

Economy and Standard of Living

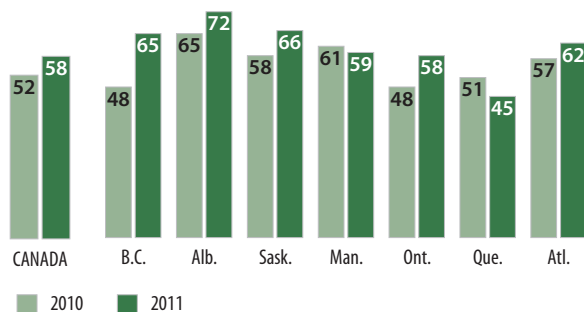
Economy and consumer confidence

DIRECTION OF THE COUNTRY. A clear majority (58%) of Canadians are satisfied with the direction of the country, compared with 36 percent who express dissatisfaction. This perspective continues to stand out in relation to public opinion in most other countries, and has strengthened over the past year (up from 52%).

Rising satisfaction with direction of the country is evident in every region except Quebec (now at 45%, down 6 points), but is up most significantly in British Columbia and Ontario. Albertans continue to be the most positive about the direction of the country (72%) and Quebecers the least so (45%). Across the country, rising satisfaction is also most evident among Canadians with higher levels of education, those aged 18 to 29 or 60 plus, and non-European immigrants.

Satisfaction with the way things are going in the country today

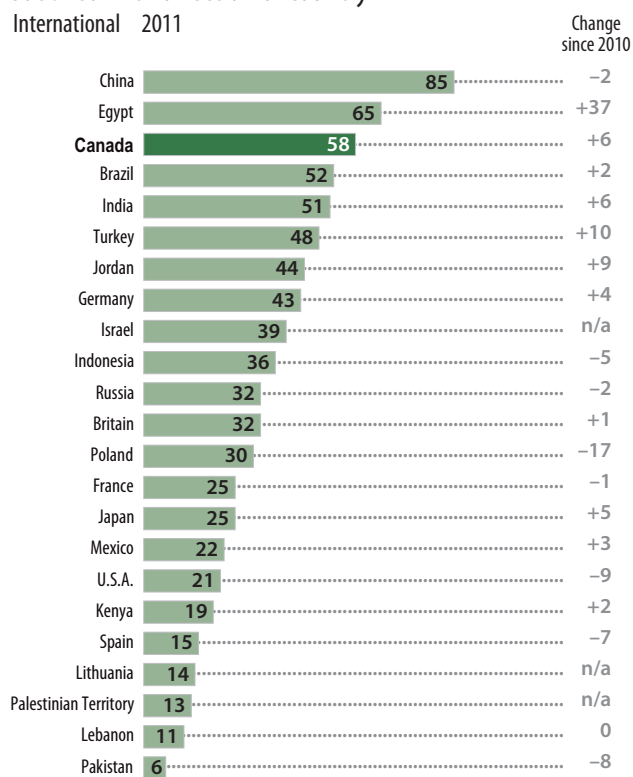
Satisfied By province 2010 - 2011



Internationally (based on a February 2011 Pew Research Center survey), Canadians are now third most positive about the direction of their country among 24 nations, trailing behind China (85%) and Egypt (65%, which has leapt 37 points since last year). Satisfaction levels are significantly lower but stable in Germany (43%), Great Britain (32%) and France (25%).

In contrast, this view is shared by only 21 percent of Americans (down 9 points), comparable to Mexico and just ahead of Kenya. Over the past year, only three countries have shown stronger improvement in satisfaction levels than Canada (Egypt, Turkey and Jordan).

