

What Do Canadians Think Should Be Done with the Fiscal Surplus?

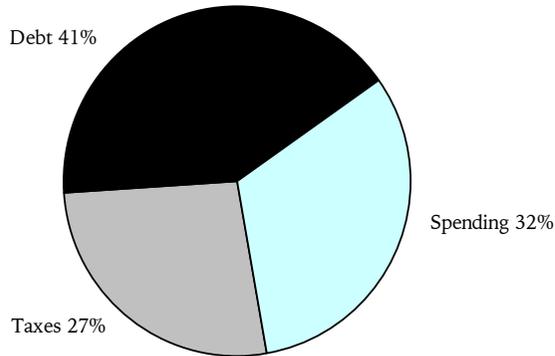
CONRAD WINN

Editor's Note: At the conference, How to Spend the Fiscal Dividend: What is the Optimal Size of Government? (Ottawa, December 3, 1997), Conrad Winn presented an interesting and highly informative paper that contained the broad, general results of a survey that Southam News had commissioned from his firm Carleton Opinion Marketing and Public Affairs Surveys, Inc. (COMPAS). This survey probed the attitudes of Canadians on a range of fiscal policy issues. Unfortunately, Dr. Winn could not present precise details of the survey during his presentation because it was to be released officially only a few days later. This chapter draws on the detailed findings published by COMPAS at its Internet website (www.compas.ca) after the Conference. Dr Winn edited and approved the text.

Pay Down the Debt, Increase Spending, or Reduce Taxes?

The most fundamental finding of the survey was that, on average, Canadians want 41 percent of the surplus to be used for paying down the debt, 27 percent to be used for reducing taxes, and 32 percent to be used for increased program spending (figure 1). This key finding emerges from a very large and detailed nation-wide survey conducted for Southam News and used by the organization to publish a series of interpretive news reports. The core survey of $n = 1700$ was conducted in late November 1997 with sufficient oversamples in Alberta and British Columbia to allow inter-provincial comparisons there as well as in Ontario and Quebec. (For details on sampling issues as well as on the

Figure 1: Average percentages of the surplus to go to debt, tax cut, and spending—responses from the first time this question was asked



Source: COMPAS for Southam News, Winter, 1997/8.

precursor mini-surveys that were conducted to test the impact of wording changes, see the archives in www.compas.ca.)

Reasons for emphasis on paying down the debt

When Canadians were asked why paying down the debt should be a priority, they gave the following replies (the percentage of respondents is given in parenthesis).

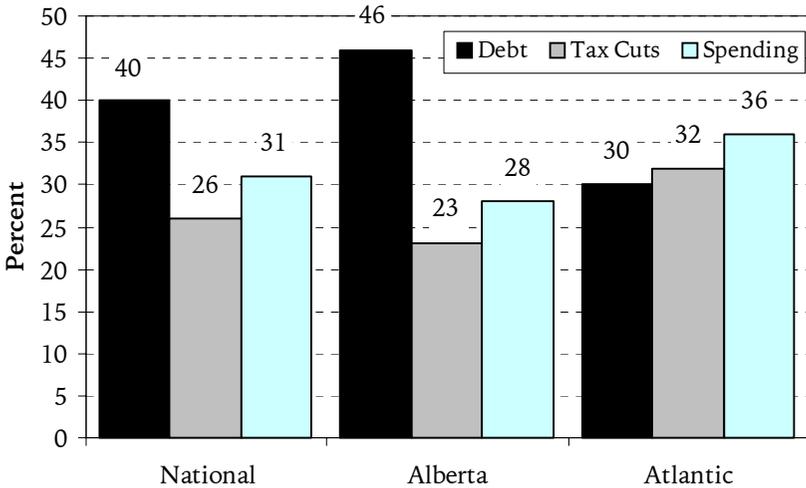
- (1) The debt should be reduced so that future governments could spend the savings from reduced interest payments to lower taxes or on program spending (89 percent).
- (2) Young people should not be saddled with a financial burden that they did not create themselves (87 percent).
- (3) The debt should be reduced because, once the large baby-boom generation retires from the workforce, there will not be enough younger people to pay taxes and the debt (81 percent).

