

Addressing Income Inequality

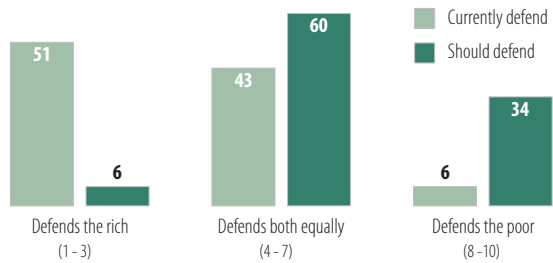
There have always been significant disparities in wealth in society, but this reality gained new prominence in the wake of the 2008 financial crisis and subsequent anemic recovery. Statistics published by the OECD document a growing divide between the haves and have-nots in many countries, a situation that is contributing to economic and political unrest in many parts of the world. How do Canadians see this issue, and what would they like to see done about it?

Defending the rich versus the poor

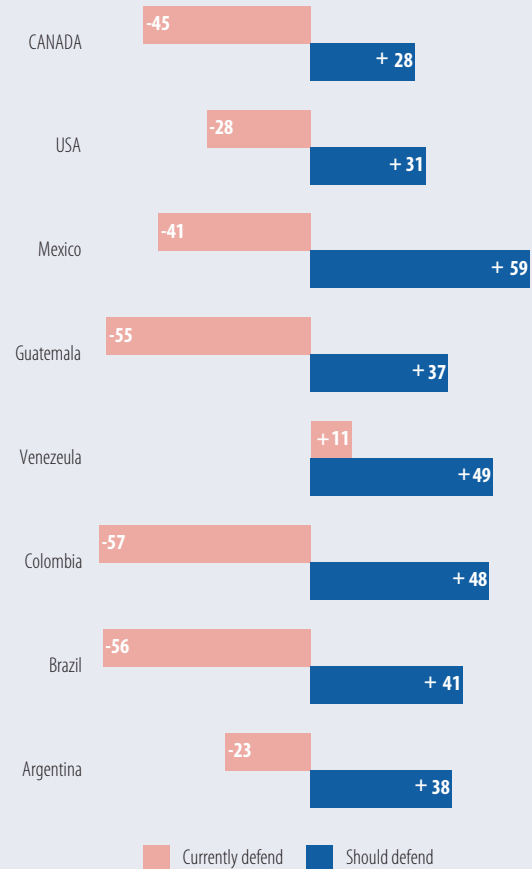
While the wealthy “one percent” of the population is a primary target for discontent, much of the blame for growing income inequality is placed on government policies that are seen as favouring the rich. This sentiment is clearly evident in Canada, in terms of a mismatch between what they see as governments’ current priorities and what they think they should be.

When asked to rate their politicians in terms whose interests they currently defend, Canadians are much more likely to say they favour the rich (51%) than the poor (6%). When asked to rate where they would like to see their politicians’ focus, there is greater emphasis on defending the poor (34%) than the rich (6%), although a majority (60%) say they should give equal favour to both ends of the income spectrum.

Who do Canadian politicians defend?



Politicians defending the poor over the rich*



* Index = % defends the poor minus % defends the rich

International comparison

Public attitudes about politicians’ priorities follow roughly the same pattern across most of the 12 countries that included these questions in the survey. In all but one country, citizens tend to believe their politicians favour the rich over the poor but should be doing otherwise, although the proportion expressing this view varies with respect to current priorities. Politicians are most likely to see their politicians currently favouring the rich over the poor in Guatemala, Colombia and Brazil, while this is much less the case in the USA and Argentina. Venezuelans stand out in being more likely to say their politicians favour the poor (29%) rather than the rich (18%).

There is more agreement across the hemisphere in terms of looking to politicians to place greater emphasis on defending the poor, although those in Canada and the USA are less likely than others to share this perspective.

Combining the results of these two questions highlights the disconnect between where Canadians think politicians currently stand and where they would like them to stand. A clear majority express such a disconnect, which is composed of two groups: One in three (35%) believe politicians currently defend the rich when they should be defending the poor, while a similar proportion (36%) feel politicians now defend the rich but should give equal weight to rich and poor. Only one percent say politicians currently defend the poor but should defend the rich.

The remaining third of the population does not see a mismatch in politicians' priorities: seven percent agree with their current favouring the rich, another seven percent endorse their current defence of the poor, and another 16 percent view current and preferred priorities as roughly balanced between rich and poor.