Satisfied with direction of country



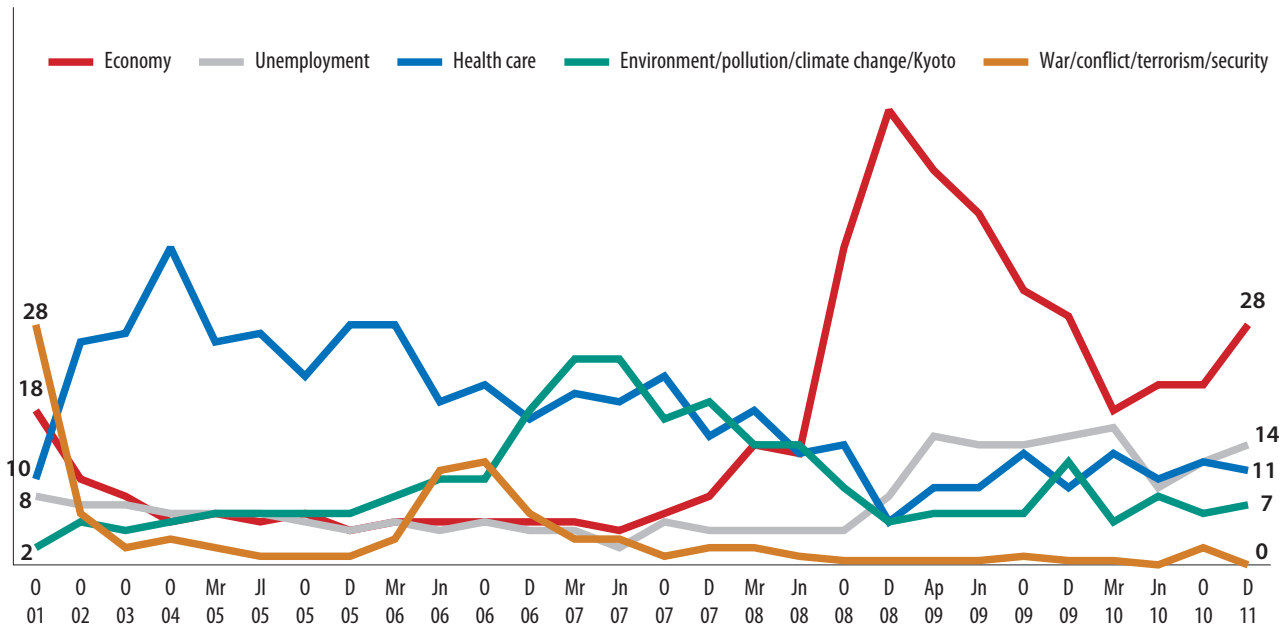
Note: International data from Pew Research Center, Feb. 2011

MOST IMPORTANT ISSUE. Top-of-mind, Canadians increasingly identify the economy and jobs as the most important issue facing the country today (42%, up 9 points from 2010). This accelerates a rising trend dating back to March 2010 but well below the peak recorded in late 2008 when most countries were reeling from the global financial meltdown.

Other issues trailing well behind include health care (11%), poor government leadership (8%), environmental issues (7%) and poverty/homelessness (4%) – all largely unchanged from a year ago.

Focus on the economy and unemployment has increased across the country, but most noticeably in Ontario (54%, up 14 points) and B.C. (48%, up 11), as well as among higher income Canadians, and those aged 60 years and older. This issue gets the least attention in Quebec (26%; where poor government leadership now stands out (15%)), and in Saskatchewan (27%; where environmental issues are now more salient (14%)).

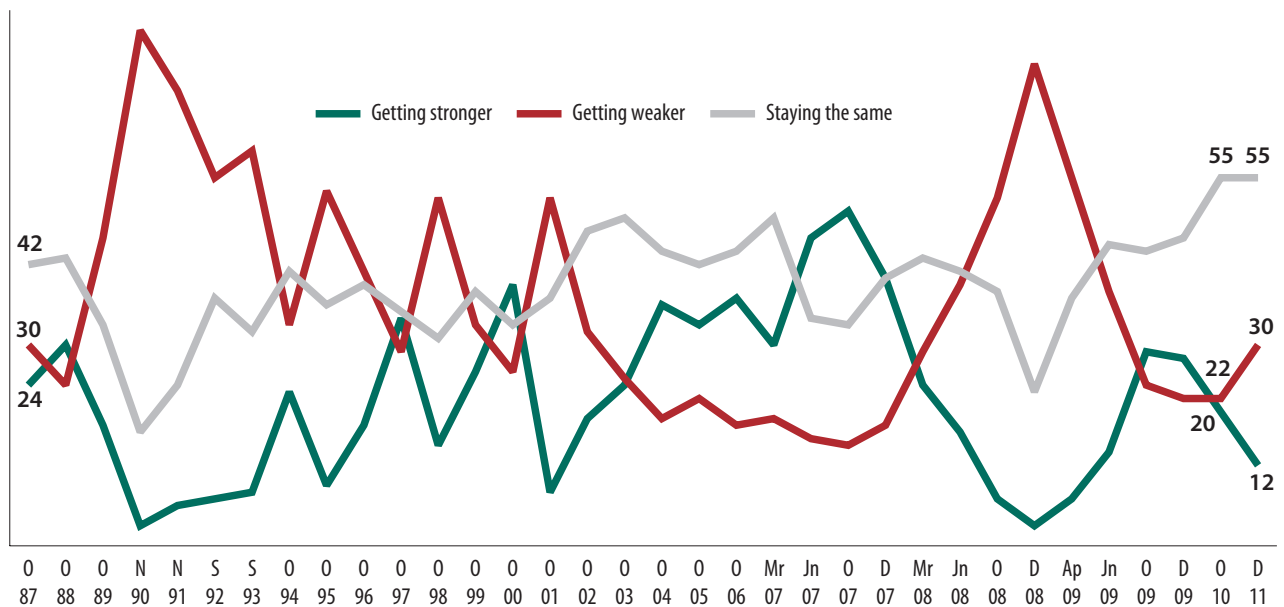
Most important problem facing Canadians today 2001 - 2011