There is a wide-spread consensus about the importance of debt repayment and what proportion of the surplus should go to the debt. Irrespective of province, age and most other demographic characteristics, Canadians are largely of one mind.

Regional and income differences

Figure 2 shows that Albertans are more interested in debt reduction and much less in tax cuts and spending increases than are the residents of the Atlantic provinces. However, the results from these two regions

Figure 2: Average percentages of the surplus to go to debt, tax cut, and spending—responses from Canada, Alberta, and the Atlantic region



Source: COMPAS for Southam News, Winter, 1997/8.

are not very much different from those for the country as a whole and accurately reflect a broad Canadian consensus on the question of the use of future fiscal surpluses.

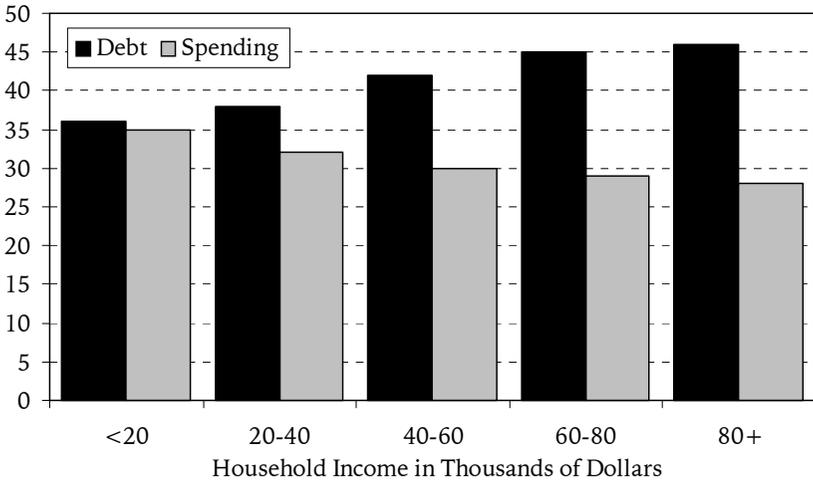
Depending on their age, people will be affected in radically different ways by the speed with which the debt is repaid. The youngest would benefit most and the oldest least from an early retirement of the debt. Nevertheless, survey responses not shown here indicate that there are no differences in the share of the fiscal surplus that Canadians of all ages say should be devoted to debt reduction.

There are, however, some significant differences among the views expressed by Canadians with different levels of income regarding the use of the fiscal surplus: the higher the income of the respondents, the higher the proportion of the surplus they want to go to debt reduction and the lower the proportion they want to go to spending increases (figure 3).

Strong desire for faster debt repayment

The issue of the speed with which the debt is repaid was raised by informing respondents that in 1997 the debt was equal to 73 percent of national production. They were then asked their views about the merit of the federal government’s announced plan of cutting the its debt to

Figure 3: Average percentages of the surplus to go to repayment of the debt or spending—responses from different household income groups



Source: COMPAS for Southam News, Winter, 1997/8.

60 percent in 10 years. In response, 5 percent said that the government plan is much too fast, 31 percent that it was somewhat too fast, 37 percent that it was somewhat too slow, and 12 percent that it was much too slow. The remaining 15 percent feel that this plan is about right.

