

Economy and the Budget: Nearly half of Canadians want Ottawa to stand pat on \$10 billion deficit plan

Three-quarters of Canadians say they're worried about the economy; three-fifths think it will get worse.

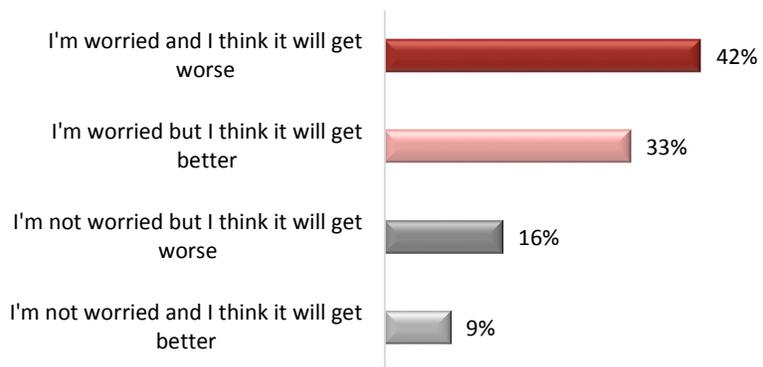
February 3, 2016 – With low oil prices wreaking havoc on the nation's resource sector, the stock market in turmoil, and the Canadian dollar [sinking to its lowest level in more than a decade](#), a new poll from the Angus Reid Institute finds Canadians anxious about the economy and in little mood see the Trudeau government borrow more money than planned to fix it.

Canadians identify a wide range of economic priorities for the federal government, but fewer than one-in-four (22%) say they'd like to see it run deficits larger than the \$10 billion the Liberals campaigned on last year.

Key Findings:

- Almost half (46%) of those surveyed say they're concerned someone in their household could lose a job because of the down economy. This includes 57 per cent in hard-hit Alberta
- Canadians are divided on the federal government's plan to run deficits of up to \$10 billion per year, with twice as many saying it should stick to that limit (44%) as saying it should spend more if necessary (22%)

Overall, which of these statements best matches your own feelings about the economy?



METHODOLOGY:

The Angus Reid Institute conducted an online survey from January 27 – 29, 2016, among a representative randomized sample of 1,502 Canadian adults who are members of the [Angus Reid Forum](#). For comparison purposes only, a probability sample of this size would carry a margin of error of +/- 2.5 percentage points, 19 times out of 20. Discrepancies in or between totals are due to rounding. The survey was self-commissioned and paid for by ARI. Detailed tables are found at the end of this release.

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PART 1: Economic Anxiety

Declining standards of living?

Fewer than one-in-six Canadians (15%) say their standard of living is better now than it was a year ago, while fully twice that many (33%) say it has gotten worse in that time. Residents of Saskatchewan and Alberta are especially likely to say their standard of living has declined in the last year (42% in each province do so, compared to 33% or fewer in every other region).

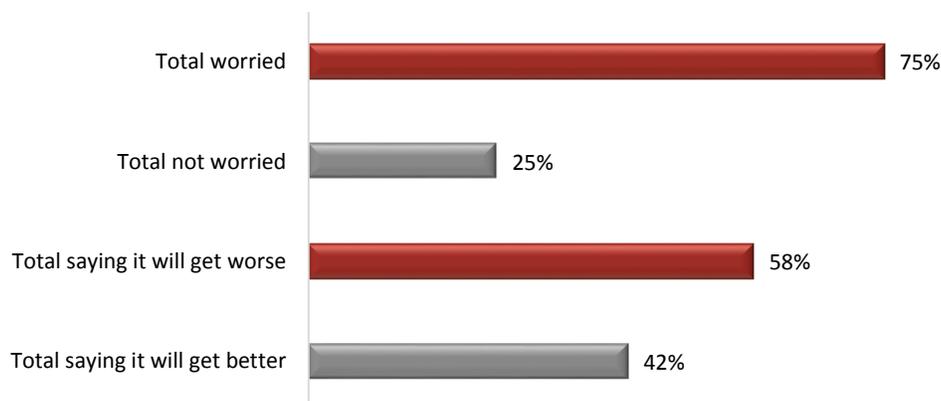
In a similar vein, most Canadians say they're worried about where things are headed, and even some of those who aren't worried say they think things will get worse before they get better.

