



Stimulus, sure - just watch the cost

Boosting the Greater Toronto Area's economy could come at a high price in public opinion

May 07, 2009

NIK NANOS

In war, the first condition of victory is the mobilization of public opinion. This axiom will be especially true in the local and global battle with the economic downturn.

Our banks, insurance companies and the broader financial sector have been hit. Our manufacturing sector is suffering layoffs, and many Canadians have seen their saving and retirement funds walloped. The economic decline and loss of jobs have been faster and steeper than expected, taking many by surprise.

As the Greater Toronto Region Economic Summit convenes today, our leaders and policy-makers should keep in mind not just the public's call for immediate action today but the long-term implications of the current stimulus campaign.

Ontarians are ready to embrace proactive government action but are reticent to foot the bill.

A new Nanos poll conducted in partnership with the Economic Summit and the *Toronto Star* shows that Ontarians are ready for action and government intervention on a scale rarely seen. A longer-term view, however, suggests caution in the scope of stimulus from a public opinion viewpoint.

Until recently, globalization and prosperity, both personal and corporate, reinforced a perspective that markets should be unfettered, and that the best thing that government could do to ensure prosperity was not to intervene or regulate.

However, since the financial meltdown in the fall, governments – even conservative-minded governments – have embarked on an activist path unthought of a year ago. The right-wing Bush administration embraced massive stimulus initiatives, and even the Conservative government in Canada led by Stephen Harper joined the global stimulus campaign.

Polling conducted by Nanos indicates that Ontarians were more likely to be pessimistic



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and concerned about the state and strength of the economy compared with their compatriots in other parts of Canada.

It is no surprise that the recent poll shows a significant appetite for government action.

Ontarians believe the government should play a significant role in fighting the downturn. The research suggests that Ontarians assert that the top, short-term priorities should include restructuring our industrial base and investing in our labour force. In the long term, Ontarians would prefer a balanced approach, which would be a mix of investments in people, industry, research and financial services.

As unemployment rises, dealing with the human impact of the downturn and helping as many as possible seems to be the thread from public opinion. Similarly, a significant majority of Ontarians also believe the government should intervene to help companies in key sectors of the economy to weather the economic storm.

But even with this appetite for a greater government role, there was a significant negative response to a proposal to increase personal taxes to help the government cushion the negative impact of the economic downturn. The message: don't turn to taxpayers today to fight the downturn.

It is this "no" that is at the crux of the short- and long-term challenges. When asked to help foot the bill for the stimulus they embrace, Ontarians are reticent.

However, even with the short-term support of stimulus, there are a series of cautionary notes for our political leaders and public policy-makers.

First, much of the initial public opinion related to this issue reflects a sense of urgency to soften the economic downturn and to be proactive. Currently, little is known of the possible magnitude of the cost of the economic stimulus and the real long-term impact it will have on government debt.

This is reminiscent of public opinion on the environment. Asked whether the environment is important, Canadians say a resounding "yes." Prompted on the potential cost of environmentally friendly actions, public opinion is more of a mixed bag.

In a time of economic uncertainty, Ontarians want to see government action and are ready for deficits. However, as time passes, and the long-term costs to taxpayers mount, it is uncertain whether the current appetite will sustain itself.

In many ways, this is akin to a home repair that goes wrong. With the best of intentions, you start off wanting to spend \$1,000, open the wall and see you need another \$1,000, and so on and so on. Before you know it, a seemingly manageable job turns into a massive initiative with no end in sight and your good intentions turn to misery.

Fighting this economic downturn could yield similar results. If the downturn persists, initial estimates of the stimulus debt will balloon.

Second, the nature of the recovery in Ontario could be slow compared with the rest of Canada. The other regions of the country with commodity-based economies are more likely to rebound faster than Ontario. This, and Ontario's recent "have-not" status, will possibly be further blows to Ontario's self-perception as Canada's economic engine.

For Ontario, it adds up to a call to action. Ontarians clearly see the need for a broader strategic plan not only for a short-term recovery but toward long-term prosperity.

Even with our diverse economy, dealing with the challenges in our financial and

industrial sectors will be the first critical steps in the Ontario recovery journey.

Like any battle, it will take a collective tenacity of effort and a creative prosperity vision to craft what will be Ontario's future competitive advantage.

Pollster Nik Nanos is the president of Nanos Research and a research associate professor at the State University of New York in Buffalo. He will be a speaker at today's Greater Toronto Region Economic Summit.

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