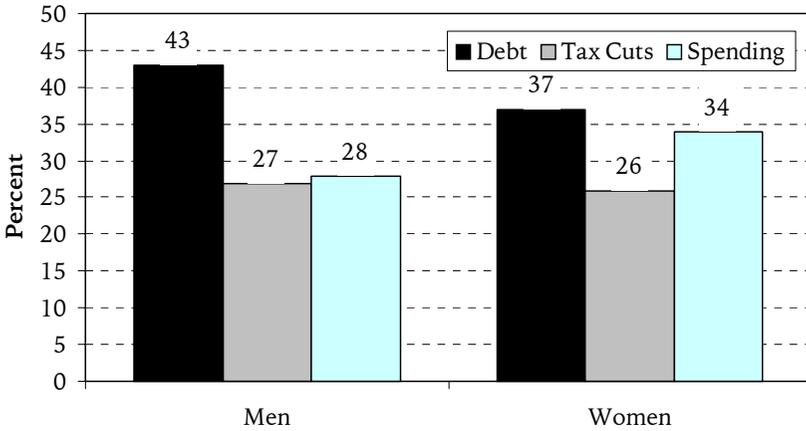
Disagreement between men and women

It is well known that women increasingly vote for parties of the left and men increasingly for parties of the right. The survey showed that there are also significant differences between their opinions about the use of the future fiscal surplus. Figure 4 shows women prefer spending over debt reduction by a margin of 6 percentage points.

Conclusions

There is a strong consensus among Canadians about the importance of debt repayment. Canadians want a higher proportion of the surplus to go to debt repayment than to tax cuts and spending. Canadians also want a rate of debt repayment faster than that envisaged by the government in 1997. The commitment to debt repayment is rooted deeply in Canadians' sense of propriety and common sense. However, Canadians are not totally united in their concern about debt. For example, men are more enthusiastic about debt repayment than women, Albertans more than Atlantic Canadians, and high income earners more than low income earners.

Figure 4: Average percentages of the surplus to go to debt, tax cut, and spending—men versus women



Source: COMPAS for Southam News, Winter, 1997/8.

It is interesting to note that, after a series of questions about the debt, respondents were asked how well informed they felt they had been about the facts before the interview had taken place. About three-fifths felt that they had had a good or very good awareness of debt issues before the interview.

Views on taxation

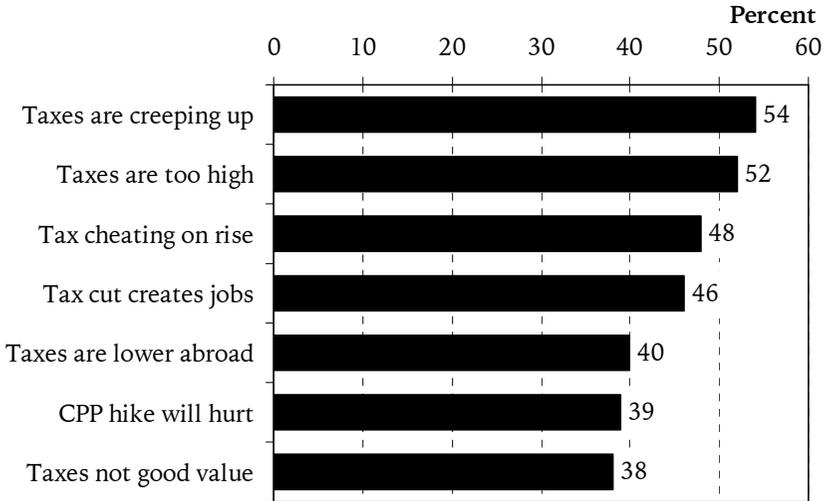
The survey results presented in the preceding section indicated that Canadians give a lower priority to tax cuts than to increased program spending and especially to debt repayment. From this fact it might be concluded that Canadians are acquiescent about taxes. But such an inference would be wrong.

The survey asked Canadians to evaluate the merit of a number of reasons to cut taxes. The results are shown in figure 5. These results suggest that Canadians are more angry about taxes than they are willing to reveal when asked directly. If this is true, Canadians may well under-report how much of the surplus they would like to be allocated to tax reduction.