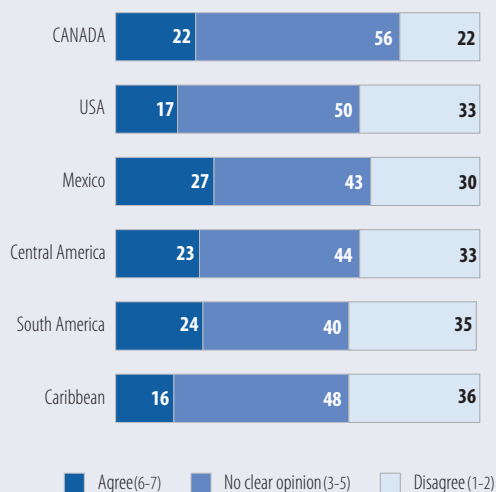
These segments of the Canadian population have a few distinct characteristics. Those who think politicians currently defend the rich, but would like to see them defend the poor, are most likely to live in Atlantic Canada, live in smaller communities, are among the lowest income earners, and identify with the political left. Those who think politicians currently defend the rich, but would like to see a more balanced treatment of rich and poor, tend to live in Manitoba and Saskatchewan, be among the top income earners, identify with the middle or right politically, and be female.

Attitudes towards those getting help from government. One of the primary arguments against government assistance programs is that they create a dependency that keeps low-income individuals from becoming self-sufficient. Public opinion on this issue is mixed, with relatively few holding strong views. In responding to the statement “Some people say that people who get help from government social assistance programs are lazy,” one in five (22%) Canadians agree, the same proportion (22%) disagree and the majority (56%) have no clear opinion either way. Opinions on this question do not vary significantly across the country. Agreement is a bit stronger in eastern Canada and those on the political right, while disagreement is more pronounced among low-income Canadians (41%) and those on the left (40%).

International comparison

Public opinion about whether government program recipients are lazy is generally similar across the hemisphere, but Canadians are less likely than citizens in most other countries to disagree on this view (only Argentinians (16%) are less likely to disagree). Agreement is most pronounced in Argentina (44%), Uruguay (39%), Venezuela (31%) and Belize (30%), and least evident in Haiti (9%). Disagreement is most widespread in Guyana (59%) and Nicaragua (46%).

People who get help from government social assistance programs are lazy



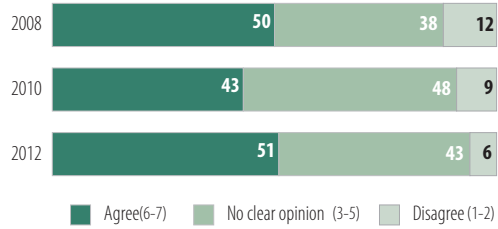
Government action to reduce income inequality

SHOULD GOVERNMENT BE ACTIVE IN ADDRESSING INCOME INEQUALITY?

Given the perceived mismatch in politicians' priorities vis à vis the rich and poor, it is not surprising there is strong public support for more active government intervention to address this issue. Half (51%) of Canadians agree their federal government should implement strong policies to reduce income inequality between the rich and the poor, compared with only six percent who disagree. The results to this question are similar to results from 2008, where roughly the same proportion of Canadians indicated this level of agreement.

Opinions on this question vary considerably across the country, with support for active government intervention expressed by two-thirds (66%) of Quebecers, compared with four in ten or fewer residents of Manitoba/Saskatchewan (38%) and Alberta (36%). Such support is also highest among Canadians aged 45 to 59, and those with lower levels of education and income. Predictably, views on this issue vary strongly by political orientation, as those on the left of the spectrum (71%) are nearly twice as likely to agree with this statement as those on the right (37%). This gap has increased in the last several years, as support for government intervention among those on the left has increased dramatically since 2010, while opinions of those on the right have increased to a smaller degree.

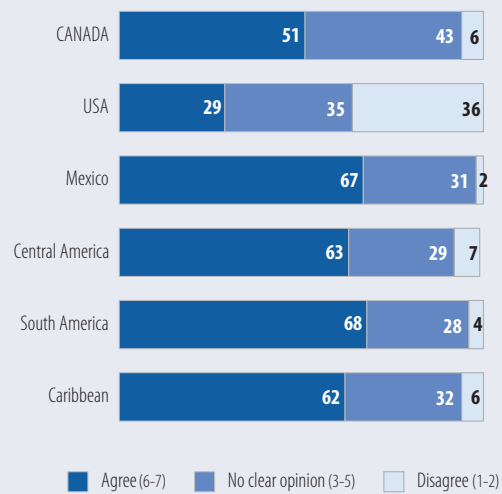
Government should implement strong policies to reduce income inequality



International comparison

Canadians' support for an activist federal government on income inequality is not as strong as in Latin America and the Caribbean, but is double the level expressed in the USA (the lone country where opposition outweighs support). Close to eight in ten citizens express support for a more active national government effort to address income disparities in Suriname, Uruguay, Nicaragua and the Dominican Republic. Other than the USA (29%), the only other country where such support falls below the 50 percent mark is Haiti (45%).

