

Canadian deficit concerns balloon ahead of Liberals' second budget

Number of Canadians naming government spending as a top issue has almost doubled since 2015.

March 20, 2017 – As the federal government prepares to release its second budget since winning the 2015 election on a promise to run “[modest deficits](#),” a new analysis of polling data by the Angus Reid Institute finds deficits and government spending increasingly on the minds of many Canadians.

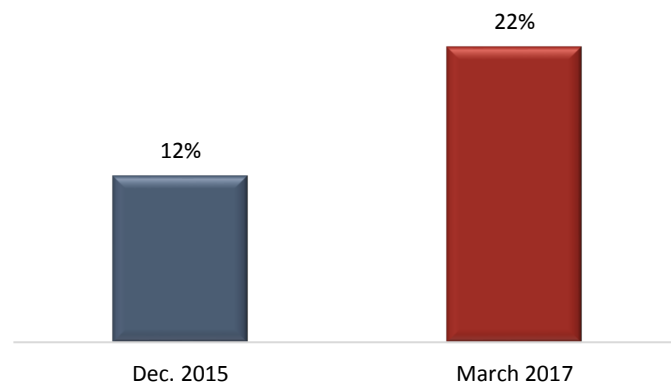
The Institute's latest quarterly analysis of public opinion data from more than 5,400 Canadian adults finds deficits and spending to be the third most-mentioned concern when Canadians are canvassed on the most important issues in the country today, behind only health care and the economy in general. Moreover, the number of respondents naming the deficit as a top concern has nearly doubled since Justin Trudeau's government took office.

That said, the Prime Minister himself remains popular. More than half of all Canadians say they approve of his performance, though relatively few do so “strongly.”

Key Findings:

- 54 per cent of Canadians approve of Prime Minister Justin Trudeau's performance, essentially unchanged from last quarter. The PM is most popular in Atlantic Canada, and least so in Alberta
- One-in-four Canadians (26%) say their standard of living has declined in the last year, the lowest percentage to have said this since tracking began in 2010
- The percentage of Canadians who name “the deficit/government spending” as a top issue has increased or stayed the same in every edition of this quarterly survey since the Trudeau government took office, from 12 per cent in December 2015 to 22 per cent now

Percentage saying 'the deficit/government spending' is one of the most important issues facing Canada today:



METHODOLOGY:

The Angus Reid Institute analyzed results of an online survey conducted from March 6 – 13, 2017, among a representative randomized sample of 5,404 Canadian adults who are members of the [Angus Reid Forum](#). The survey data were donated by MARU/Matchbox. The sample plan included large over-samples in many provinces, weighted back to provide a national snapshot. For comparison purposes only, a probability sample of this size with this sample plan would carry a margin of error of +/- 2 percentage points, 19 times out of 20. Discrepancies in or between totals are due to rounding. Detailed tables are found at the end of this release.

CONTACTS:

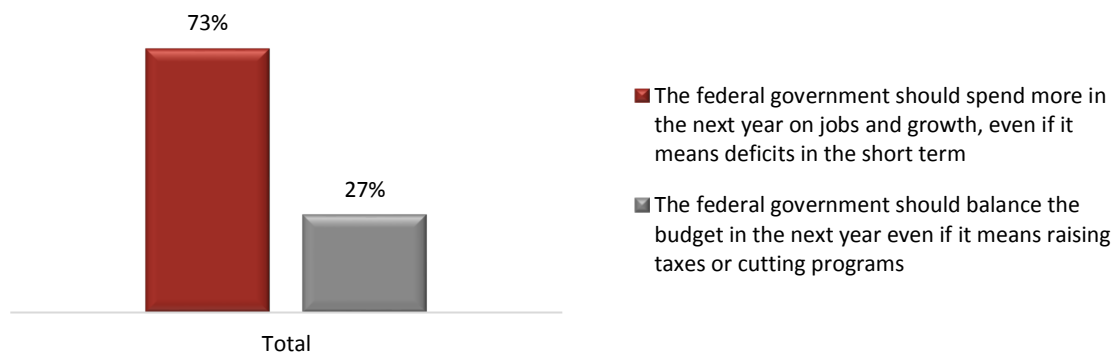
Shachi Kurl, Executive Director: 604.908.1693 shachi.kurl@angusreid.org @shachikurl
Ian Holliday, Research Associate: 604.442.3312 ian.holliday@angusreid.org

Part 1 – Budget 2017: Concern about deficits rising

In late August 2015, with his Liberal Party running a sometimes-distant third in the polls, Justin Trudeau [announced](#) that his government – if he formed one – would run “modest deficits” of \$10 billion or less each year, and return to a balanced budget by 2019-20. The deficit spending would fuel investment in infrastructure, which would create jobs, Trudeau promised.