Regional and income differences

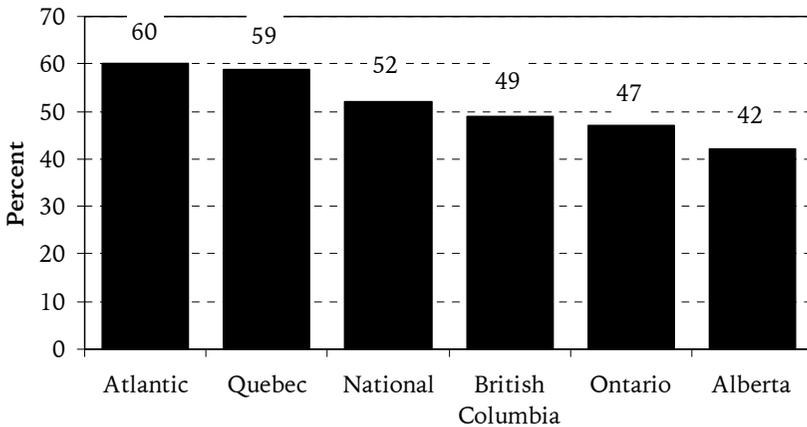
There are some interesting differences in the degree to which Canadians from different regions of the country believe that taxes are too high (see figure 6).

Figure 5: How the public feels about various reasons to cut taxes—percent who agree “a lot” rather than “somewhat,” “not really,” or “not at all”



Source: COMPAS for Southam News, Winter, 1997/8.

Figure 6: More easterners than Albertans see taxes as too high—percent “agreeing a lot” that taxes are too high)



Source: COMPAS for Southam News, Winter, 1997/8.

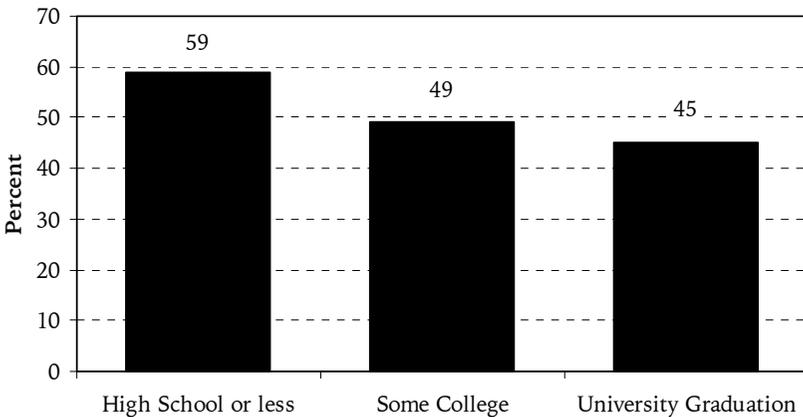
It is noteworthy that these replies are not well correlated with the present levels of taxation in the regions. Both British Columbia and Ontario, after a period under NDP provincial governments, have very high marginal tax rates. The top British Columbia marginal rate of 55 percent is the highest in Canada. On the other hand, there is an interesting and strong negative correlation between per-capita income levels and the greatest concern over the high levels of taxes. Canadians living in regions like the Atlantic provinces, with the lowest income levels per capita, want taxes lowered the most while those living in provinces with the highest per-capita incomes (Ontario, Alberta and British Columbia) want them lowered much less.

In Canada, taxes rise on average with the level of income. Marginal and average tax rates also are higher, the higher the level of income. One would therefore expect concern over high taxes to be greater among those with college and university education than those with a high school or less. The survey results shown in figure 7 indicate that this is not so. These survey results are a puzzle.

Taxing the rich and corporations?

During the last few decades, surveys revealed that a substantial majority of Canadians accept the principles that it is fine to “tax the rich” and impose higher taxes on corporations. In this survey, their answers were different. Only 60 percent agreed with the statement: “We should continue to pay the present level of taxes because a lot of high-income people can afford to pay a lot more in taxes.”

Figure 7: The educated seem less worried about taxes—percent “agreeing a lot” that taxes are too high



Source: COMPAS for Southam News, Winter, 1997/8.

Clear majorities of the public agreed with a series of reasons that are often given for *lowering* corporate taxes. The wording of the question and response distribution (in parentheses) are as follows.

Another issue is corporation tax, the income taxes businesses pay. Please tell me how you feel about each of the following reasons why corporation taxes should be reduced. First of all, high corporation taxes are a bad idea because:

- (1) High corporate taxes drive too many businesses out of the country (total percent agreeing a lot or somewhat—67 percent; agree a lot—31 percent)
- (2) Companies will figure out how to pay their taxes in another country that has lower taxes (total percent agreeing a lot or somewhat—67 percent; agree a lot—28 percent)
- (3) Corporations are owned by millions of people saving for retirement through their pension plans or RRSPs (total percent agreeing a lot or somewhat—52 percent; agree a lot—16 percent).

