

CANADIANS SEE RECESSION LASTING INTO 2010; SUPPORT DEFICITS AND INFRASTRUCTURE SPENDING

Nik Nanos



In the run-up to the January 27 budget, we asked Nik Nanos of Nanos Research to probe the mood of the country on the deepening economic crisis and what steps governments should take to respond to it. Canadians are expecting a longer recession lasting into at least next year, rather than a shorter one ending this summer. They are prepared to accept deficit spending under the circumstances, and infrastructure spending is their preferred form of fiscal stimulus.

À l'approche du budget du 27 janvier, nous avons demandé à Nik Nanos, de la maison Nanos Research, de sonder l'humeur du pays face à l'aggravation de la crise économique et quant aux mesures que doivent prendre les gouvernements. Selon son enquête, les Canadiens s'attendent à une récession qui se prolongera au moins jusqu'en 2010 plutôt qu'à un ralentissement qui prendrait fin dès l'été prochain. Ils se préparent aussi à une conjoncture de déficit budgétaire et privilégient les dépenses d'infrastructure comme mesure de relance économique.

Canadians expect a severe economic downturn lasting into 2010 rather than a mild recession ending by the summer of this year. A majority of Canadians also support federal and provincial governments going into deficit to stimulate the economy, with infrastructure spending and personal tax cuts being the preferred course of action to jump start the economy. There is very little support in the country for industry bailout programs.

These are the principal findings of a Nanos Research poll conducted exclusively for *Policy Options* in a random telephone survey between January 3 and January 7. The margin of error, in the sample of 1,003 Canadians, is plus or minus 3.1 percent, 19 times out of 20.

The poll clearly reflects a deepening pessimism in the country about the prospects for economic recovery in the near term, as well as a consensus that governments should prime-pump the economy, even though there is no great enthusiasm for a return to deficit spending.

In our poll for *Policy Options*, 57.8 percent of respondents expect a more severe downturn lasting into 2010, while only 34.1 percent of Canadians expect a mild recession ending this summer (question 1). A recession is defined as two consecutive quarters of negative economic growth. The pessimistic mood on the prospects for an early recovery is shared in all regions of the country, though it is least prevalent in the Atlantic (47.5 percent) and most apparent in Quebec (61.7 percent), possibly because

Premier Jean Charest has just sought and received an electoral mandate to deal with the coming economic crisis.

While Canadians support (33.1 percent) or somewhat support (23.5 percent) deficit spending to stimulate the economy, that still adds up to only 56.6 percent, while 25.4 percent of Canadians oppose deficit spending and another 12.5 percent are somewhat opposed, for a total of 37.9 percent (question 2). This is a lukewarm endorsement of deficits as a necessity in the current economic emergency.

In terms of fiscal stimulus, we asked Canadians to indicate their first and second ranked options from a menu of four items (questions 3a and 3b). There is strong support for infrastructure and public works programs (the first choice of 39.6 percent of Canadians, and second choice of another 24.5 percent). Three Canadians in four support infrastructure spending as their first or second choice.

The next preferred option is personal tax cuts to stimulate consumer spending, the first choice of 23.4 percent of Canadians, and the second choice of another 27.2 percent. Half of Canadians like the idea of personal tax cuts.

Canadians' third choice from the menu offered by Nanos Research was investment tax incentives for industry to create jobs, the first choice of 19.8 percent of respondents and the second choice of 26.9 percent. That's an idea that finds approval with nearly half the population.

The least popular option, by far, is rescue packages for industries such as the auto sector, which is the first choice

of only 12.8 percent, while another 17.8 percent put it as their second choice. In other words, only 3 Canadians in 10 support industry bailouts of the kind Washington and Ottawa have approved for the North American auto industry.

Support of rescue packages as a

first choice is actually weakest in Ontario, home of the Canadian auto industry, with only 11 percent of respondents favouring rescue packages. In other words, only 1 Ontarian in 10 favours government coming to the aid of the most important industry in their own

province as their first choice for addressing the economic crisis.

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QUESTION 1. DO YOU THINK THE CURRENT RECESSION WILL BE A MILD ONE ENDING BY THE SUMMER OF 2009 OR A MORE SEVERE DOWNTURN EXTENDING INTO 2010?

		Total N	Mild one ending by the summer of 2009 %	A more severe downturn extending into 2010 %	Unsure %
Region	Canada	1,003	34.1	57.8	8.2
	Atlantic	99	42.8	47.5	9.7
	Quebec	248	31.9	61.7	6.4
	Ontario	306	30.6	59.2	10.3
	West	349	36.2	56.7	7.2
Gender	Male	502	34.1	58.9	7.0
	Female	501	34.0	56.7	9.3
Age	18 to 29	196	30.5	58.3	11.3
	30 to 39	192	36.8	57.1	6.1
	40 to 49	216	36.8	53.4	9.8
	50 to 59	172	31.4	62.8	5.8
	60 plus	226	34.2	58.4	7.4
Vote profile	Liberal	305	33.9	58.6	7.6
	Conservative	298	38.3	53.5	8.2
	NDP	168	29.6	64.5	5.9
	Bloc	65	34.5	58.7	6.8
	Green	66	33.9	53.6	12.5
	Undecided	100	29.4	58.9	11.6

QUESTION 2. DO YOU SUPPORT, SOMEWHAT SUPPORT, SOMEWHAT OPPOSE OR OPPOSE YOUR FEDERAL AND PROVINCIAL GOVERNMENTS GOING INTO A DEFICIT IN ORDER TO STIMULATE THE ECONOMY?