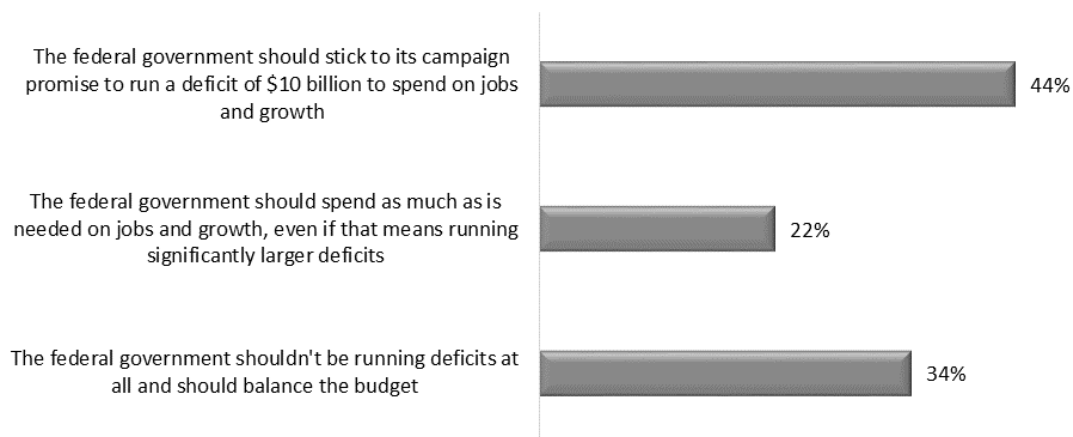
Trudeau’s opponents were highly critical of the plan, but [an Angus Reid Institute poll](#) during the campaign found Canadians open to the concept of deficit spending as a means of stimulating the economy:

Please choose the option you prefer: (Data from Sept. 15, 2015)



When it became apparent last year that the new Liberal government was considering breaking its promise to keep deficits to \$10 billion or less, the Angus Reid Institute asked Canadians a more specific question, and found a more mixed result. At the time, only one-in-five (22%) were willing to see the government exceed the \$10 billion cap:

Of the options below, which do you prefer? (Data from Feb. 2, 2016)



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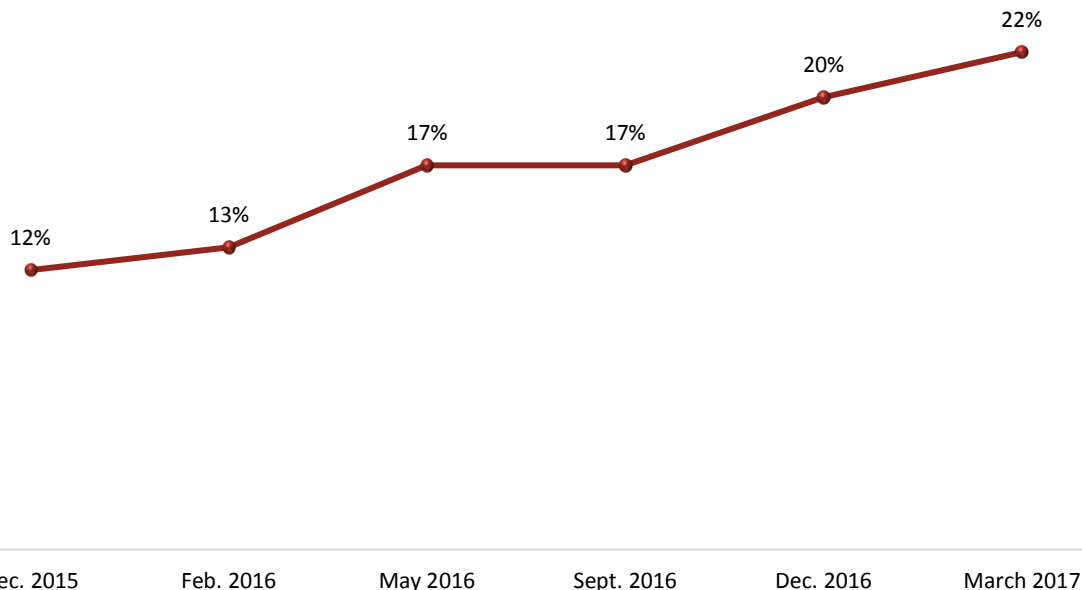
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Ian Holliday, Research Associate: 604.442.3312 ian.holliday@angusreid.org