STRENGTH OF THE CANADIAN ECONOMY. With rising uncertainty clouding economic forecasts, the public's confidence in the Canadian economy has declined noticeably over the past year. Only one in ten (12%) now believe the economy is growing stronger (down 8 points since 2010), compared with almost three times as many (30%, up 8) who say it is getting weaker. These numbers are now at their lowest point since April 2009 (early in the recovery from the global financial meltdown).

This downward trend is evident in all provinces, but most noticeably in B.C., Manitoba and Alberta. Opinions about the direction of the national economy continue to be least positive in Quebec (where only 9% say the national economy is improving, versus 39% who say it is getting worse). Bucking this trend are the country's allophones, who are now among the most optimistic (22% say the economy is improving).

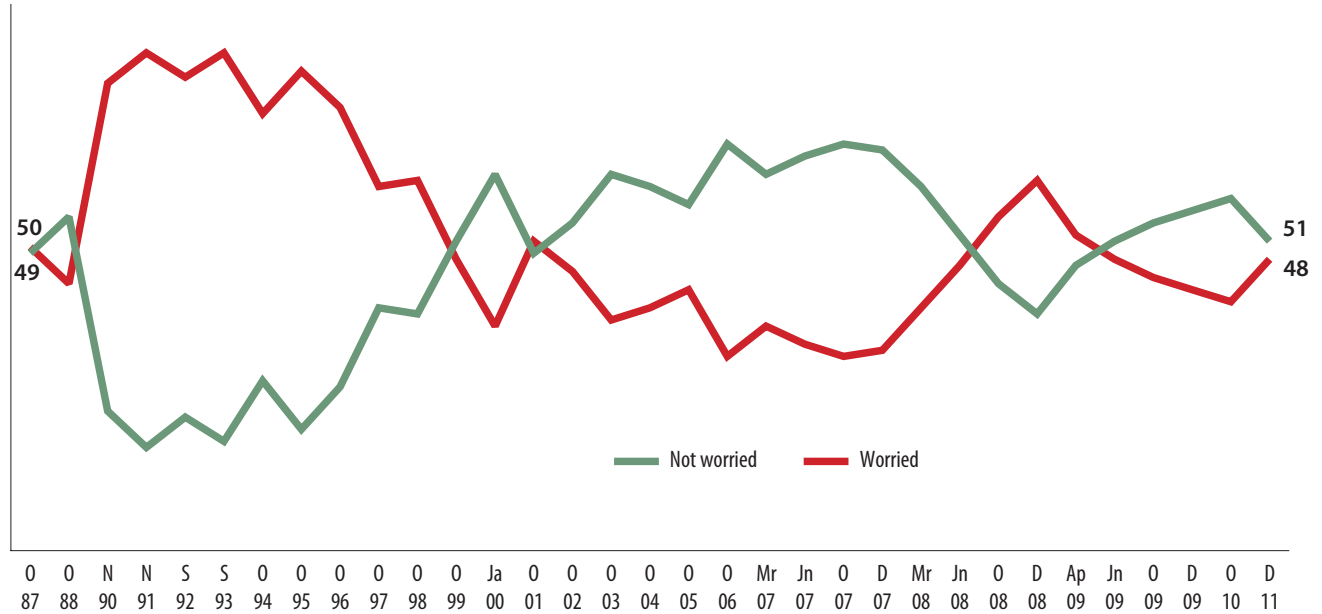
Strength of the Canadian economy
1987 - 2011



Similarly, an increasing proportion of Canadians say they are worried about the overall economic situation in Canada (48%, up 7 points from 2010), reversing a downward trend dating back to April 2009.

