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CRB to the curb?: Majority want benefits to end before next year, including two-in-five who would cut them immediately

Nine-in-ten identify rising cost of living as a greater concern than job or income security

October 20, 2021 – With five of the emergency benefits programs introduced by the federal government to support individuals and businesses during the COVID-19 pandemic scheduled to end on Oct. 23, the Trudeau government will be weighing the voices of those advocating for more extensions and those who are ready to see such benefits end – either immediately or in the near term.

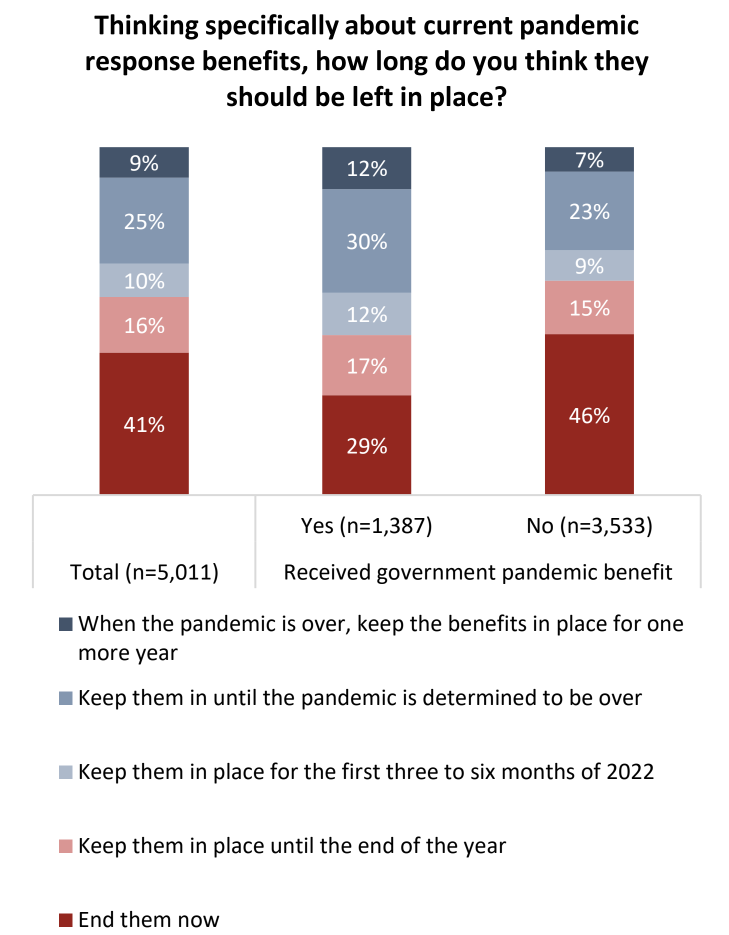
A new study from the non-profit Angus Reid Institute finds that two-in-five Canadians (41%) say now is the time for such programs to come to an end – including almost three-in-ten (29%) who received benefits themselves.

A further 16 per cent say the end of the year represents an ideal period to ease off emergency benefits.

Overall, two-thirds of Canadians say the programs should not be extended past June of 2022 – more than two years after the pandemic began. The remaining one-third are split between keeping benefits in place until the crisis is deemed to be over (25%) and maintaining them for an additional year, post-pandemic (9%).

What's driving these opinions? Canadians have inflation on the mind.

Nine-in-ten (87%) say looking ahead, the rising cost of living concerns them more than the prospect of losing their job or income (13%).



METHODOLOGY:

The Angus Reid Institute conducted an online survey from Sept. 29 to Oct. 3, 2021, among a representative randomized sample of 5,011 Canadian adults who are members of Angus Reid Forum. For comparison purposes only, a probability sample of this size would carry a margin of error of +/- 2.0 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.

Indeed, 45 per cent of Canadians report they currently find it either difficult or very difficult to feed their household – a number which rises to nine-in-ten (92%) of the most economically vulnerable.

CONTACT:
Shachi Kurl, President: 604.908.1693 shachi.kurl@angusreid.org @shachikurl
Dave Korzinski, Research Director: 250.899.0821 dave.korzinski@angusreid.org

This study dives deep into the financial realities that different groups of Canadians are facing, utilizing an Economic Vulnerability Index, based on a number of responses to questions about economic comfort and security among individuals. While one-in-five Canadians appear financially Secure (21%), the other four-in-five face varying levels of exposure to ongoing economic challenges. This culminates with another similarly sized group (19%) who are considered to be in Dire Straits.

More Key Findings:

- Canadians report that their experiences with rising prices are not being offset by increases in income. When asked specifically about their expenditures on groceries, four-in-five (80%) of all Canadians say that their earnings have not kept pace with the rising cost of living – including 42 per cent who say that their salary gains don't even come close.

- Half of those in Ontario would keep pandemic benefits in place until at least next year, while a majority (60%) of Quebecers would end them immediately.

- Half (52%) of all Canadians view large deficits as something that makes their life worse. Despite this, the number of Canadians who report government spending as one their top three concerns has fallen as the deficit has ballooned over the last year and a half.

About ARI

*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 foundation 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.*

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Part One: The Economic Vulnerability Index

In order to better understand the current economic situation of Canadians in the 20th month of the pandemic, the Angus Reid Institute asked respondents a series of questions about their personal financial situation, including their ability to make ends meet and their exposure to changes in the economic landscape (e.g., inflation, interest rates).

