

# THE MOOD OF CANADA THROUGH AN ECONOMIC PRISM: FROM CONFIDENCE TO ANXIETY



Nik Nanos

From confidence to anxiety: there's been a sea change in Canada's mood over the last year. And it's entirely due to the economy. Our second annual *Mood of Canada* poll by Nanos Research reminds us clearly that, as Nik Nanos writes, "Canadians see everything through the prism of the economy." Compared with the numbers in last year's poll, twice as many Canadians say they are worse off financially than they were a year ago, while only half as many say they're better off. And more than half of Canadians think the economy will get worse in the next six months. Batten down the hatches. There's a storm coming.

De la confiance à l'anxiété. L'humeur des Canadiens s'est métamorphosée depuis l'an dernier. Une seule cause : l'économie. Notre deuxième sondage annuel sur l'Humeur du Canada, réalisé par la maison Nanos Research, nous rappelle clairement que « les Canadiens voient tout à travers le prisme de l'économie », comme le note Nik Nanos. Ils sont deux fois plus nombreux à dire que leurs finances personnelles sont en moins bon état qu'il y a un an, et deux fois moins à dire qu'elles sont meilleures. Plus de la moitié croient aussi que la situation économique s'aggravera dans les six prochains mois. Fermez portes et fenêtres : une tempête s'annonce !

**A**n anxious country. That is the mood of Canada at the end of 2008, in the middle of the perfect economic storm that blew up worldwide in the fall of the year.

The second annual *Mood of Canada* poll by Nanos Research for *Policy Options* is a stark reminder that Canadians see everything through the prism of the economy, and as 2008 comes to an end, Canadians are very worried about their finances and their economic prospects going forward.

Asked how they felt about their personal finances (question 1), twice as many Canadians, 32 percent compared to 16 percent a year ago, said they were worse off than they were at the end of 2007. Correspondingly, only half as many Canadians, 15 percent against 29 percent, said they were better off than they were a year ago.

Looking ahead to 2009, more than half of Canadians, 57 percent, think the economy will become weaker in the next six months, while only 14 percent think it will get stronger (question 2).

**O**nly a year ago, half of Canadians, 49 percent, thought the economy would improve in 2008,

compared with only one Canadian in five, 20 percent, who thought things would get worse. A year ago, by a margin of 2 1/2 to 1, Canadians thought things would get better. Today, by a margin of 4 to 1, they think things will get worse.

These comparative numbers are a reminder that we should never underestimate the importance of the economy and how it colours Canadians' perceptions of everything they see.

By way of dramatic illustration of this point, 54 percent of Canadians think the country is moving in the right direction, as against 32 percent who think it is moving in the wrong direction (question 3). A year ago, two-thirds of Canadians, 66 percent, thought the country was moving in the right direction, as against only 20 percent who thought it was moving in the wrong direction.

Stated another way, satisfaction with the country's direction has dropped from two-thirds to just over one-half of respondents in our poll of 1,000 randomly selected Canadians, taken by telephone from November 11 to 15. The survey is accurate to within plus or minus 3.1 percentage points, 19 times out of 20.

Still, a much higher percentage of Canadians thought their country was moving in the right direction coming out of the October election, as compared with Americans who thought their country was headed in the wrong direction going into their election in November. A *New York Times* poll, published on the first weekend of

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November, found that 85 percent of Americans thought the country was moving in the wrong direction, and nearly 90 percent thought the economy was in bad shape.

On a regional basis, our poll for *Policy Options* reflects the regional strengths and weaknesses of the Canadian economy. In Ontario, where the automotive and manufacturing industries are under intense pressure, only 46 percent of respondents thought the country was moving in the right direction, as compared with 41 percent who thought it was headed in the wrong direction. And this was before the full extent of the financial crisis of the Big Three North American auto manufacturers became clear toward the end of November.

But in the West, where the energy and commodity sectors remained relatively strong, 62 percent of respondents thought the country was moving in the right direction, as against only 24 percent who thought it was moving in the wrong direction.

This is more a reflection of a regional economy that continues to be very strong in terms of employment, in spite of, for example, plummeting oil prices, which have plunged from US\$145 a barrel last summer to recent lows closer to US\$50 a barrel.