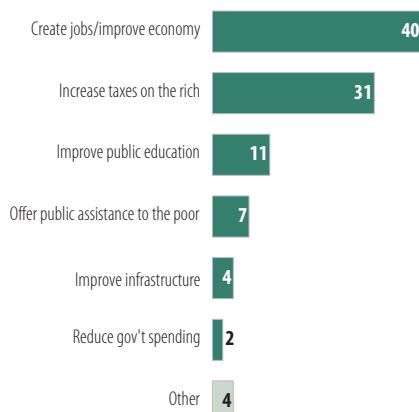
Government should implement strong policies to reduce income inequality



HOW TO ADDRESS INCOME INEQUALITY? How might government best reduce poverty and inequality in Canada? Among a list of six policy options, Canadians are most likely to say the best approach is to create jobs or improve the economy (40%), or increase taxes on the rich (31%) (the survey only accepted one response). Fewer emphasized improving public education, offering public assistance to the poor, improving infrastructure or reducing government spending. Four percent offered a range of other policy approaches that were not presented on the survey.

Creating jobs and improving the economy is most widely identified in Ontario (46%, especially in Toronto), in comparison with increasing taxes (26%). Elsewhere in the country, Canadians are more divided between the two top options. Focus on job creation, while increasing with education and income, and is also higher among immigrants, women and Canadians on the political right. Helping address income inequality through higher taxes on the rich is most popular among rural Canadians, francophones, older citizens, those with the lowest incomes and those on the political left.

What should government do to reduce poverty and inequality



International comparison

Citizens across much of the hemisphere are most likely to identify job creation and economic growth as the best way for government to address poverty and inequality in their country, although this view is least evident in Canada among the 12 countries surveyed on this question. Canadians, followed by Americans, are most apt to look to increasing taxes on the rich, a policy that receives only single-digit emphasis elsewhere, with the exception of Chile (15%).

What should government do to reduce poverty and inequality?

	CREATE JOBS/IMPROVE ECONOMY	INCREASE TAXES ON THE RICH	IMPROVE PUBLIC EDUCATION	OFFER ASSISTANCE TO THE POOR	OTHER
CANADA	40	31	11	7	10
United States	53	22	12	5	8
Mexico	73	5	10	8	4
Guatemala	72	6	7	8	6
Costa Rica	84	3	5	5	4
Venezuela	90	*	4	3	3
Colombia	73	3	8	9	7
Peru	73	6	10	5	6
Brazil	69	2	15	7	8
Chile	59	15	16	7	3
Uruguay	73	4	17	3	4
Argentina	83	4	7	3	4

* Less than one percent

GOVERNMENT INVOLVEMENT IN THE ECONOMY.

Given the importance placed on addressing income disparities through the job creation and economic growth, how much of a role do Canadians believe government should have in the nation's economy? There is no public consensus on this question, but Canadians are three times as likely to agree (29%) as disagree (10%) with the statement that *"The Canadian government, more than the private sector, should be primarily responsible for creating jobs."* This reflects a noticeable shift in support for this idea since 2008.

Agreement in the importance of the federal government in creating jobs is most widely expressed in Quebec, among rural Canadians, and those with the least education and income, and those on the political left (38%). Support is least evident in the Prairies and among those on the political right (26%; although this still outweighs those in this group who disagree, 19%).

The public is less supportive of government ownership in key industries as a way to promote economic growth. Only one in six (17%) Canadians agree that *"The Canadian government, instead of the private sector, should own the most important industries,"* compared with 26 percent who disagree. Opposition to government ownership has declined somewhat since 2010.

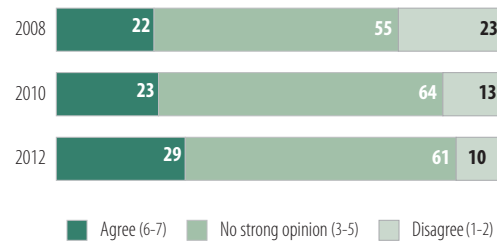
There is limited support for government ownership of key industries across the country, exceeding one in four Canadians only among those on the political left (29%) and those high on the civic action index (29%). Disagreement with the statement is most evident among those 60-plus (34%) and those on the political right (35%).