Based on these questions ARI researchers constructed an Economic Vulnerability Index (EVI). Canadians were sorted into four groups based on their level of economic vulnerability – understood here as the extent to which an external economic shock (e.g., jump in the cost of essentials) would affect a household's quality of life and financial stability.

The four groups that emerged were:

The Secure (21% of the population) are those with a comfortable financial buffer from external shocks:

- Two-thirds (65%) have a household income over $100,000.
- Most likely to have a university education, with 46 per cent having at least a bachelor's degree.
- Nine-in-ten believe it will be "easy" to feed their family in the year ahead.

The Fine for Now (29% of the population) are those who are currently comfortable, but far less certain about the future:

- Just one-in-six report having a household income of less than $50,000.
- Slightly older on average than the Secure group, with more Canadians of retirement age.
- Four-in-five (81%) say that their income has not sufficiently increased to cover the rising cost of prices.

Those Just Getting By (30% of the population) are only just managing to make ends meet:

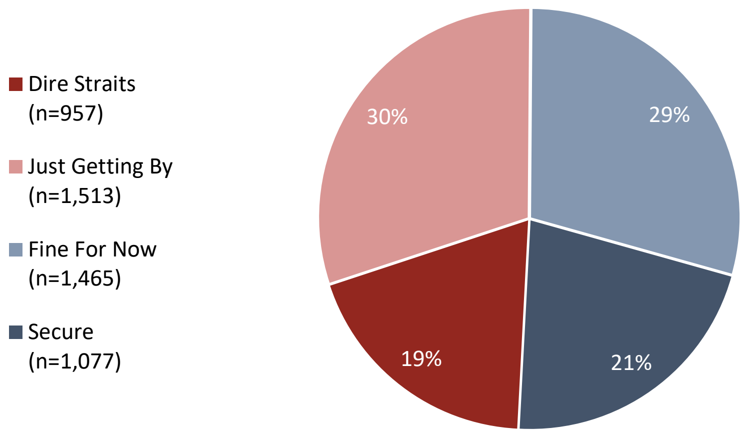
- A plurality (35%) have household incomes of $50,000 to $100,000.
- Two-thirds (64%) report that it is currently difficult to feed their household.
- One third (32%) say that they received some form of pandemic benefit.

In Dire Straits (19% of the population) are the most economically vulnerable:

- This group contains the most mid-career Canadians. They are the most likely to be aged 35 to 54 of any group, while the least likely to be aged 18 to 34.
- A majority (53%) have not completed a postsecondary degree.
- Three-in-five (58%) received some form of pandemic benefit, including two-in-five (44%) who reported receiving the Canada Emergency Response Benefit (CERB).
- Nine-in-ten (92%) say it is currently difficult to feed their households, including three-in-ten (30%) who rate it as very difficult.

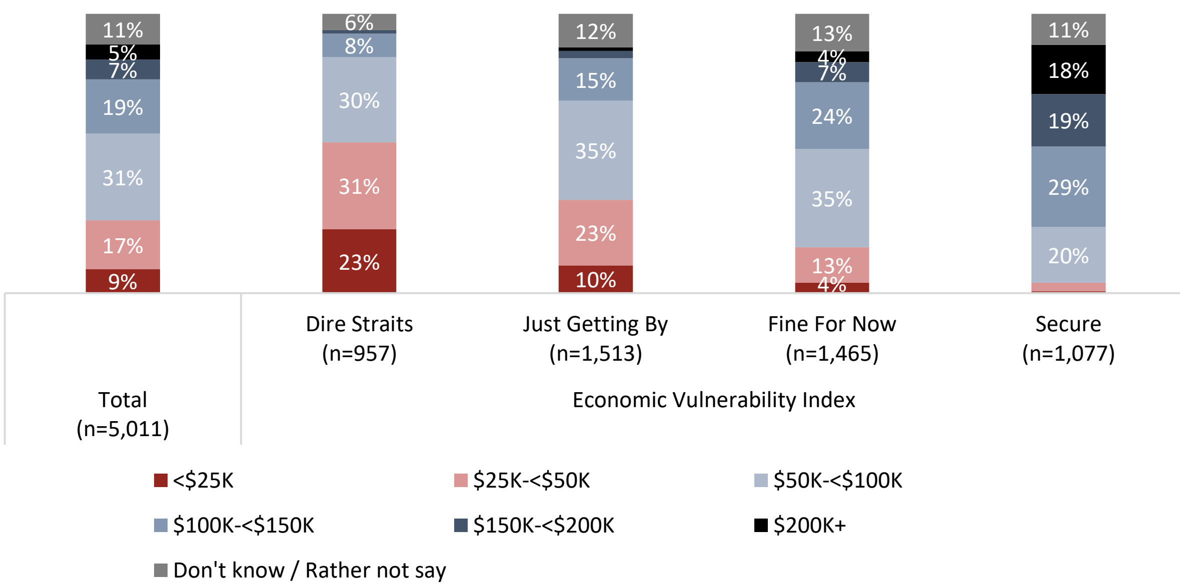
These groups are fairly evenly divided across other demographic variables such as gender and region (see detailed tables). For a more detailed discussion of how the EVI was built, please see the index methodology.

