
ECONOMIC CONFIDENCE PLUMMETS DURING DOLLAR TUMBLE

- Optimism about national economy falls a drastic 17 percent over two months as dollar vaults onto public agenda --**
 - Every region faces significant downturn in confidence about national and provincial economic optimism --**
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This National Angus Reid Group/CTV/Globe and Mail poll was conducted by telephone between July 15th and 22nd, 1998 among a representative cross-section of 1,515 Canadian adults.

These data were statistically weighted to ensure the sample's regional and age/sex composition reflects that of the actual Canadian population according to the 1996 Census data. With a national sample of 1,515, 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 regions and for other sub-groupings of the survey population.

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-- Optimism about national economy falls a drastic 17 percent over two months as dollar vaults onto public agenda --

-- Every region faces significant downturn in confidence about national and provincial economic growth --

Canadians' confidence in the national economy has plummeted while the Canadian dollar is setting record lows against the US dollar on a daily basis. Every region is facing a significant downturn in confidence about national and provincial economic growth. This marks a radical departure from the optimistic outlook that has prevailed for the last 18 months. Confidence in the national economy has slid to March 1996 levels. Today, only 27 percent anticipate that the Canadian economy will improve over the next year – a 17 percent drop in confidence compared to two months ago. Along with this pessimistic outlook for the next year, there has been a concomitant increase in Canadians' concerns about the value of the dollar. In this most recent sounding of public opinion, the dollar has vaulted onto the public agenda and is squarely positioned as a top-of-mind concern among adult Canadians. Specifically, one in 10 (12%) Canadians point to the value of the Canadian dollar as an issue of concern to Canada today (twice as many as in January 1998).

These are the highlights from the latest Angus Reid Group/CTV/Globe and Mail national survey of public opinion conducted between July 15th and July 22nd.

Every region affected as dollar falls

Canadians' outlook for the national economy has taken a sharp dip since this spring. The proportion of Canadians expecting the national economy to improve has fallen by 17 percentage points over the past couple of months – only one in four (27%) now foresee better times ahead and just as many envision a downturn (24%) in the national economy. Forty-seven percent expect things to “stay the same.”

Optimism has also subsided with respect to provincial economic performance. All regions are less optimistic about the prospects both for the national economy as well as for their own home province.

National outlook sours

- ◆ The public's outlook for the national economy has deteriorated significantly as the Canadian dollar has fallen to historic lows. One in four (27%) Canadians surveyed in mid-July expect the nation's economy to improve during the coming year – a drop of 17 percentage points since May – versus a comparable number who predict economic conditions will worsen (24%, up 10 points). Close to one-half (47%) anticipate no change in the state of the Canadian economy for the next 12 months.
- ◆ Expectations for the national economy have tumbled in all major regions since this spring. While typically the most bullish about the economic prospects of the country, both Albertans and Ontarians have adopted a decidedly negative outlook. In particular, the opinion that the national economy will improve in the coming year has decreased by 22 percent in Alberta and 19 percent in Ontario (19% of Albertans and 33% of Ontarians expect the national economy to improve). Of interest, Albertans' confidence in the national economy's likelihood to increase is on par with British Columbians' outlook – British Columbians are typically the least upbeat about future national economic growth.

Ripple effect in provincial economies

- ◆ Residents of Alberta and Ontario still hold the most upbeat expectations with regard to their respective provincial economies, but optimism has dampened since the spring. In each province, the proportion envisioning improvement surpasses the proportion expecting a downturn by at least two-to-one: Alberta (41% versus 15%); Ontario (41% versus 21%).
- ◆ At the other end of the spectrum, the economic mood in British Columbia continues to spiral downwards. A large majority (69%) of surveyed residents said their province's economy would get worse in the year ahead, a 13-point increase since May.

Residents' outlook for their provincial economies is fairly divided in the other three major regions: Manitoba/Saskatchewan (28% foresee improvement, 24% expect things to worsen); Québec (28% each); and Atlantic Canada (35% versus 32% respectively).

Value of Canadian dollar vaults onto public agenda

The unemployment situation tops Canadians' issues agenda. The sinking loonie is now squarely positioned on Canadians' priority list as it jumps into sixth place among the top issues that concern Canadians.

Canadians participating in this mid-July survey were posed an "open-ended" question at the very beginning of the interview asking them to name the most important issues facing Canada's leaders today. This probing yielded the following "top-of-mind" responses, presented here in descending order of their presence on the public's agenda:

- ◆ **Jobs/Unemployment** was cited on an unaided basis by one in three (32%) Canadians surveyed. This is generally consistent with the total mentions garnered by this issue since the beginning of the year, but is well down from the 49 percent it received a year ago. "Top-of-mind" concern over the unemployment situation is greatest in Atlantic Canada (50%) and Québec (44%).
- ◆ **Health care** is a close second at 28 percent. This is down from the all-time peak of 36 percent recorded in late June, but still significantly higher than the 17 percent of Canadians who named this issue at the start of the year. Women and older Canadians attach greatest urgency to health care (35% each).
- ◆ A comparable number (26%) pointed to **national unity/Québec's political future** as the most important issue facing Canada right now, a figure which has been declining steadily since the 41 percent measured in March.
- ◆ The state of the Canadian **economy** in general was mentioned by one in four (24%) survey respondents. This is four points higher than in late June and 10 points above the number recorded in March. Those most likely to name the overall state of the economy were British Columbians (30%) and higher income Canadians (35%).
- ◆ The **deficit/debt** was cited as a pressing priority for Canada today by 13 percent of those interviewed. This issue's presence on the public agenda has been waning consistently since the 19 percent registered in our March sounding, though it is still a fairly significant concern among Albertans (22%).

- ◆ The most significant change to Canadians' top priorities is the increased prominence of the Canadian dollar. More than one in 10 (12%) Canadians surveyed in mid-July specifically pointed to the value of the **Canadian dollar** as an issue of concern to Canada today. Total mentions have jumped up from only three percent in the late-June poll and have doubled since this issue first made a significant debut on the public agenda in January (5%).
- ◆ **Education** was volunteered by one in 10 (11%) respondents. This is down from 17 percent in each of the previous two surveys and from 19 percent recorded in March, the highest level of mentions yet recorded for education. Education issues are especially "top-of-mind" among Atlantic Canadians (18%) at this time.
- ◆ A similar proportion said **taxes/taxation** (9%) is the most acute issue for Canada today, almost double this number in British Columbia (16%).
- ◆ The **environment** was singled out by eight percent of Canadians.
- ◆ Issues relating to **poverty** were named by seven percent.
- ◆ **Crime and justice** issues were highlighted by one in 20 (5%) respondents as the most critical for Canada today.

A number of other issues were cited by smaller numbers of surveyed Canadians, including: natural resources/fisheries (4%, but climbing to 11% in the Atlantic region and 14% in B.C.); other social services (3%); government/politics (3%); defence/military (3%); immigration/refugees (3%); and other issues mentioned by still fewer respondents.

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