This trend is evident in all regions except the Prairies, but is most significant in B.C. (55%, up 16) and now even in Ontario (55%, up 9). Concerns about the economy are higher among Canadians with the least education and income, and those 45 to 59 years of age, but are declining among allophones.

Concern about the Canadian economy
1987 - 2011



CONSUMER CONFIDENCE. Despite growing concerns about the national economy, consumer confidence is holding steady in terms of Canadians' view of conditions for buying the things they need and want. Four in ten (38%) continue to feel that it is a good time, compared with 52 percent who disagree – essentially unchanged from 2010.

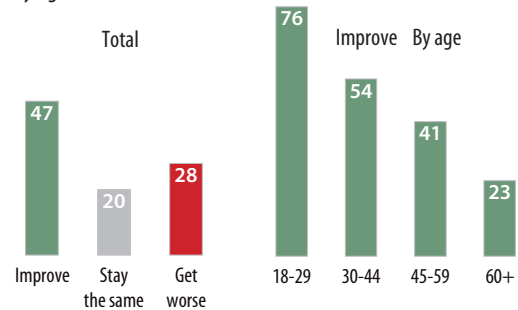
Consumer confidence is now strongest in Manitoba (49%) and Quebec (44%), as well as among men and Canadians with higher socio-economic status. Improving confidence over the past year is most evident among the country's allophones.

Moreover, Canadians are notably positive about their own personal financial outlook over the coming year. Close to half (47%) expect it will improve in 2012, compared with 28 percent who think it will get worse (another 20% don't anticipate any change). Anticipation of improving personal finances is most widespread in Quebec and the Prairies, and most notably among youth.

Such optimism is even more widespread in the U.S. (from a June 2011 Pew Study), with six in ten (62%) Americans who believe their financial situation will improve over the next year (not surprising given how poorly many fared over the past couple of years).

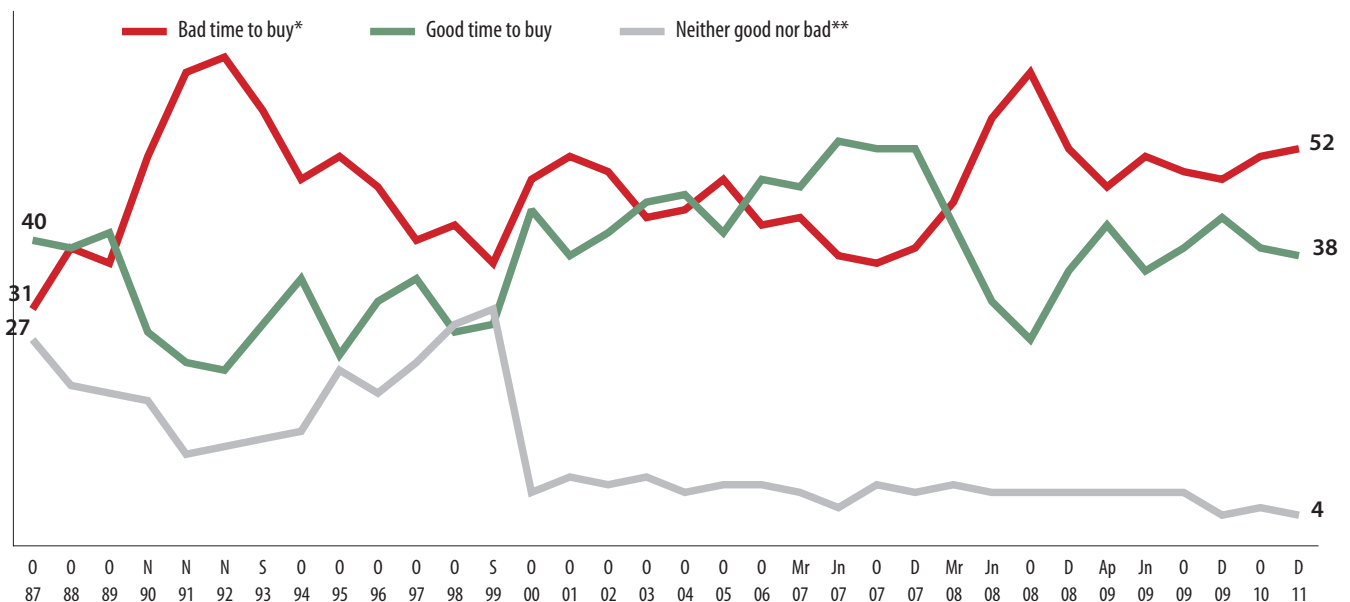
Expectation for personal finances in 2012