Economic Vulnerability Index



While household income is factored into the index, it is not the sole or deciding factor. Nonetheless, it is clear that those who are in the highest earning brackets are, by and large, the most secure. Those earning under $50,000 a year, in contrast, find themselves the most exposed and financially at risk:

Economic Vulnerability Index by Household Income



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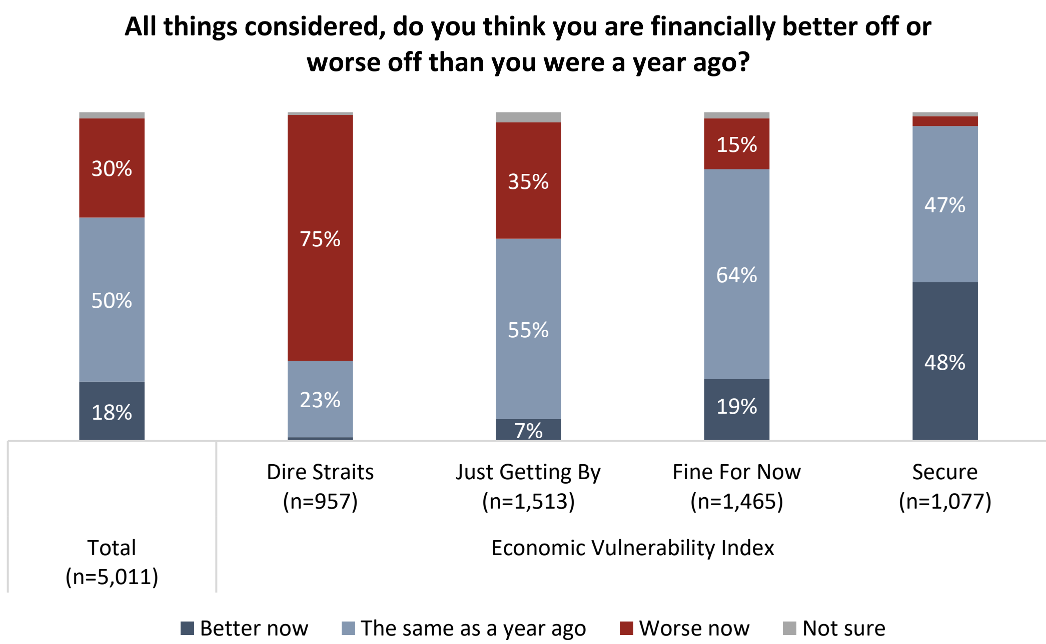
Increasing vulnerability is particularly evident among those most exposed to the financial turmoil of the past 20 months. When it comes to how respondents assess their financial situation relative to a year ago, fully three-quarters (75%) of those in Dire Straits say that they are worse off, while almost none are better off. On the other end of the spectrum, half of those who in the Secure group have actually seen their financial position improve over the course of the last year – a proportion no other group comes close to.



Part Two: Economic anxieties

<u>The cost of living in Canada today</u>

Inflation has been a reoccurring theme in recent months. Economists have conjured ghosts of the Great Inflation of the 1970s and debated the potential inflationary impacts of injecting the economy with massive fiscal stimulation to ward off the effects of a pandemic-induced recession. In an ARI study released earlier this year, Canadians indicated that they have noticed prices rising across the board. Following shortly after, in August, Canada's annual inflation rate hit an 18-year-high at 4.1 per cent.

The impact on Canadians? Many are struggling to make ends meet with almost half (46%) saying that it is either difficult or very difficult to feed their family currently. When looking at those in Dire Straits – 19 per cent of the Canadian population – nine-in-ten (92%) say the same:

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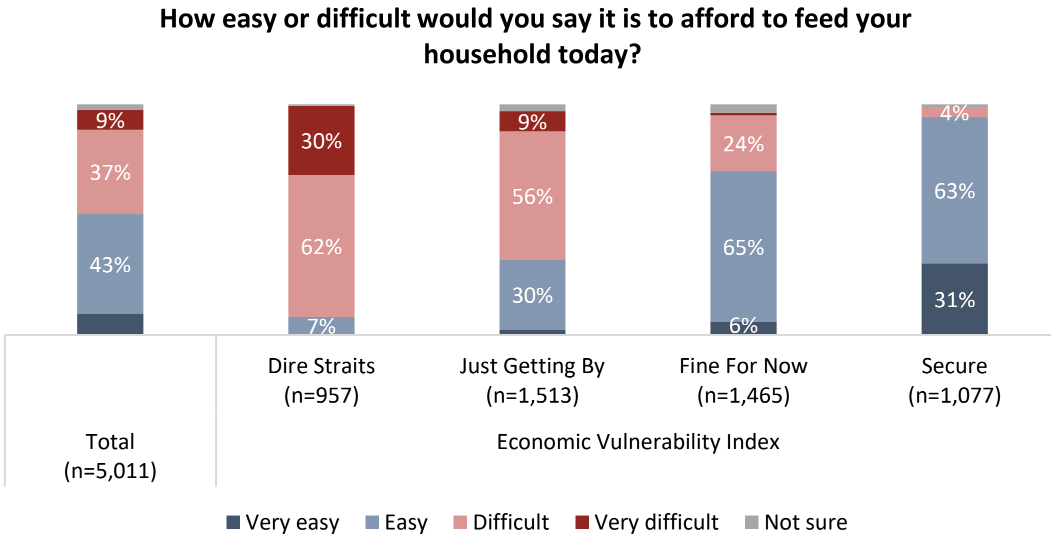
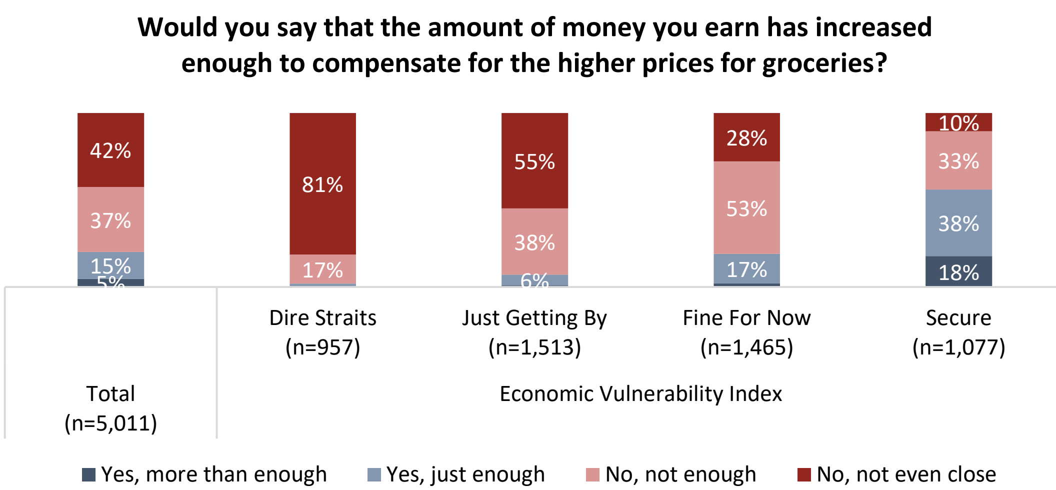


While salaries are expected to rise, real wages are anticipated to edge downwards. Put another way, salary increases are not keeping pace with rising inflation.

A study done at the end of 2020 predicted that Canadian households will spend $695 more on groceries in 2021. When asked if the amount of money they earned had risen enough to cover this jump in annual expenditures, four-in-five (80%) of all Canadians say that it had not.

In addition to highlighting how widespread this loss in real wages is, the data also suggest that it is very unevenly distributed. Virtually all (98%) of those in Dire Straits say that their income had not risen sufficiently to cover costs. By contrast, over half (56%) of the financially Secure say that their wages have either kept up or surpassed inflation to result in real wage gains:



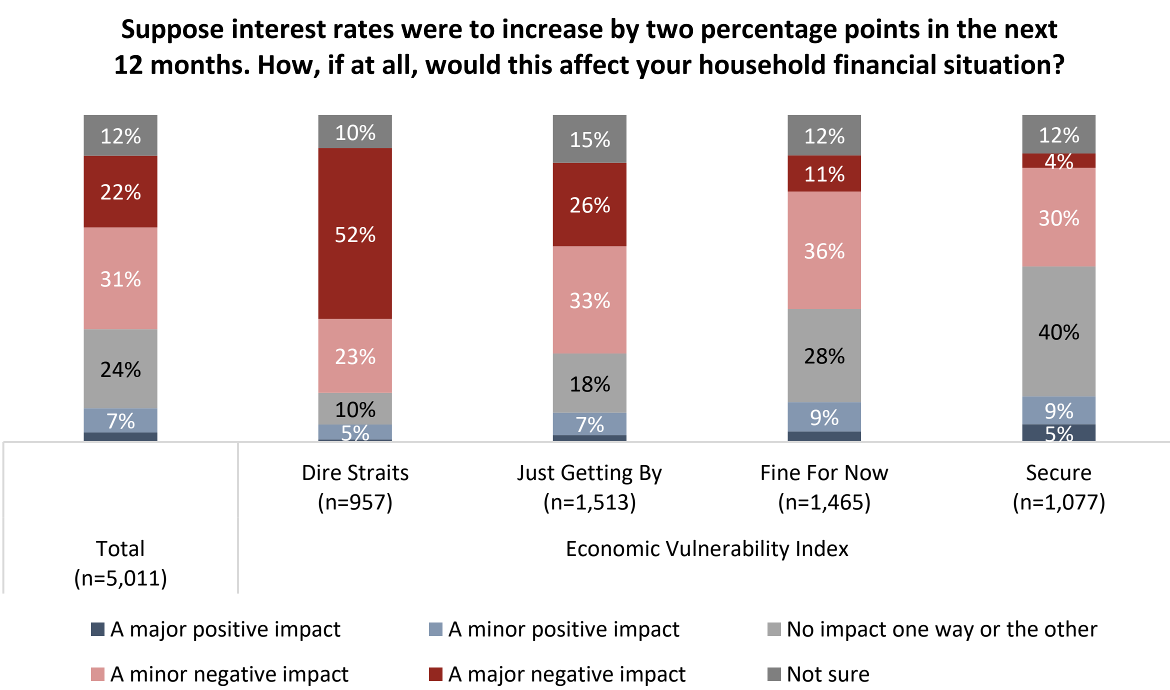
In addition to being unevenly distributed across financial strata – lower income households were less likely to report wage increases sufficient to match inflation – there are also noticeable regional differences. At least half of Albertans (55%), Newfoundlanders (52%), and New Brunswickers (50%) say that their wage increases do not come close to covering rising inflation. At one quarter (24%) of respondents, Quebecers are the most likely to say that their wages have increased sufficiently (see detailed tables).