When the Trudeau government tabled its first budget, [it projected a deficit](#) of nearly \$30 billion, and did not project a return to balanced budgets by 2020.

While the total deficit for the current fiscal year is now projected to be [somewhat smaller](#) than originally expected, it's still much larger than the initial promise, and Canadians have been growing more wary of the government's increasing deficit spending.

As seen in the graph that follows, roughly one-in-eight Canadians (12%) considered deficits to be one of the most important issues facing the country in December 2015, shortly after the Trudeau government took office. Since then, the percentage of Canadians identifying budget shortfalls as a top issue has almost doubled:

Percentage saying 'the deficit/government spending' is one of the most important issues facing Canada today:



This increase in the number of Canadians expressing concern about government spending comes against the same backdrop of economic anxiety that has been the norm for the entirety of the Trudeau government – and indeed, for several years prior to that. This economic picture will be discussed in greater detail in the following section.

Rising concern over budget deficits isn't inherently a problem for the government. It does have the potential to become a problem, however, if the government's efforts on the economic file don't start to correspond with a turnaround in Canadians' perceptions of the economy.

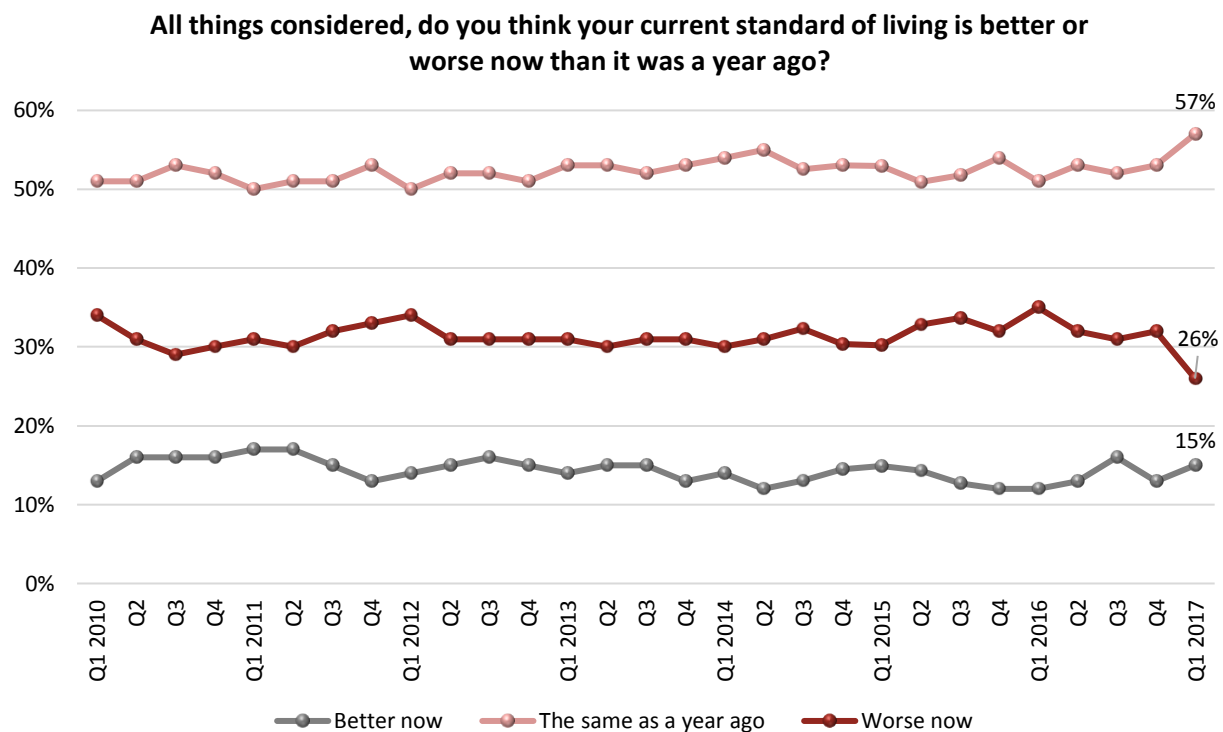
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Part 2 – Economy remains a top concern