By age 2011



Consumer confidence

1987 - 2011



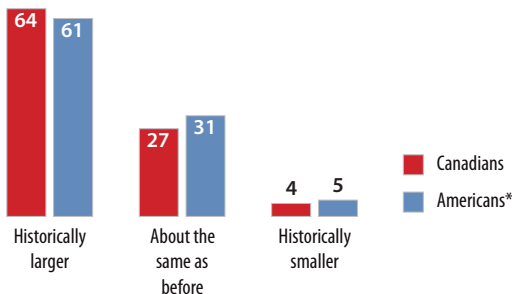
Income inequality in Canada

ARE INCOME DISPARITIES GROWING? Canadians have long been aware of the significant disparities in income between the rich and poor in this country, and Focus Canada surveys over the past two decades have confirmed that most believe this gap has been widening over time (in 2010, 66% said this gap has grown over the past 10 years). In 2011, the question shifted from the gap between rich and poor, to the one separating the wealthy from everyone else (1% versus the other 99%, as articulated by the recent Occupy movement).

The results show that most Canadians believe income disparities in this country are now at record levels. Two-thirds (64%) of Canadians say the gap in the amount of money owned by the wealthy and everyone else in the population is larger historically than it has ever been. One in four (27%) believe this gap is about the same as it has been, while only four percent insist the difference between wealthy and everyone else is now smaller by historical standards.

Views on this question are notably consistent across the population, although belief in a historically large income gap is more widespread among Canadians with a university education, and those who support the federal NDP, Bloc Québécois and Green parties (and least so among those who support the Conservatives). Opinions in Canada are almost identical to those in the U.S., based on a November 2011 *Washington Post* survey (61% historically larger income gap, 31% about the same, 5% smaller).

Gap between wealthy and everyone else 2011



* *Washington Post* survey, Nov. 2011

When those who believe the gap is larger are asked (unprompted) why the income gap in Canada is at record levels. No particular explanations predominate but three-quarters (74%) emphasize structural inequalities of one form or another, notably tax breaks going only to the rich (18%), capitalism helping only the rich (14%), regional and other structural disparities in opportunities (10%), government policies (7%) and fewer middle-class jobs (6%).

A small proportion attributes this gap to basic greed and speculation (7%), while a similar percentage (5%) say wealthy people work harder and earn what they make.

Why is income gap growing?*

Unprompted mentions 2011

Structural inequities	74
Tax breaks go only to the rich/corporations	18
Capitalism hurts poor/helps rich	14
Unequal opportunities/regional disparities	10
Government policies	7
Few middle-class jobs	6
Economic system has changed	5
Globalization/free trade	1
Other	13
Bad economy/more unemployment	11
Greed/speculation	7
Wealthy people work harder/earn it	5
Other reasons	11
dk/na	11

* Among those who say gap is historically larger

INCOME DISPARITIES IN CANADA VERSUS OTHER COUNTRIES.

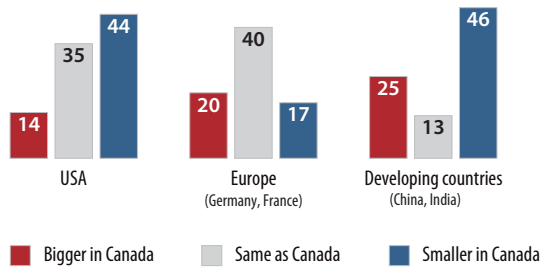
While most see a rising gap between the rich and everyone else, Canadians tend to be positive about their country's income disparities relative to other countries, although there is no consensus on these views.