Asked to choose the statement that best matches their overall feelings about the economy:

- The largest group of respondents (42%) opt for "I'm worried and I think it will get worse"
- One-in-three (33%) say "I'm worried, but I think it will get better"
- 16 per cent say they're "not worried," but think things will get worse
- Just one-in-ten (9%) say they're not worried and think it will get better

Responses to this question can be combined in multiple ways, to yield totals for both how many are worried about the economy and how many feel it will get worse, as seen in the following graph:

Overall, which of these statements best matches your own feelings about the economy?



Job anxiety in Alberta, sector anxiety in the Atlantic

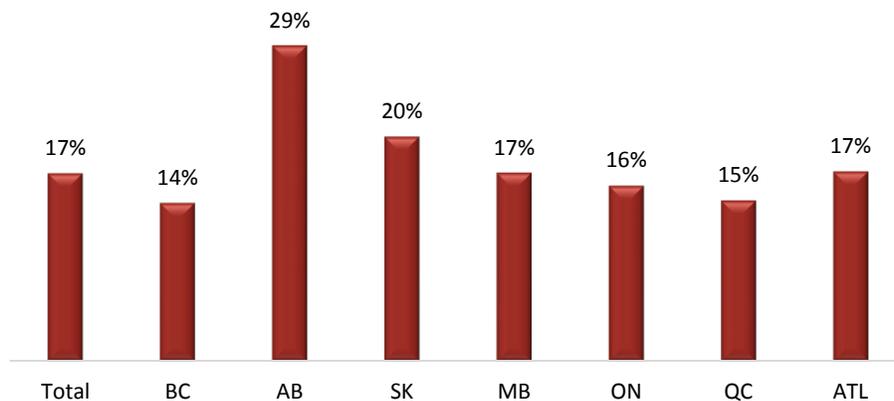
Almost half of all Canadians (46%) agree with the statement "I'm concerned that I or someone in my household could lose a job because of the economy."

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This fear is most acute in resource-driven Alberta, where a full majority of respondents (57%) agree, more than half (29%) strongly.

**"I'm concerned that I or someone in my household could lose a job because of the economy"
("Strongly agree" shown):**



While Albertans' concerns about losing jobs can almost certainly be attributed to the low price of oil that has caused [the province's energy sector to contract](#), responses to a related question reveal more existential job concerns.

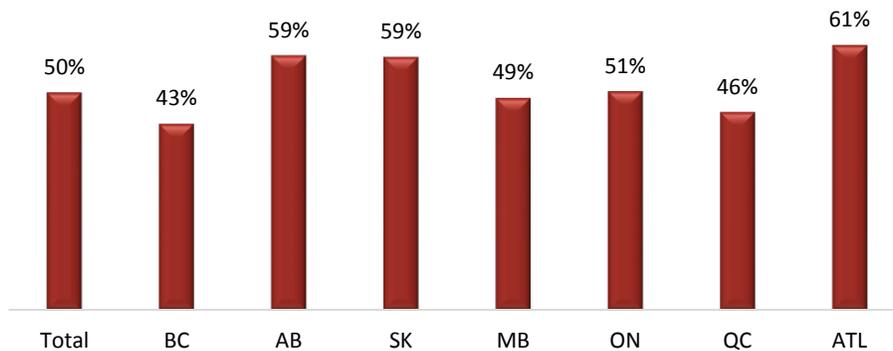
Fully half of all survey respondents (50%) agree with the statement "Regardless of my own job security, I can see that my job sector is shrinking."

In agreeing with this statement, Albertans are not alone. Some 59 per cent in Wild Rose Country do so, roughly the same number as in Saskatchewan (59%). Likewise, concerns that respondents' job sectors are shrinking are even stronger in Atlantic Canada, where 61 per cent agree.