If the government is looking for signs that Canadians are feeling better about the economy, it might take heart in the decrease in the number of Canadians who think their standard of living has worsened in the last year.

While Canadians remain more likely to say things have worsened for them in the last 12 months than to say they've improved, the percentage saying the former has decreased six percentage points since last quarter, and the number saying their standard of living has stayed the same has grown correspondingly:



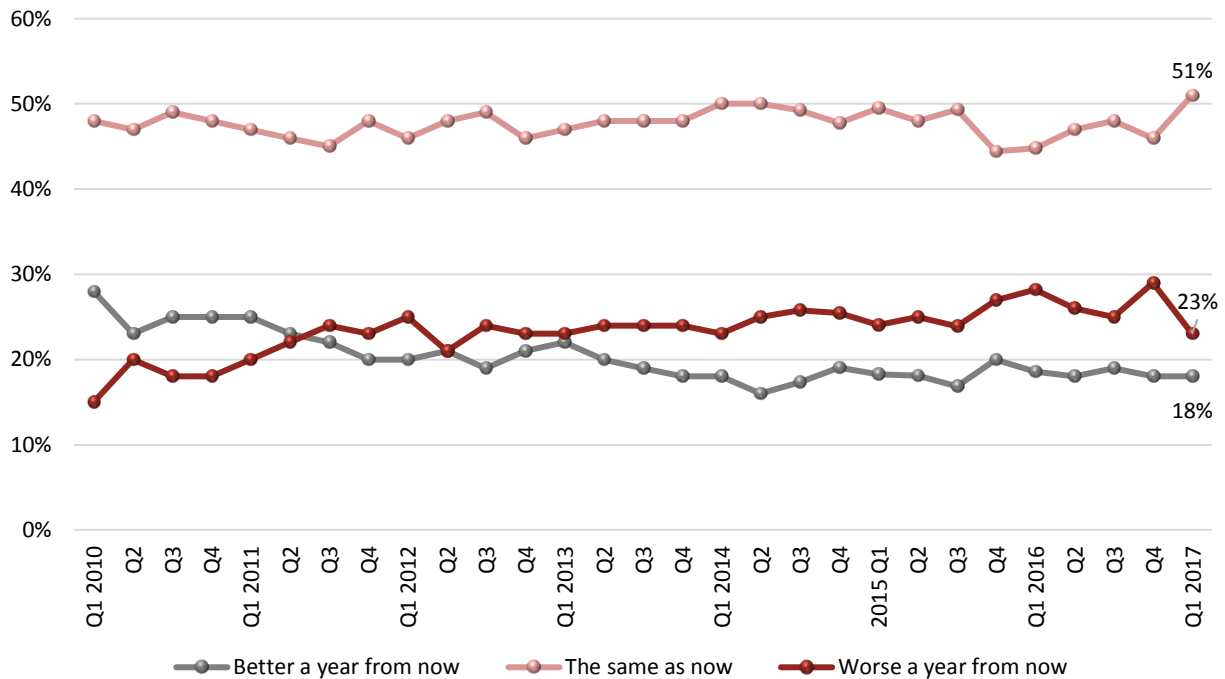
As the graph indicates, the percentage of Canadians who say their standard of living is worse now than it was a year ago has never been lower in this survey, and the percentage who say their standard of living has remained the same has never been higher.

The growth in the number of Canadians saying things have stayed the same for them over the last 12 months also corresponds with an uptick in the percentage who expect things to stay the same over the next 12, as seen in the graph that follows.