Most believe the gap in Canada is smaller than (44%) or about the same as (35%) the gap in the U.S., and hold similar views about how Canada compares with developing countries such as China and India (46% say gap is smaller in Canada, 13% say about the same).

By comparison, Canada is most apt to be seen as having about the same income disparities as European countries such as Germany and France (40%).

Gap in Canada vs. other countries

2011



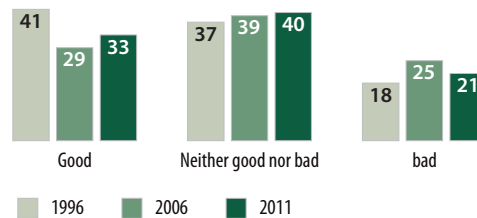
VIEWS ABOUT LARGE CORPORATE PROFITS.

Recent attention to growing income inequality fueled by the Occupy movement does not appear to have influenced Canadian public opinion about large corporate profits. The proportion that say large corporate profits are a bad thing has declined to 21 percent (down 4 points since 2006), reversing a modest upward trend dating back to the mid-1990s. Three-quarters say such profits are either a good thing (33%, up 4), or are neither good nor bad (40%, up 1).

A negative view of corporate profits is in the minority across the country, but is most evident in Atlantic Canada, among older Canadians, those with lower incomes and NDP supporters. A positive view of large corporate profits is most prominent in Quebec, among men, high income earners and Conservative supporters.

General opinion of large corporate profits

1996 - 2011

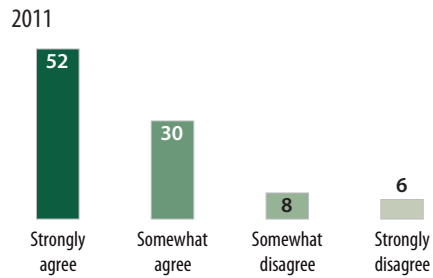


RESPONSIBILITY OF GOVERNMENT TO REDUCE DISPARITIES. Despite an absence of consensus about the state of income disparities in Canada or how it compares with other countries, a large majority strongly (52%) or somewhat (30%) agree that governments in this country should actively find ways to reduce the gap between wealthy people and those less fortunate.

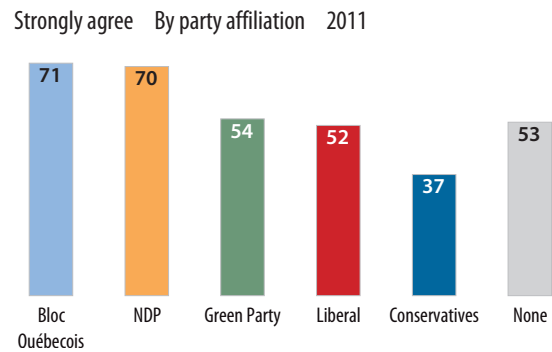
This is the predominant view across the population, but strong agreement is most notable among residents of Atlantic Canada and Quebec, as well as among supporters of the federal NDP (70%) and Bloc Québécois (71%), and much less among those who support the Conservatives (37%).

How do opinions on this question vary across the income spectrum? Strong majorities in all income brackets agree that governments have a responsibility to reduce the gap between the wealthy and others, but Canadians in the top bracket (household incomes of \$100K or more) are less apt to agree strongly (43%) about this issue.

Governments in Canada should actively find ways to reduce the gap between wealthy people and those less fortunate



Governments in Canada should actively find ways to reduce the gap between wealthy people and those less fortunate



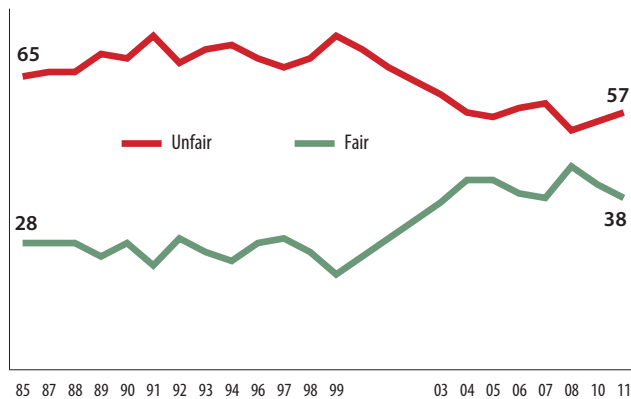
Taxes in Canada

FAIRNESS OF TAX SYSTEM. Taxation has been a political issue in Canada for decades, and is becoming an increasing challenge for governments faced with balancing budgets and rising costs. A diminishing minority (38%) of Canadians feel the country's current tax system is fair to the average taxpayer, declining for the second consecutive year and now at its lowest level since 2007.