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"Regardless of my own job security, I can see that my job sector is shrinking, not growing" ("Agree" shown):



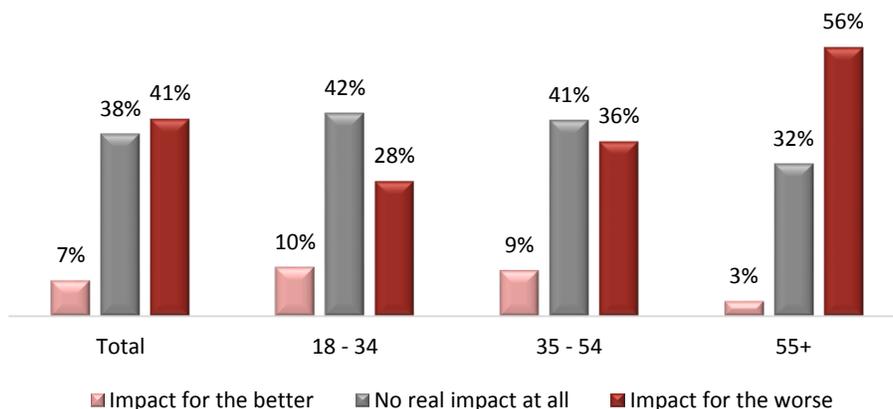
Low dollar, markets adding to concerns

It's not only the threat of losing a job that has Canadians worried. [A recent ARI survey](#) found that the vast majority sees the decline of the Canadian dollar to roughly 70 U.S. cents as hurting their own households and the national and provincial economies.

This poll finds similar concern for the tumultuous start to the year in the stock market – at least among those Canadians who see themselves as affected by the markets. Among those with an opinion, the vast majority say the markets have had a negative effect.

This is especially true for those either nearing or already in retirement. More than half (56%) of respondents age 55 or older say the recent downturn has had an impact for the worse.

What impact, if any, have volatile markets had on you?



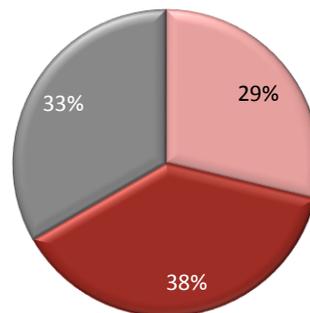
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Whether they're invested in the markets or not, Canadians are divided on whether the turmoil that has marked the start of 2016 is "just a blip" or a sign of a more serious decline.

One-in-three (33%) say they're not sure, while those with an opinion are more likely to choose the latter than the former:

Do you think falling stock prices are a temporary blip or a sign of a more serious economic decline?



■ It's just a blip ■ It's a sign of serious decline ■ Not sure/Can't say

Notably, on this question it is younger Canadians (those ages 18 – 34) who are most concerned. Nearly twice as many in this age group say falling stock prices are a sign of serious decline (45%) as say they're "just a blip" (25%, [see comprehensive tables for greater detail](#)).

PART 2: Priorities for Government

What should the federal government do?