International comparison

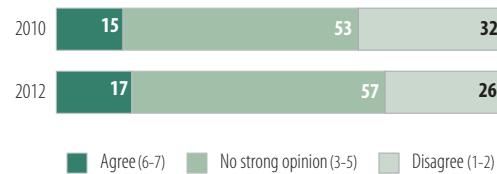
Public attitudes about the role of national governments in the domestic economy divide sharply along the Rio Grande River. Canadians are lukewarm, while Americans are mostly opposed to their government having a primary responsibility for job creation or owning major industries.

Elsewhere in the hemisphere, citizens are much more supportive of an active government role, especially in terms of job creation (supported by at least eight in ten citizens in Nicaragua, Paraguay and the Dominican Republic. Public support for nationalization of key industries is not quite as widespread, but endorsed by majorities in Belize (53%), Panama (51%), Suriname (52%) and Paraguay (53%).

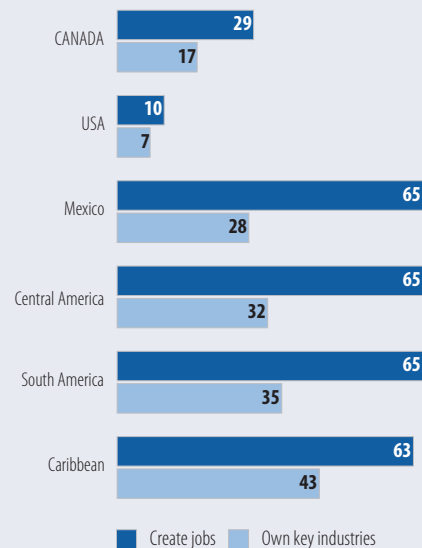
The Canadian government, more than the private sector, should be primarily responsible for creating jobs



The Canadian government, more than the private sector, should own the most important industries



National government should have primary responsibility*



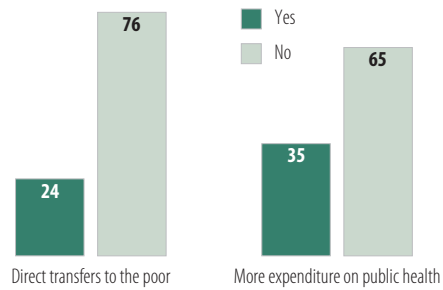
* Percent agree

WILLINGNESS TO PAY MORE TAXES. Reducing income inequality actively through government programs can be achieved through programs that benefit everyone or by targeting those most in need. Such programs are already well-established in Canada (i.e., the Canada Social Transfer and the equalization payment program). But is the priority for reducing inequality high enough in the public's mind, however, to justify higher taxes? For the majority of Canadians, the answer is no.

Transfer payments to the poor. When asked if they would be willing to pay more taxes than they currently do so that the government can spend more on direct income transfers to the poor, only one in four (24%) Canadians say yes. This level of support is roughly the same across the country, but varies most noticeably by household income and political orientation: Not surprisingly, willingness to consider paying more tax to support those less fortunate is much higher among Canadians on the political left (43%) than among those on the right (21%), but there is just as sharp a divide among those in the bottom income bracket (household incomes under \$30K) (40%) and those at the top end of the scale (more than \$100K) (18%).

Greater expenditure on public health. Canadians are marginally more supportive of paying more tax than they currently do so that government can spend more on public health services (35%). Support for higher taxes of this type is highest in Toronto (44%) and lowest in Quebec (28%). There are few differences across demographic strata (including household income), but once again the issue of taxes divides along political orientation, with greater support on the left (50%) than on the right (33%).

Willing to pay more taxes to fund ...



International comparison

Canadians (24%) and Americans (25%) express a similar level of support for paying higher taxes to help the poor, with Mexicans (17%) somewhat less apt to share this view. Among the nine other countries in which this question was asked, support is strongest in Uruguay (42%) and Costa Rica (34%), and weakest in Guatemala (11%).

As in Canada, citizens in other countries are also somewhat more likely to consider paying more taxes for public health services. Again, Americans' (34%) level of support is comparable to Canadians. Elsewhere, such willingness is most widespread in Uruguay (56%), Venezuela (44%) and Argentina (42%), and least so in Guatemala (16%).

Willing to pay more taxes to increase income transfers to the poor

