economic conditions, Canadians are not uncritical of the path the government has taken. Seven in ten (69%) indicate that the government is pursuing economic policies that are widening the gap between the rich and poor. In addition, a growing proportion of Canadians (58% today versus 55% in November 1997) believes the federal government has "caused too much pain for Canadians by cutting too deeply to reduce the deficit."

- The groups most positive about their economic conditions are Albertans (64%), Canadians between 18 and 34 (60%) and the most affluent (59% among those with household incomes greater than \$60,000). Conversely, British Columbians (59%), Canadians over 55 years (50%) and the least affluent (51% among those with household incomes less than \$30,000) do not believe they are sharing in the improved economy.
- The assessment that the government has cut too deeply to reduce the deficit is most acute among Atlantic Canadians (73%), women (66%), those who have not completed high school (68%), the least affluent (71% among those with household incomes below \$30,000) and Canadians over 55 years (63%). Those most likely to disagree with this assessment are from British Columbia (54%), men (51%), university educated (53%) and the most affluent (58% among those with household incomes over \$60,000).
- The belief that the federal government is deliberately pursuing economic policies that are widening the gap between rich and poor Canadians is strong across the entire country. It is strongest in Quebec (75%) and among those with incomes below \$30,000 (77%). Examining all groupings, those who have completed university have the largest proportion of people who disagree with the assessment (41%).
- Seven in ten (69%) Canadians believe that the federal government has lost touch with the concerns of average Canadians -- this holds true across all socio-demographic and regional groupings. Those from Saskatchewan/Manitoba (79%) are the most likely to agree with the statement while those who have completed university (57%) are the most likely to disagree with this majority perspective.

GOVERNMENT SHOULD STAY ABOUT THE SAME SIZE AS TODAY

Respondents were told that there have been some discussions recently about the size and activities of the federal government, which have been reduced as a result of fighting the deficit. They were asked to consider the federal government's current size and activities and determine whether it should continue to shrink, start to grow or stay about the same size as it is today. Nationally, 44% of Canadians indicate that they want the government to stay about the same size as it is today compared to 40% who want it to continue to shrink and 15% who want it to grow.

- Western Canadians indicate that they would prefer the government to continue to shrink (British Columbia-53%, Alberta-49%), Central and Eastern Canadians want it to stay the same (Ontario-48%, Quebec-39% and Atlantic Canada-47%) and those in the Prairies are split between these two options (Saskatchewan/Manitoba-45%).
- The greatest support for government growth is found in Quebec (31%) where it ranks second among the options -- this option has the least appeal in all other regions.
- Canadians between 18 and 34 want the government to stay about the same size as today (44%) while those 55-plus, are more inclined to want the government to shrink.

- 30 -

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