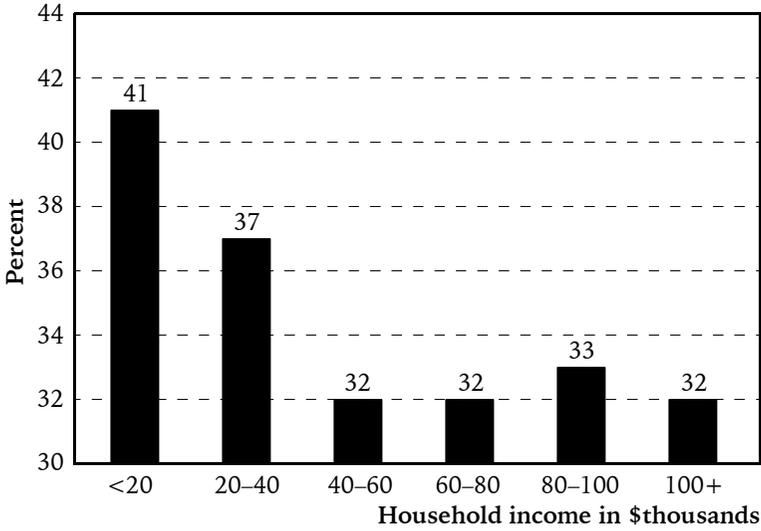
Respondents were also asked “what percent of [a tax] cut . . . out of a 100 . . . should be personal and what percent corporate.” They suggested that 35 percent of any tax reduction be given to corporations and 65 percent to individuals. Given the history of Canadians’ attitude towards the taxation of corporations, these results are quite extraordinary.

A breakdown of survey respondents on the issue of taxation by age and income also are puzzling. It is generally true that Canadians with higher incomes have larger total retirement investments and shares of these investments in corporate equities than do those with less income. For this reason, one would expect older Canadians and those with higher incomes to be more sympathetic to corporations than younger Canadians with lower incomes. The survey results show this expectation to be false (see figures 8 and 9).

Allocating the tax cuts

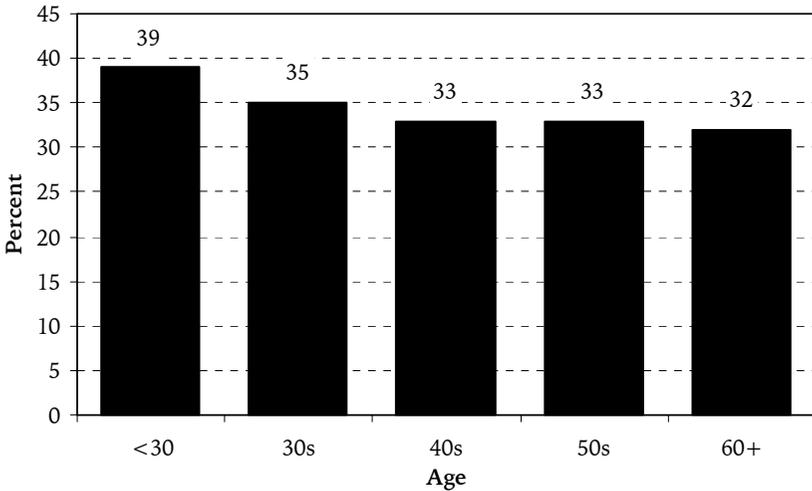
What groups of Canadians should be given the largest tax cuts? Figure 10 shows the results of the survey on this issue. These results suggest that Canadians want tax policy to be made on the basis of ethical values. They would give the largest tax reductions to the working poor with children, to families where one parent is at home and others considered to have low incomes and needs based on socially desirable criteria. Taxation is not seen as an instrument to be used by government to stimulate the economy or to advance the country’s interests in a

Figure 8: The poor are more sympathetic to corporations than the rich—(average percentage of tax cuts to go to corporations)