The latest trend is not uniform across the country. Belief in tax fairness is down most notably in Atlantic Canada and B.C., but has strengthened in Ontario and Saskatchewan. Overall, residents of eastern Canada are less likely to feel the current tax system is fair, with this view also most evident among francophones and Canadians 45 to 59 years of age. As well, views about tax fairness appear to be one of the key drivers of satisfaction with direction of the country.

Fairness of the tax system

1985 - 2011



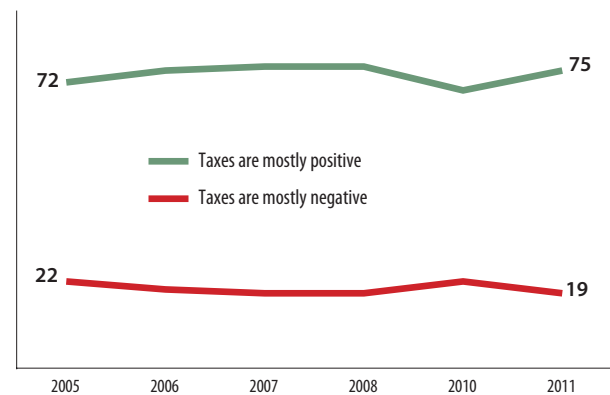
ARE TAXES FUNDAMENTALLY GOOD OR BAD?

Despite such dissatisfaction with the tax system, Canadians continue to believe that, fundamentally, taxes are mostly a positive thing, and this perspective has strengthened marginally over the past year. Three-quarters (75%, up 5 points since 2010) now say taxes are a good thing because they pay for important things that contribute to a positive quality of life, rather than a bad thing (19%, down 3) because they take money out of people's pockets and hold back economic growth.

A positive view of taxes is prevalent across the country and this latest positive shift has taken place in most regions, but most notably in Ontario and B.C. (reversing a previous downward trend likely resulting from the introduction of a new HST). A positive view is most widely held by Albertans (80%), 18- to 29-year-olds (82%), university graduates (80%), non-European immigrants (81%) and Green Party supporters (84%), while least evident among Vancouverites (61%).

Taxes positive or negative?

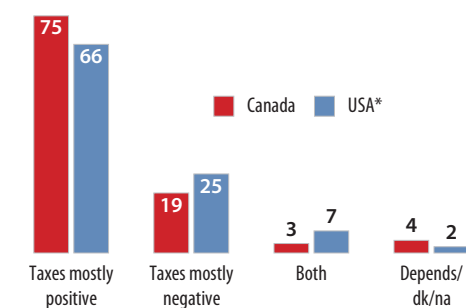
2005 - 2011



Taxes are even more politically toxic in the United States, but Americans surprisingly hold a similar perspective about the overall value of taxes as an important way to finance a positive quality of life. Based on a recently-completed Environics-sponsored survey (using the same survey question), two-thirds (66%) of Americans consider taxes to be mostly a positive thing, compared with 25 percent who say taxes are mostly negative. A positive view of taxes is most widespread among Americans aged 65 and over (73%), and non-whites (76%).

Taxes positive or negative?

Canada and USA 2011



* Environics Institute survey, Jan. 2012

HIGHER TAXES FOR HEALTH CARE. If taxes are seen as essential to a good quality of life, are Canadians prepared to pay higher taxes to maintain or improve an essential public service like their province's health care system? Public opinion is notably divided on this question: 43 percent of Canadians support higher taxes for health care in their province, versus 50 percent who oppose this policy.

Opinions are generally divided across the country, but support for such a tax increase is strongest in Saskatchewan and Alberta, among youth, and those who support the federal Liberals and NDP, while weakest in Quebec.

Tax increases to maintain/improve health care
By province 2011