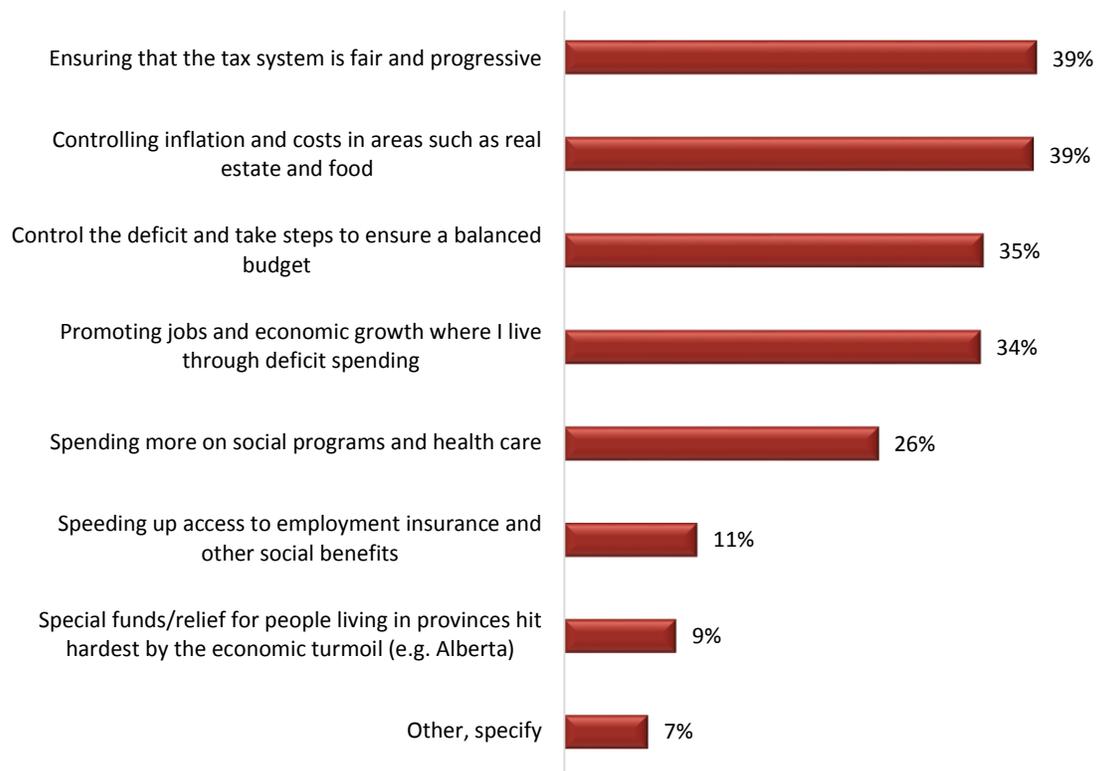
Given that most Canadians are worried about the country's current economic situation, what would they like to see the federal government do about it?

Asked to choose their top two economic priorities for government from a list of eight, Canadians choose four items at a roughly equal rate. They are the top four in the graph that follows:

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Tell us what you think the federal government's TOP TWO economic priorities should be:



“Ensuring that the tax system is fair and progressive” and “controlling inflation and costs in areas such as real estate and food” lead the way, with 39 per cent of Canadians choosing each as a top-two priority. Both of these measures enjoy the highest levels of support in British Columbia, where [income inequality](#) and [the high cost of housing](#) are frequently in the headlines ([see comprehensive tables](#)).

The next most-chosen priorities for the federal government are directly opposed to one another, but selected by roughly the same number of people:

- 35 per cent choose “control the deficit and take steps to ensure a balanced budget”
- 34 per cent choose “promoting jobs and economic growth where I live through deficit spending”

Predictably, those who voted for the Stephen Harper-led Conservative Party of Canada in the 2015 election are more likely to choose “control the deficit” (61% do so), while those who voted for the Liberal or New Democratic parties are more likely to choose growth through deficit spending (42% and 39%, respectively, see detailed tables at the end of this release).