When we were in the field a year ago, we measured satisfaction

with the performance of the Harper government, and we found its standing with voters was quite high going into what proved to be an election year in 2008. In November 2007, fully 77 percent of Canadians rated the Harper minority government's performance as very good (10 percent), good (29 percent) or no worse than

average (38 percent). In other words, about three Canadians out of four did not have a bad opinion of the Harper government's performance.

Coming out of the October 2008 election, we found that favourable perceptions of the government's performance overall had slipped. And this was only weeks after the election of a newly strengthened Conservative government, which had just won a national election by 12 points, 38 to 26 percent over the Liberals, and prior to musings about a technical recession and a potential federal deficit after 11 consecutive years of surpluses.

As in November 2007, Nanos Research measured satisfaction levels with the Harper government in

## The Harper government's net "unfavourables" have increased from 18 to 30 percent, and this in spite of its recent re-election. Conclusion: there is no honeymoon here for Prime Minister Stephen Harper, only a lot of hard work ahead to retain the confidence of Canadians in a rapidly deteriorating economy and federal fiscal framework.

November of this year. One measurement was obviously going into an election, and the other was coming out of one. A year ago, we found that 39 percent gave the Harper government very good (10 percent) or good ratings (29 percent), compared with only 18 percent who gave it poor (9 percent) or very poor (9 percent) ratings. This was a 2-to-1 positive rating, with another 38 percent who rated the government "average."

Flash forward to November 2008, when the very good (6 percent) and good ratings (26 percent) added up to one-third of voters, while the Harper government's negative rating had moved up to 30 percent (with somewhat poor at 17 percent and very poor at 13 percent) (question 6). In other words, the Harper government's net "unfavourables" have increased from 18 to 30 percent, and this in spite of its recent re-election. Conclusion: there is no honeymoon here for Prime

Minister Stephen Harper, only a lot of hard work ahead to retain the confidence of Canadians in a rapidly deteriorating economy and federal fiscal framework.

In terms of comparative research, the responses to the six questions we asked last year and again this year are clearly reflective of Canadians' concerns on the economy. But two questions, on federal-provincial relations and Canada's role in the world, saw relatively small changes in Canadians' views.

On federal-provincial relations, 32 percent saw relations between the Harper government and the provinces as not improved, compared to 17 per-

cent who saw improvement (question 4). That's a 2-to-1 score on the not-improved side, while 43 percent were neutral on this question. Those numbers are virtually unchanged, across the board, from a year ago in November 2007, in spite of the fact that the looming economic crisis urgently demands a greater degree of federal-provincial cooperation.

Similarly, to our question on perceptions of how Canadians rated

Canada’s “reputation around the world over the past year,” there was a decline in favourable impressions from 48 percent overall a year ago to 41 per-

**Harper’s mandate was relatively weak, even though he won 19 more seats (143 vs. 124) than he had in the last minority House. Though he is now only 12 seats shorts of a majority, he is still 12 seats short of one. And he is still leading a minority government, but one heading into an economic storm, rather than sailing on a tranquil sea of prosperity.**

cent last month (question 5). But adding in the neutral ratings, 31 percent both years, Canadians’ self-perception of their neutral-to-positive standing in the world has declined from nearly 80 percent a year ago to 72 percent today, which is to say from four-fifths to three-fourths of Canadians who have a positive image of our country’s role and its standing in the world. This is not a major decline, but it is incremental.

In light of the October 14 election, we asked an additional question, namely how satisfied Canadians were with the election of “the Stephen Harper minority government” (question 7). The numbers that came back were relatively weak,

indicating an absence of a normal honeymoon period. Only 29 percent of Canadians indicated they were very or somewhat satisfied, with

another 24 percent seeing themselves as neutral. But 43 percent said they were not at all or somewhat not satisfied.

In other words, even as he returned to Ottawa with a fresh mandate from the voters, Harper’s mandate was relatively weak, even though he won 19 more seats (143 versus 124) than he had in the last minority House. Though he is now closer to a majority, he is still 12 seats short of one. And he is still leading a minority government, and one heading into an economic storm, rather than sailing on a tranquil sea of prosperity.

Frankly, with a fixation on jobs, the deficit and volatile economic news, we don’t see any post-election

honeymoon in these satisfaction numbers or in the general mood of Canadians.