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And a year from now, do you think your standard of living will be better or worse than now?



While responses to these two questions could hardly be described as “optimistic,” they are certainly more positive than Canadians have been when it comes to their household economic situations in quite some time.

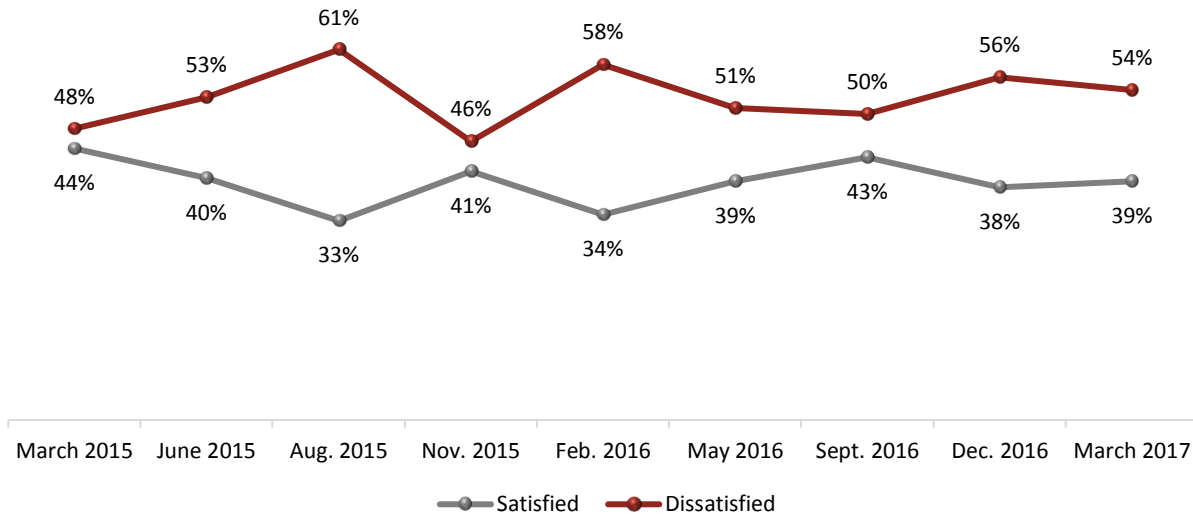
This isn’t necessarily cause for celebration, however. The fact that this decrease in the number of people who say things are worsening doesn’t correspond with a significant increase in the number who say things are improving may suggest that Canadians are adjusting to a “new normal” rather than seeing actual economic improvement in their lives. A look at household debt in Canada is particularly illuminating. Low interest rates and subsequent borrowing have led to [all-time highs](#) in this key debt ratio.

At a macro level, the economy remains Canadians’ top area of concern, with 30 per cent saying it is one of the top issues facing the country today. Likewise, Canadians are more likely to say they are dissatisfied with the economy than to say they’re satisfied with it, continuing a pattern that has held since the first quarter of 2015:

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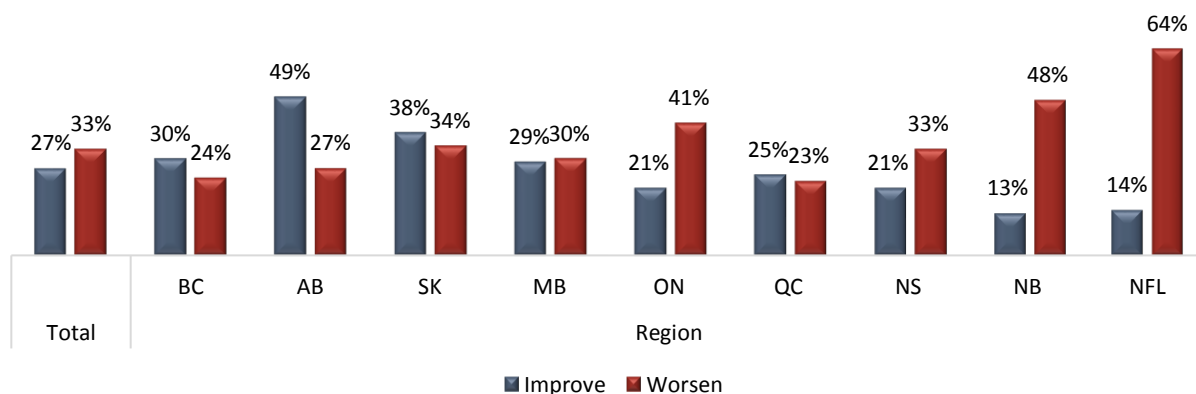
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Satisfaction with the economy over time:



Of course, economic anxiety is unevenly distributed around the country. Canadians are slightly more likely to say they expect the national economy to worsen (32%) than to improve (28%) over the next 12 months, but views on the futures of Canada’s various provincial economies vary significantly, as seen in the following graph:

Over the next 12 months, do you think the economy of your province will improve, remain the same, or worsen?



Albertans, perhaps feeling buoyed by the government’s [approval of the TransMountain Pipeline](#) and the Trump administration’s plans to [put Keystone XL back on the table](#), are the most bullish about their province’s future economic prospects. Residents of Newfoundland and Labrador, meanwhile, are deeply pessimistic about [a turnaround in their region’s fortunes](#).

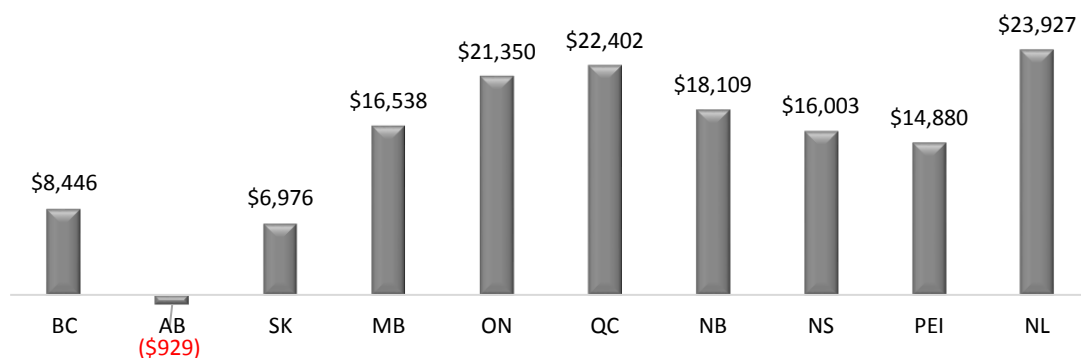
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Ontario is also feeling notably negative about its provincial economy, a feeling that may reflect both household-level concerns about the high price of electricity in the province and more existential concerns about having the largest outstanding debt of any non-national government in the world, a debt-load that is projected to grow to \$350 billion by 2020.

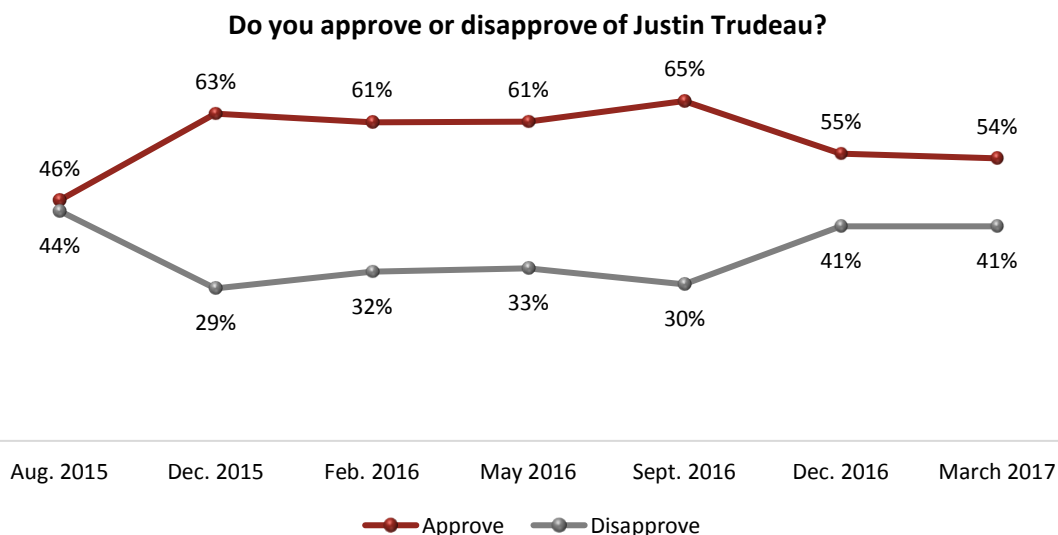
Ontario is certainly not alone on this front. All provinces other than Alberta carried a negative account balance for 2015-16, the last year for which confirmed data is available.