		Total N	Support %	Somewhat support %	Somewhat oppose %	Oppose %	Unsure %
Region	Canada	1,003	33.1	23.5	12.5	25.4	5.5
	Atlantic	99	30.9	25.6	9.0	28.0	6.5
	Quebec	248	26.7	26.9	13.5	29.1	3.8
	Ontario	306	37.5	18.8	15.3	20.9	7.5
	West	349	34.3	24.6	10.4	25.9	4.8
Gender	Male	502	38.1	21.3	13.2	25.0	2.5
	Female	501	28.0	25.7	11.9	25.7	8.6
Age	18 to 29	196	35.8	21.2	11.9	21.9	9.3
	30 to 39	192	33.7	21.5	14.1	25.8	4.9
	40 to 49	216	27.5	22.3	17.6	29.0	3.6
	50 to 59	172	32.7	26.1	13.3	23.0	4.9
	60 plus	226	35.7	26.4	6.3	26.4	5.2
Vote profile	Liberal	305	34.9	26.4	10.3	25.1	3.4
	Conservative	298	37.0	20.5	11.8	26.6	4.2
	NDP	168	30.4	28.5	14.1	19.6	7.4
	Bloc	65	26.5	30.5	15.9	21.5	5.5
	Green	66	38.4	7.1	18.3	30.5	5.7
	Undecided	100	20.9	21.6	13.0	31.5	13.1

QUESTION 3A. (FIRST RANKED RESPONSE) — PLEASE IDENTIFY YOUR FIRST-RANKED GOVERNMENT STIMULUS OPTION FROM THE FOLLOWING LIST

		Total N	Infrastructure and other public works spending to create jobs %	Rescue packages for industries such as forestry, automobile and mining %	Investment tax incentives for industry to create jobs %	Individual tax cuts to stimulate consumer spending %	Unsure %
Region	Canada	1,003	39.6	12.8	19.8	23.4	4.4
	Atlantic	99	42.5	15.6	10.9	25.6	5.4
	Quebec	248	34.8	15.2	26.3	23.7	0.0
	Ontario	306	39.7	11.0	18.9	22.1	8.2
	West	349	42.1	11.8	18.5	23.6	4.0
Gender	Male	502	38.9	12.5	16.9	27.1	4.7
	Female	501	40.3	13.1	22.7	19.7	4.2
Age	18 to 29	196	41.7	13.9	21.2	20.5	2.6
	30 to 39	192	41.1	12.9	22.7	18.4	4.9
	40 to 49	216	36.8	12.4	20.2	24.9	5.7
	50 to 59	172	40.3	11.5	18.6	23.9	5.8
	60 plus	226	38.7	13.0	16.7	28.3	3.3
Vote profile	Liberal	305	45.3	13.0	18.8	22.7	0.2
	Conservative	298	34.2	15.3	18.7	25.8	6.0
	NDP	168	46.0	14.1	17.0	18.6	4.3
	Bloc	65	41.9	10.0	27.5	20.6	0.0
	Green	66	39.5	5.8	23.0	25.3	6.4
	Undecided	100	26.0	8.8	23.9	27.1	14.3

QUESTION 3B. (SECOND RANKED RESPONSE) — PLEASE IDENTIFY YOUR SECOND-RANKED GOVERNMENT STIMULUS OPTION FROM THE FOLLOWING LIST

		Total N	Infrastructure and other public works spending to create jobs %	Rescue packages for industries such as forestry, automobile and mining %	Investment tax incentives for industry to create jobs %	Individual tax cuts to stimulate consumer spending %	Unsure %
Region	Canada	958	24.5	17.8	26.9	27.2	3.6
	Atlantic	94	23.4	22.6	23.0	29.6	1.4
	Quebec	248	29.0	20.4	27.2	23.4	0.0
	Ontario	281	21.3	18.4	28.5	26.8	5.0
	West	335	24.1	14.1	26.3	29.8	5.7
Gender	Male	478	24.1	18.0	26.9	27.6	3.5
	Female	480	24.9	17.7	26.8	26.8	3.7
Age	18 to 29	191	23.1	21.1	28.6	25.2	2.0
	30 to 39	183	20.6	20.0	26.5	29.7	3.2
	40 to 49	204	21.4	15.9	28.6	31.9	2.2
	50 to 59	162	30.5	18.8	22.5	23.0	5.2
	60 plus	218	27.3	14.2	27.3	25.8	5.4
Vote profile	Liberal	304	24.0	18.5	26.7	26.4	4.5
	Conservative	280	26.5	15.8	28.0	26.5	3.2
	NDP	161	21.3	16.7	23.3	35.3	3.5
	Bloc	65	23.3	21.5	34.5	20.7	0.0
	Green	62	26.3	19.8	24.3	27.1	2.6
	Undecided	86	25.5	20.3	26.5	22.4	5.4

Source: Nanos Research, www.nanosresearch.com

Note: Random telephone survey of 1,003 Canadians from January 3 to January 7, 2009. The margin of accuracy for a sample of 1,003 is $\pm 3.1\%$, 19 times out of 20.