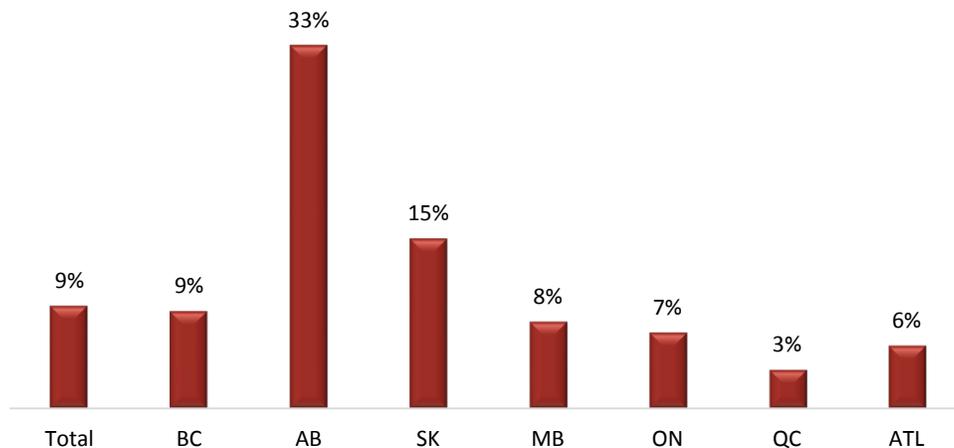
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An interesting corollary to this finding can be seen in the province of Alberta, which has both the largest proportion of Conservatives in its electorate and the most anxiety about the current economic situation.

Like the country as a whole, Albertans are roughly equally likely to identify controlling the deficit (40%) and deficit spending (37%) as priorities for the federal government. They are also the group most likely to choose “special funds/relief for people living in provinces hit hardest by the economic turmoil,” as seen in the following graph:

Percentage choosing "Special funds/relief for people living in provinces hit hardest by the economic turmoil" by region:



Most Liberals want deficits kept to \$10 billion

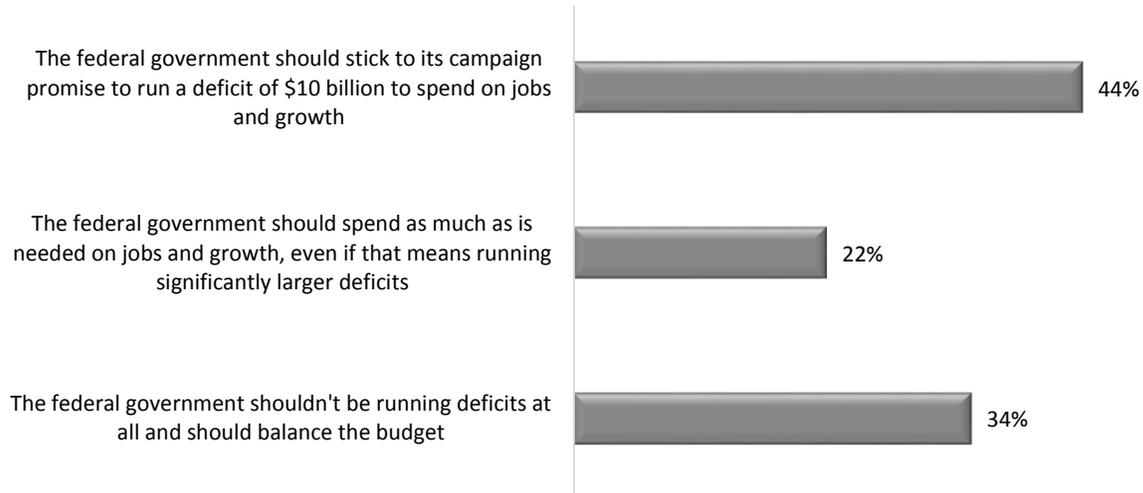
Deficit spending to stimulate the economy was one of the key promises of the Liberal Party's 2015 election campaign. During the writ period, the party pledged to keep deficits “modest” – totaling \$10 billion or less each year for three years. Since coming to power, however, the party has suggested that it would consider exceeding that limit if economic circumstances called for greater stimulus.

Asked about this possibility, most Canadians opt for keeping the deficits to \$10 billion or less. Indeed, one-in-three (34%) say the government shouldn't be running deficits at all:

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Of the options below, which do you prefer?



Even among its own supporters, the government won't find much support for deficits greater than \$10 billion. A full majority (56%) of those who voted for the Liberals in 2015 say the federal government should stick to its campaign promise, while fewer than one-third (32%) say it should spend more.

Tax changes largely unnoticed

One of the economic promises the Liberals campaigned on – and have already implemented – was a “middle class tax cut,” and an increase in taxes for those earning \$200,000 or more. Parliament approved the changes in December, and they took effect Jan. 1.