A rise in interest rates risks overloading Canadians

One way in which central banks seek to control rising inflation is by increasing interest rates – the idea being that increasing the cost of borrowing cools the economy. This, in turn, can impact individual Canadians – both positively and negatively – who hold a range of financial instruments such as investment portfolios, credit lines, or mortgages.

Currently the national inflation rate exceeds the target range of one to three per cent set by the Bank of Canada. Despite this, Bank officials have emphasized that they see the current inflation shock as transitory which suggests that there will likely be no changes in interest rates in the short term.

This is likely good news to many. More than half (53%) say a two-point increase in interest rates would have a negative impact on them. Again, the anticipated negative consequences are concentrated among the most financially vulnerable with half (52%) of those in Dire Straits saying that it would have a very negative impact on them:



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There are also notable generational dynamics at play. The most negatively impacted are those between the ages of 35 and 54 (see detailed tables), perhaps fuelled by increasing debt loads among millennials.

Part Three: Pandemic benefits – extend or end? And when?

Unemployment in Canada spiked in spring 2020 at the beginning of the pandemic, with significant COVID-19 related closures that affected many industries and jobs. The federal government's response was an array of benefit programs, the largest one of which was the Canada Emergency Response Benefit (CERB).

The Canadian Press estimated that 8.9 million Canadians received some of the $81 billion dispersed through CERB. Indeed, three-in-ten (28%) Canadians told ARI in this survey they received one of the array of COVID-19 benefits offered by either the federal or provincial governments (see detailed tables).

A year and a half later, with the fourth wave of the virus still cresting across much of the country, how much longer benefits should stay in place is an as-of-yet unsettled question. Prior to the election, the Trudeau government extended pandemic benefits until Oct. 23. During the election, he promised to further extend most key benefits through the fall.

A plurality of Canadians – two-in-five – would end benefits immediately, while a further 16 per cent would terminate them by the end of this year. One-in-ten believe they should no longer be offered by June of 2022. The rest are split between keeping assistance in place until the pandemic is over (25%) and extending benefits for another year after that (9%).

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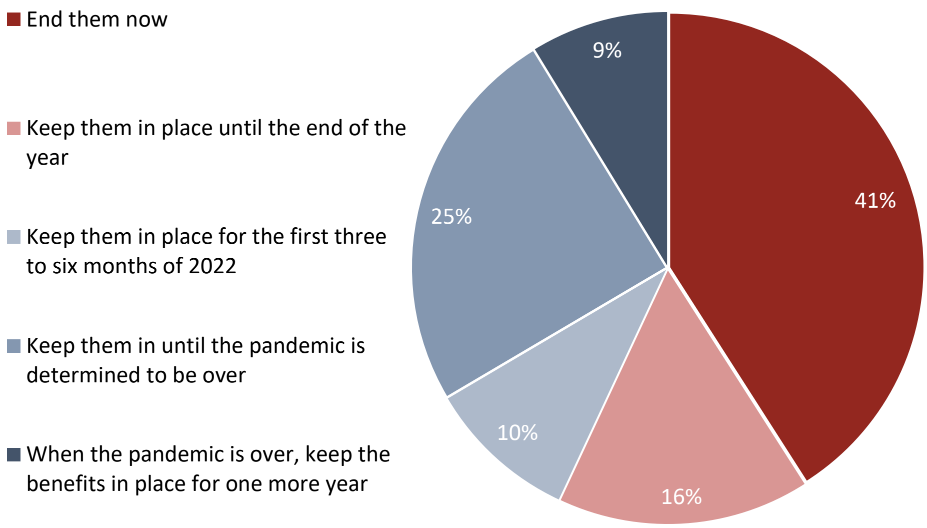
Thinking specifically about current pandemic response benefits, how long do you think they should be left in place? (All respondents, n=5,011)



Among those who received one of the benefits from either the federal or their provincial government, as many want them to end now (29%) as support extending them until the pandemic is determined to be over (30%). Still, the majority (54%) who received benefits want to sustain programs into next year or further if the pandemic drags on, while two-in-five (39%) who didn't receive money from the government programs say the same:

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Shachi Kurl, President: 604.908.1693 shachi.kurl@angusreid.org **@shachikurl**
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Thinking specifically about current pandemic response benefits, how long do you think they should be left in place?			
(Weighted numbers)	Total (n=5,011)	Received government pandemic benefit	
		Yes (n=1,387)	No (n=3,533)
End them now	41%	29%	46%
Keep them in place until the end of the year	16%	17%	15%
Keep them in place for the first three to six months of 2022	10%	12%	9%
Keep them in place until the pandemic is determined to be over	25%	30%	23%
When the pandemic is over, keep the benefits in place for one more year	9%	12%	7%