Net debt per capita by province for 2015/16 - source RBC.com
(Note PEI is projected, while others are confirmed)



Part 3 – Most Canadians approve of Trudeau

After a quarter in which he saw his approval rating in this survey drop 10 points, the Prime Minister holds steady at 54 per cent approval in this latest sounding:



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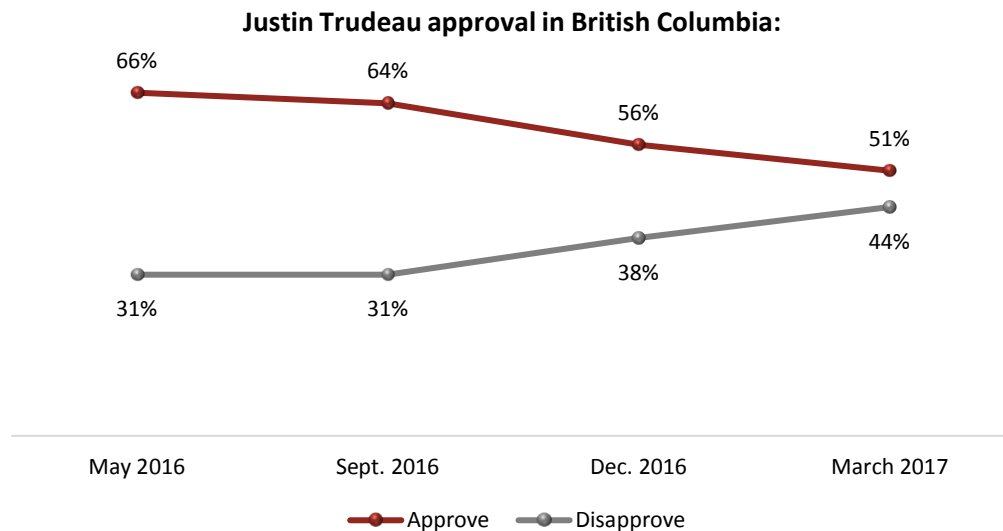
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Trudeau continues to enjoy higher approval ratings than the leaders of the other main federal parties, both of whom are due to be replaced on a permanent basis later this year. Interim Conservative Party of Canada Leader Rona Ambrose has equal approval and disapproval numbers (35% each, with 30% unsure), and Canadians are similarly ambivalent about New Democratic Party Leader Thomas Mulcair (41% approve; 40% disapprove; 18% unsure).

Notably, although Trudeau has the approval of more than half of all Canadians, most of these people say they approve of his performance “somewhat,” (40% overall), not “strongly” (15%).

Regionally, Trudeau’s popularity seems to have leveled off in Ontario, where approval of the PM is up one percentage point this quarter (to 54%) after [dropping fully 16 points](#) the quarter before.

In British Columbia, however, approval of Trudeau has continued to drop – a possible consequence of the federal government’s decision [to approve](#) liquefied natural gas and pipeline projects in the region. More than half of British Columbians (51%) still approve of the PM’s performance, but that’s down 5 points since December, and 13 points since September, as seen in the following graph:



*The **Angus Reid Institute (ARI)** was founded in October 2014 by pollster and sociologist, Dr. Angus Reid. ARI is a national, not-for-profit, non-partisan public opinion research organization established to advance education by commissioning, conducting and disseminating to the public accessible and impartial statistical data, research and policy analysis on economics, political science, philanthropy, public administration, domestic and international affairs and other socio-economic issues of importance to Canada and its world.*

Summary tables follow.