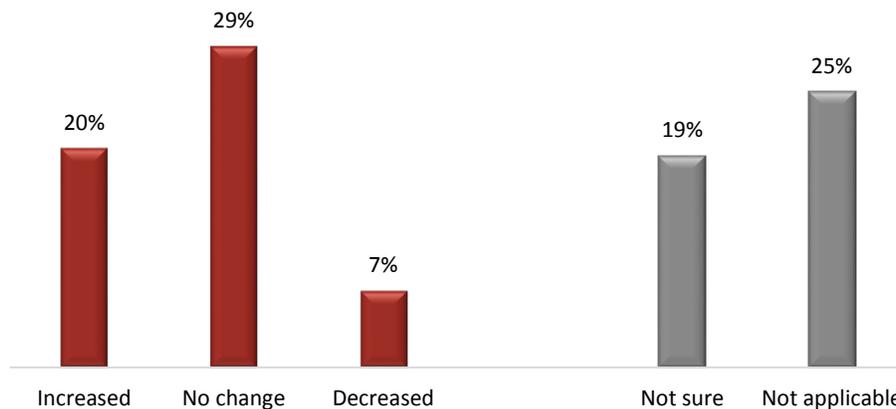
While this policy seems to fit in nicely with the top priority of “ensuring that the tax system is fair and progressive,” this ARI survey indicates that the changes have gone largely unnoticed – especially by those who were supposed to benefit from them.

Just seven per cent of Canadians say they've seen a decrease in the amount of income tax withheld from their paycheques so far this year. Nearly three times as many (20%) say they've seen an increase, while most either haven't noticed a change, aren't sure, or don't receive paycheques:

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Since the beginning of the year, has the income tax withheld from your paycheque increased or decreased?



Notably, even among the income bracket that roughly corresponds to the one whose tax rate was reduced, respondents are more likely to say they've seen their taxes go up than go down. Almost one-quarter (23%) of respondents with household incomes between \$50,000 and \$99,000 say they've seen the amount withheld from their paycheques increase, while fewer than one-in-ten (9%) say they've seen a decrease ([see comprehensive tables](#)).

One possible explanation? For most, the savings of a few hundred dollars over the course of the year may not be that noticeable, particularly when spread out over 26 pay periods. It's something the Angus Reid Institute will be tracking over the coming year.

*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. For comprehensive results by region, age, gender, household income, and other demographics, [click here](#).

Tell us what you think the federal government's TOP TWO economic priorities should be:				
(weighted sample sizes)	Total (1502)	Federal Vote Last		
		CPC (384)	Liberal Party (477)	NDP (270)
Ensuring that the tax system is fair and progressive	39%	36%	44%	45%
Controlling inflation and costs in areas such as real estate and food	39%	39%	37%	33%
Control the deficit and take steps to ensure a balanced budget	35%	61%	24%	23%
Promoting jobs and economic growth where I live through deficit spending	34%	23%	42%	39%
Spending more on social programs and health care	26%	14%	31%	34%
Speeding up access to employment insurance and other social benefits	11%	6%	8%	16%
Special funds/relief for people living in provinces hit hardest by the economic turmoil (e.g. Alberta)	9%	11%	10%	6%
Other, please specify	7%	11%	4%	5%

During the election, the Liberals campaigned on a promise to run deficits to kick-start the economy. There has been discussion about running even bigger deficits due to the current economic situation. Of the options below which do you prefer?				
(weighted sample sizes)	Total (1502)	Federal Vote Last		
		CPC (384)	Liberal Party (477)	NDP (270)
The federal government should stick to its campaign promise to run a deficit of \$10 billion to spend on jobs and growth	44%	24%	56%	49%
The federal government should spend as much as is needed on jobs and growth, even if that means running significantly la	22%	9%	32%	28%
The federal government shouldn't be running deficits at all and should balance the budget	34%	67%	12%	24%

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