Yet there is also an opportunity for the Prime Minister here. He won the election, ultimately on Thanksgiving weekend before the October 14 vote, because he was perceived as the right leader at the right time on the issue of the economy. If he can manage this issue in the short term, including a credible explanation of why a deficit is necessary to stimulate an economic recovery, then he can potentially gain some political dividends. However, this will occur in a new environment of heightened public angst and anxiety.

In the meantime, the Nanos *Policy Options* numbers suggest Stephen Harper had good reason to call this election when he did.

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QUESTION 1. THINKING OF YOUR PERSONAL FINANCES, ARE YOU BETTER OFF, WORSE OFF OR HAS THERE BEEN NO CHANGE OVER THE PAST YEAR?

	Canada		Atlantic Canada <sup>1</sup>		Quebec		Ontario		Western Canada	
	2007 (n=1004) %	2008 (n= 1000) %	2007 (n=103) %	2008 (n=96) %	2007 (n=250) %	2008 (n=256) %	2007 (n=301) %	2008 (n=300) %	2007 (n=351) %	2008 (n=348) %
Respondents (%) <sup>2</sup>										
Better off	29	15	24	23	26	15	26	14	36	14
Worse off	16	32	13	32	13	28	19	36	16	32
There has been no change	52	50	60	42	59	55	52	48	45	51
Unsure	3	2	3	3	2	2	3	2	3	3
Accuracy	±3.1	±3.1	±9.8	±10.2	±6.3	±6.2	±5.7	±5.7	±5.3	±5.3

Source: Nanos Research, www.nanosresearch.com.

<sup>1</sup> Note: small sample — readers should exercise caution.

<sup>2</sup> Note: due to rounding, percentages may not add up to 100.

QUESTION 2. IN THE NEXT SIX MONTHS, DO YOU THINK THE CANADIAN ECONOMY WILL BECOME STRONGER, WEAKER OR WILL THERE BE NO CHANGE?

	Canada		Atlantic Canada <sup>1</sup>		Quebec		Ontario		Western Canada	
	2007 (n=1004) %	2008 (n=1000) %	2007 (n=103) %	2008 (n=96) %	2007 (n=250) %	2008 (n=256) %	2007 (n=301) %	2008 (n=300) %	2007 (n=351) %	2008 (n=348) %
Stronger	49	14	55	23	38	10	53	15	52	15
Weaker	20	57	14	52	21	53	22	62	19	57
There will be no change	25	25	26	20	36	34	20	21	21	25
Unsure	6	3	5	5	5	4	5	3	9	3
<b>Accuracy</b>	<b>±3.1</b>	<b>±3.1</b>	<b>±9.8</b>	<b>±10.2</b>	<b>±6.3</b>	<b>±6.2</b>	<b>±5.7</b>	<b>±5.7</b>	<b>±5.3</b>	<b>±5.3</b>

QUESTION 3. WOULD YOU SAY THAT CANADA AS A COUNTRY IS MOVING IN THE RIGHT DIRECTION OR THE WRONG DIRECTION?

	Canada		Atlantic Canada <sup>1</sup>		Quebec		Ontario		Western Canada	
	2007 (n=1004) %	2008 (n=1000) %	2007 (n=103) %	2008 (n=96) %	2007 (n=250) %	2008 (n=256) %	2007 (n=301) %	2008 (n=300) %	2007 (n=351) %	2008 (n=348) %
Right direction	66	54	56	53	68	52	65	46	68	62
Wrong direction	20	32	21	34	22	32	22	41	17	24
Unsure	14	14	23	13	11	16	13	13	15	14
<b>Accuracy</b>	<b>±3.1</b>	<b>±3.1</b>	<b>±9.8</b>	<b>±10.2</b>	<b>±6.3</b>	<b>±6.2</b>	<b>±5.7</b>	<b>±5.7</b>	<b>±5.3</b>	<b>±5.3</b>

QUESTION 4. ON A SCALE OF 1 TO 5 WHERE 1 IS NOT IMPROVED AND 5 IS IMPROVED, HOW WOULD YOU RATE THE RELATIONSHIP BETWEEN THE FEDERAL GOVERNMENT AND THE PROVINCIAL GOVERNMENTS OVER THE PAST YEAR?