A plurality of all groups along ARI's Economic Vulnerability Index would end the pandemic benefits immediately. One-in-six (15%) of those in Dire Straits, however, would keep them in place for an additional year post-pandemic, double the number of any other group:

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Thinking specifically about current pandemic response benefits, how long do you think they should be left in place?					
(Weighted numbers)	Total (n=5,011)	Economic Vulnerability Index			
		Dire Straits (n=957)	Just Getting By (n=1,513)	Fine For Now (n=1,465)	Secure (n=1,077)
End them now	41%	35%	43%	43%	41%
Keep them in place until the end of the year	16%	12%	16%	17%	18%
Keep them in place for the first three to six months of 2022	10%	9%	9%	10%	10%
Keep them in place until the pandemic is determined to be over	25%	29%	26%	21%	25%
When the pandemic is over, keep the benefits in place for one more year	9%	15%	7%	8%	6%

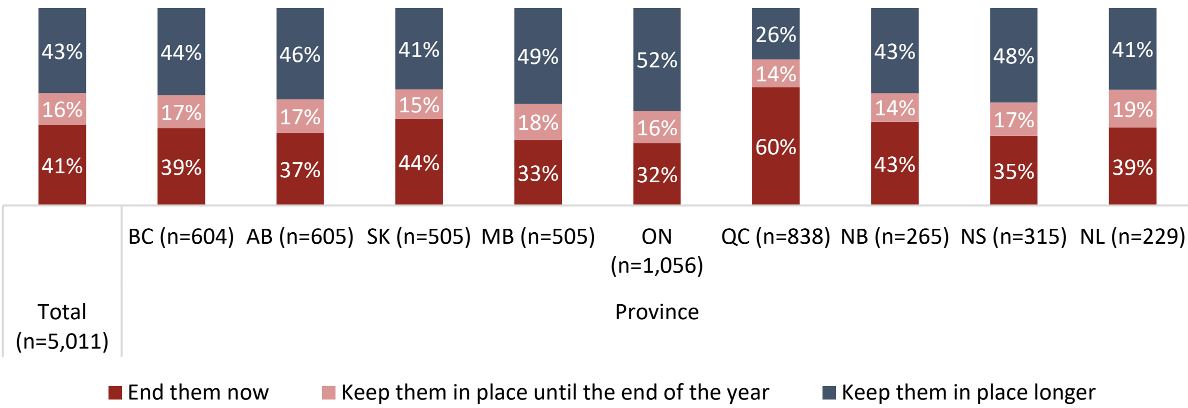
Income drives whether respondents want benefits to continue. Nearly three-quarters (72%) of those in households earning less than $25,000 annually support continuing benefits until at least the end of this year. On the other end of the spectrum, a majority of those in households earning more than $200,000 want them to end immediately (see detailed tables).

There is also a partisan divide on whether to end the benefits now or keep them in place for the time being. Three-quarters of Bloc voters (75%) and three-in-five CPC voters would cut the benefits now. A plurality of Liberal (33%) and NDP voters (39%) would keep them in place until the end of the pandemic, but even one-quarter of Liberal supporters would end them immediately:

Thinking specifically about current pandemic response benefits, how long do you think they should be left in place?					
(Weighted numbers)	Total (n=5,011)	2021 Fed Vote			
		CPC (n=1,402)	Liberal (n=1,372)	NDP (n=743)	BQ (n=236)
End them now	41%	61%	25%	16%	75%
Keep them in place until the end of the year	16%	18%	19%	15%	11%
Keep them in place for the first three to six months of 2022	10%	7%	13%	9%	5%
Keep them in place until the pandemic is determined to be over	25%	12%	33%	39%	8%
When the pandemic is over, keep the benefits in place for one more year	9%	2%	10%	21%	1%

Quebec, where Premier François Legault called CRB and CERB "a problem" in August, is the only province where the majority (60%) of respondents would like the programs to end immediately. Inversely, Ontario is the only province where a majority of respondents would keep them in place into 2022.

Thinking specifically about current pandemic response benefits, how long do you think they should be left in place?

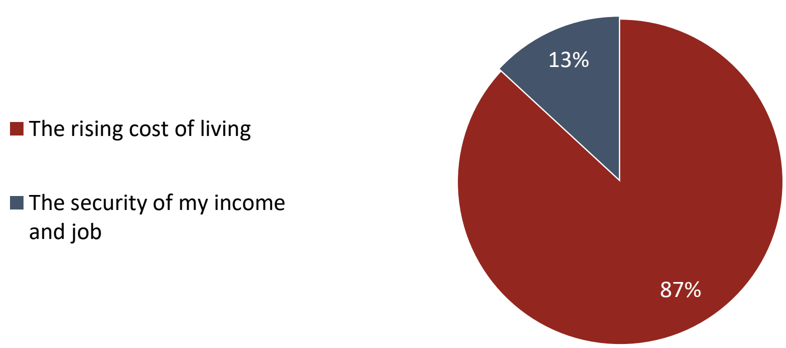


The desire for an end to pandemic benefits may be tied to concerns over government spending and how much the COVID-19 outlay may be driving inflation. Throughout the campaign, the Trudeau Liberals promised an additional $78 billion in spending over five years and analysts believe the additional spending could force the Bank of Canada to step in and raise interest rates to fight inflation sooner rather than later.