CONTACTS:

Shachi Kurl, Executive Director: 604.908.1693 shachi.kurl@angusreid.org @shachikurl
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Overall do you approve or disapprove of the following:			
(weighted sample sizes)	Prime Minister and Liberal Party leader Justin Trudeau	Opposition Leader and Interim Leader of the Conservative Party Rona Ambrose	New Democratic Party (NDP) leader Thomas Mulcair
Approve strongly	15%	9%	8%
Approve somewhat	40%	26%	33%
Disapprove somewhat	19%	18%	23%
Disapprove strongly	22%	17%	17%
Don't know	5%	30%	18%

Approval of Trudeau by region										
(unweighted sample sizes)	Total (5404)	Region								
		BC (604)	AB (601)	SK (1050)	MB (787)	ON (804)	QC (601)	NS (303)	NB (297)	NFL (261)
Approve strongly	15%	10%	9%	10%	13%	16%	17%	26%	17%	23%
Approve somewhat	40%	41%	29%	28%	41%	38%	45%	38%	43%	50%
Disapprove somewhat	19%	21%	18%	16%	18%	19%	19%	15%	17%	12%
Disapprove strongly	22%	23%	40%	40%	24%	22%	12%	14%	20%	12%
Don't know	5%	5%	3%	5%	4%	5%	7%	7%	4%	3%

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All things considered, do you think your current standard of living is better or worse now than it was a year ago?

(unweighted sample sizes)	Total (5128)	Region								
		BC (597)	AB (599)	SK (865)	MB (758)	ON (803)	QC (595)	NS (300)	NB (299)	NFL (229)
Better now	15%	14%	12%	13%	12%	15%	16%	17%	11%	14%
The same as a year ago	57%	56%	44%	49%	58%	58%	66%	56%	52%	43%
Worse now	26%	28%	43%	35%	29%	26%	15%	25%	36%	43%
Not sure	2%	2%	1%	3%	1%	1%	3%	2%	1%	0%

And a year from now, do you think your standard of living will be better or worse than now?

(unweighted sample sizes)	Total (5128)	Region								
		BC (597)	AB (599)	SK (865)	MB (758)	ON (803)	QC (595)	NS (300)	NB (299)	NFL (229)
Better a year from now	18%	17%	21%	15%	16%	16%	19%	22%	17%	13%
The same as now	51%	47%	41%	43%	48%	52%	58%	48%	45%	48%
Worse a year from now	23%	27%	31%	34%	30%	24%	14%	22%	29%	35%
Not sure	8%	9%	7%	7%	7%	8%	9%	7%	9%	4%

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Over the next 12 months, do you think the economy of your province will improve, remain the same, or worsen?

(unweighted sample sizes)	Total (5128)	Region								
		BC (597)	AB (599)	SK (865)	MB (758)	ON (803)	QC (595)	NS (300)	NB (299)	NFL (229)
Improve	27%	30%	49%	38%	29%	21%	25%	21%	13%	14%
Remain the same	41%	46%	24%	28%	40%	38%	52%	47%	39%	22%
Worsen	33%	24%	27%	34%	30%	41%	23%	33%	48%	64%

Overall, would you say you are satisfied or dissatisfied with each of the following in Canada? ['The economy' shown]

(unweighted sample sizes)	Total (5128)	Region								
		BC (597)	AB (599)	SK (865)	MB (758)	ON (803)	QC (595)	NS (300)	NB (299)	NFL (229)
Very satisfied	5%	3%	3%	4%	4%	4%	7%	4%	2%	5%
Moderately satisfied	34%	36%	22%	26%	32%	34%	38%	37%	32%	44%
Moderately dissatisfied	30%	34%	28%	26%	33%	32%	26%	29%	29%	30%
Very dissatisfied	24%	21%	42%	36%	22%	23%	19%	21%	27%	16%
Not sure	7%	6%	5%	8%	9%	6%	11%	9%	10%	5%

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What do you feel are the most important issues facing Canada today?

(weighted sample sizes)	March 2017 (5404)	December 2016 (5128)	September 2016 (4629)	May 2016 (5150)	February 2016 (5867)	December 2015 (5294)
Economy	30%	34%	36%	34%	47%	37%
Health Care	24%	23%	25%	23%	20%	20%
The Deficit / Government Spending	22%	20%	17%	17%	13%	12%
Jobs / Unemployment	20%	20%	21%	21%	22%	18%
Environment / Pollution	12%	15%	13%	13%	12%	14%

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