	Canada		Atlantic Canada <sup>1</sup>		Quebec		Ontario		Western Canada	
	2007 (n=1004) %	2008 (n=1000) %	2007 (n=103) %	2008 (n=96) %	2007 (n=250) %	2008 (n=256) %	2007 (n=301) %	2008 (n=300) %	2007 (n=351) %	2008 (n=348) %
Not improved	14	13	25	24	8	16	14	15	14	7
Somewhat not improved	20	19	26	15	23	18	15	23	19	16
Neutral	43	43	29	42	43	47	43	37	48	46
Somewhat improved	12	12	11	10	17	11	8	12	12	13
Improved	4	5	3	4	2	5	5	4	6	6
Unsure	8	9	6	5	8	4	15	10	2	13
<b>Accuracy</b>	<b>±3.1</b>	<b>±3.1</b>	<b>±9.8</b>	<b>±10.2</b>	<b>±6.3</b>	<b>±6.2</b>	<b>±5.7</b>	<b>±5.7</b>	<b>±5.3</b>	<b>±5.3</b>

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QUESTION 5. ON A SCALE OF 1 TO 5 WHERE 1 IS NOT IMPROVED AND 5 IS IMPROVED, HOW WOULD YOU RATE CANADA'S REPUTATION AROUND THE WORLD OVER THE PAST YEAR?

	Canada		Atlantic Canada <sup>1</sup>		Quebec		Ontario		Western Canada	
	2007 (n=1004) %	2008 (n= 1000) %	2007 (n=103) %	2008 (n=96) %	2007 (n=250) %	2008 (n=256) %	2007 (n=301) %	2008 (n=300) %	2007 (n=351) %	2008 (n=348) %
Respondents (%) <sup>2</sup>										
Not improved	8	10	10	4	6	16	8	8	8	7
Somewhat not improved	11	15	11	14	13	14	10	14	11	16
Neutral	31	31	32	30	36	35	28	28	29	32
Somewhat improved	33	29	31	33	36	24	32	34	33	28
Improved	15	12	16	17	10	8	16	14	18	13
Unsure	2	3	-	2	-	3	6	2	1	4
Accuracy	±3.1	±3.1	±9.8	±10.2	±6.3	±6.2	±5.7	±5.7	±5.3	±5.3

QUESTION 6. WOULD YOU DESCRIBE THE PERFORMANCE OF THE CURRENT FEDERAL CONSERVATIVE GOVERNMENT LED BY PRIME MINISTER STEPHEN HARPER AS VERY GOOD, SOMEWHAT GOOD, AVERAGE, SOMEWHAT POOR OR VERY POOR?

	Canada		Atlantic Canada <sup>1</sup>		Quebec		Ontario		Western Canada	
	2007 (n=1004) %	2008 (n= 1000) %	2007 (n=103) %	2008 (n=96) %	2007 (n=250) %	2008 (n=256) %	2007 (n=301) %	2008 (n=300) %	2007 (n=351) %	2008 (n=348) %
Respondents (%) <sup>2</sup>										
Very good	10	6	4	7	8	4	7	7	16	7
Somewhat good	29	26	25	14	41	22	31	24	21	34
Average	38	35	47	32	34	39	37	37	40	31
Somewhat poor	9	17	9	27	10	18	11	13	7	16
Very poor	9	13	13	20	5	12	11	16	10	11
Unsure	4	3	3	1	2	5	4	3	6	1
Accuracy	±3.1	±3.1	±9.8	±10.2	±6.3	±6.2	±5.7	±5.7	±5.3	±5.3

QUESTION 7. ON A SCALE OF 1 TO 5 WHERE 1 IS NOT AT ALL SATISFIED AND 5 IS VERY SATISFIED, HOW SATISFIED OR UNSATISFIED ARE YOU WITH THE ELECTION OF THE STEPHEN HARPER MINORITY GOVERNMENT?

	Canada	Atlantic Canada <sup>1</sup>	Quebec	Ontario	Western Canada
	2008 (n= 1000) %	2008 (n=96) %	2008 (n=256) %	2008 (n=300) %	2008 (n=348) %
Respondents (%) <sup>2</sup>					
Not at all satisfied	23	34	19	25	21
Somewhat not satisfied	20	14	20	24	18
Neutral	24	24	31	21	21
Somewhat satisfied	19	16	14	19	25
Very satisfied	10	10	12	8	11
Unsure	4	3	4	4	4
Accuracy	±3.1	±10.2	±6.2	±5.7	±5.3

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