Grocery inflation is of particular concerns to Canadian households and while Statistics Canada estimates food prices rose 2.7 per cent in the last year, one study believes that to be underestimating it by half.

Being that the number of jobs in the country rose to above pre-pandemic levels, layoffs and job losses are less of a concern for Canadians. Instead, nine-in-ten (87%) say the rising cost of living is a greater current concern than the security of their income and job:

What is a bigger concern of yours today?
(All respondents, n=5,011)



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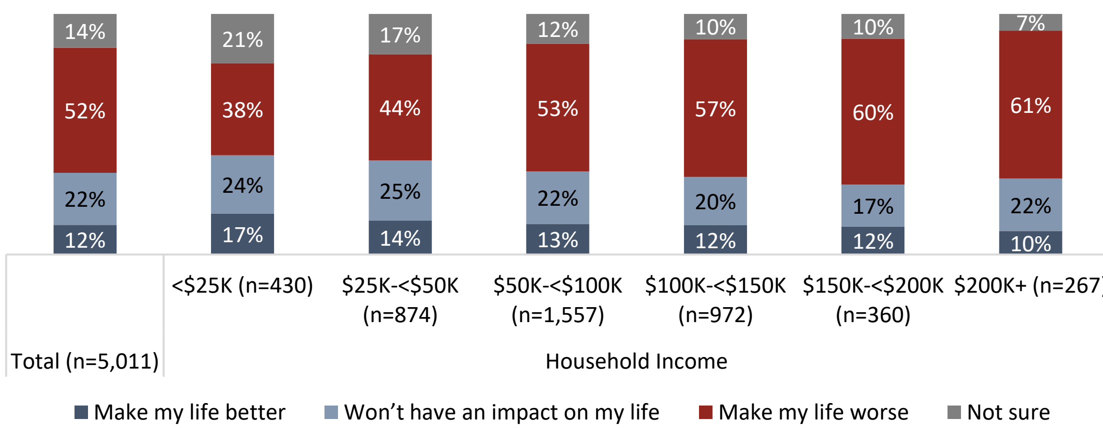
Part Four: Navigating government deficits

Early in the pandemic, public spending increased significantly as the government took on debt to help fund assistance programs such as CERB, which helped many get through the initial job interruptions of the first wave of COVID-19. Seven-in-ten Canadians who applied for government assistance said in April the programs were a “total lifeline” or that they helped “a lot.”

A year and a half later, government spending is more of a concern than a boon for most Canadians. Half (52%) believe large deficits will make their life worse and just one-in-ten (12%) believe it will make their lives better.

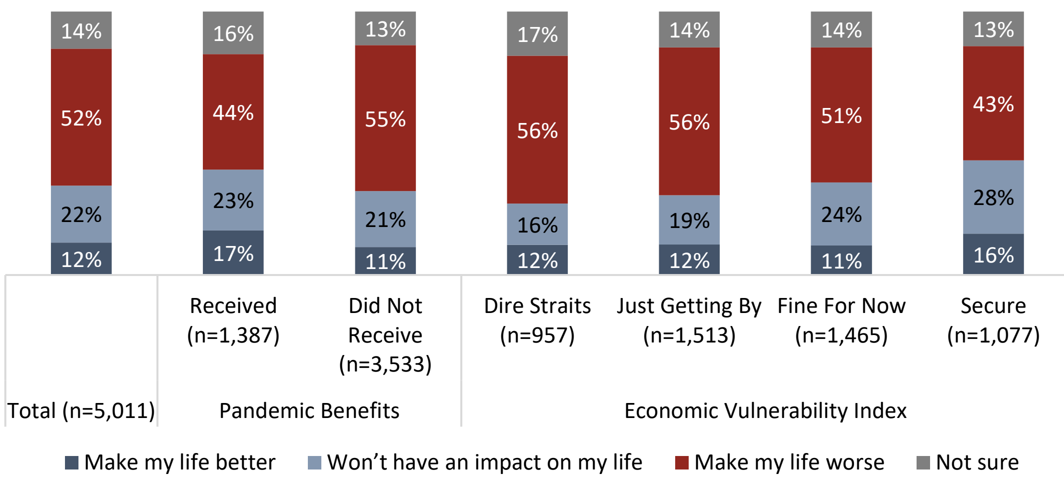
The perceived effect of government deficit spending appears to change depending on the respondent’s income level. Those in households making less than $25,000 annually are the least likely to believe government deficits make their lives worse, but still a plurality (38%) think so. This is much less, however, than those in households making more than $200,000 annually, of whom three-in-five (61%) believe they are worse off when the government’s budget is unbalanced:

When you think about the deficit and government spending, do you view large deficits as something that:



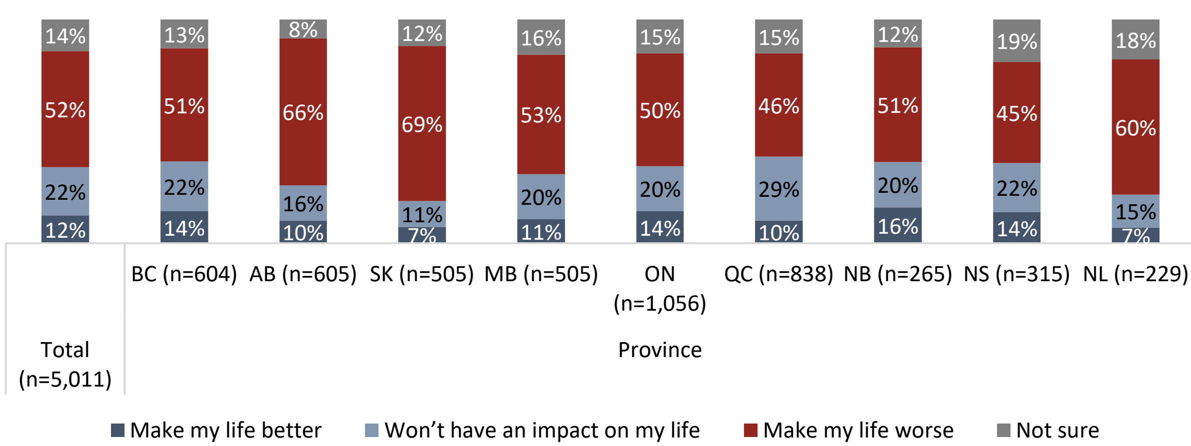
A plurality (44%) of those on the receiving end of benefits over the last year and a half still believe that they are worse off when the government is spending more than it takes in. This is also the majority opinion of those in Dire Straits:

When you think about the deficit and government spending, do you view large deficits as something that:



The majority opinion is that unbalanced government budgets make Canadians' lives worse across the country, except in Quebec and Nova Scotia, where it is still the opinion of a plurality of respondents. Those in the Conservative heartlands of Alberta and Saskatchewan feel strongest about the negative impact of government deficits:

When you think about the deficit and government spending, do you view large deficits as something that:



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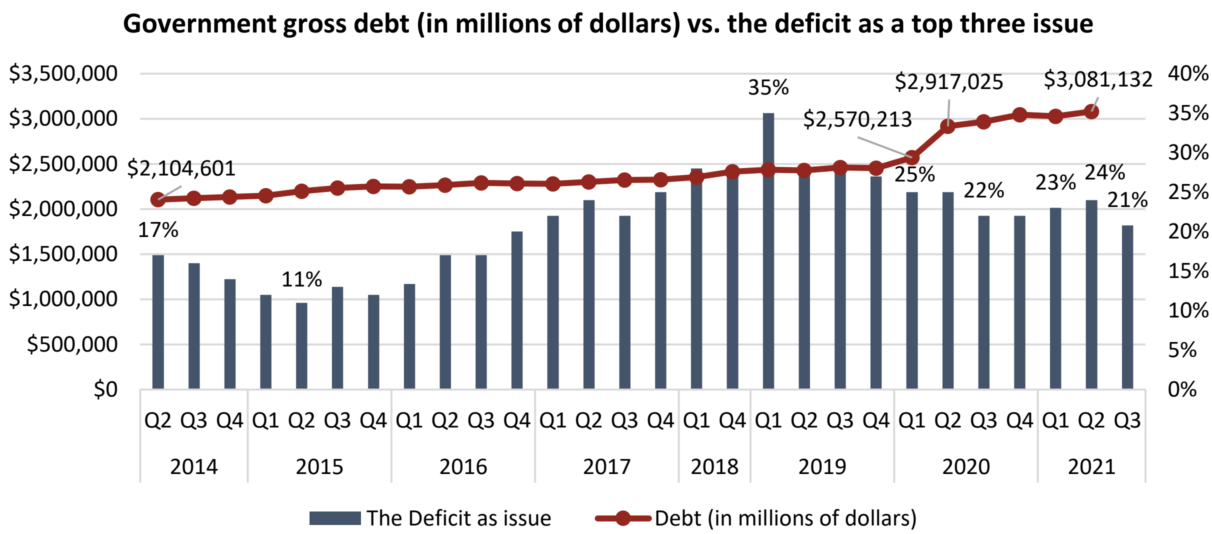
Since 2014, the federal government has accumulated almost one trillion dollars more of gross debt by [its own accounts](). Over that time, Canadians' selection of the deficit as a top-three issue in the country rose steadily from a valley of 11 per cent in 2015 to a peak of 35 per cent in 2019. Priority for this issue has since declined and remained relatively consistent, despite a significant bump in debt due to pandemic spending.



Source: Statistics Canada, [table 36-10-0467-01]()

The Economic Vulnerability Index

The Angus Reid Economic Vulnerability Index scores respondents according to their answers to a series of questions on their current personal finances. Scores for each answer are aggregated to produce a total score for each respondent. A higher score indicates a more precarious financial situation whereas a lower score indicates a more secure one.

The Index is based on five questions and the respondent's self-reported household income. Scores ranged from -10 to 13, with a larger concentration of respondents near the middle of the scale. Those with scores from -10 to -1 were sorted into the "Secure" category, those with scores from 0 to 2 became the "Fine for Now" category, those with scores from 3 to 5 became "Just Getting By," and those with scores of 6 or higher were sorted into the "Dire Straits" category.

For detailed results by age, gender, region, education, and other demographics, click [here]().

For detailed results by the Economic Vulnerability Index and COVID-19 benefits, click [here]().

To read the full questionnaire, click [here]().

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