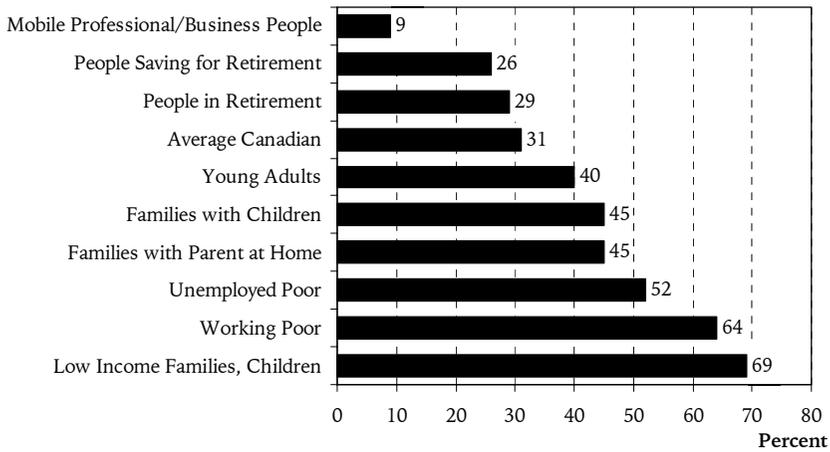
Source: COMPAS for Southam News, Winter, 1997/8.

Figure 9: The young are more sympathetic to corporations than the old—(average percentage of tax cuts to go to corporations)



Source: COMPAS for Southam News, Winter, 1997/8.

Figure 10: Types of people whose tax burdens should be reduced—percent agreeing “a lot” rather than “somewhat,” “not really,” or “not at all.”



Source: COMPAS for Southam News, Winter, 1997/8.

global marketplace. In particular, Canadians appear not be concerned about the possibility that mobile professionals and business people might relocate to foreign jurisdictions where taxes are lower. On all of the issues presented in Figure 10, there are no significant differences in response according to the respondents’ education, income, region, or other demographic attributes.

Views on tax reform

The survey also asked broader questions about changes to the existing system of taxation. These tax reforms have several aspects.

Types of tax cuts

The following issues were raised (response distributions are given in parentheses).

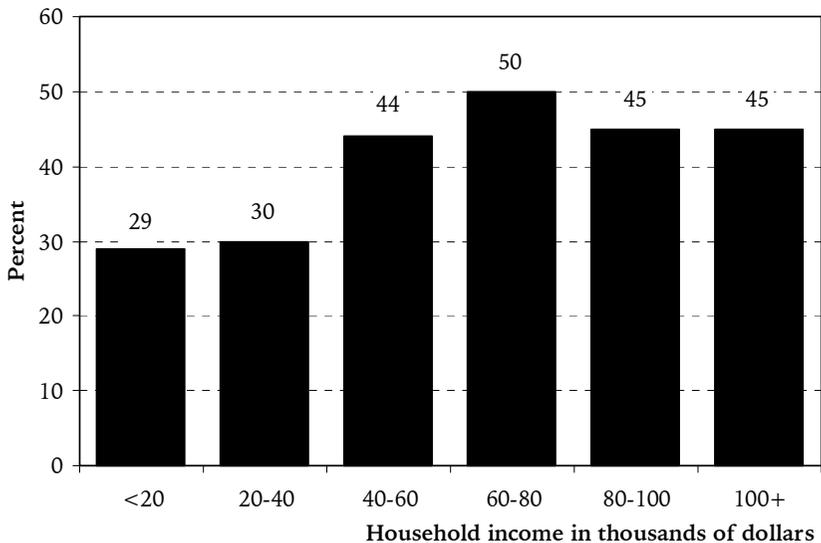
- (1) “Employment insurance premiums should be cut to encourage business to hire more people.” (total agreement—68 percent; agree a lot—27 percent)
- (2) “Personal income taxes should be cut for most middle income earners (e.g. people earning about \$60,000) because they now have to pay the same percentage of tax as the rich on any extra income they earn.” (total agreement—75 percent; agree a lot—38 percent)

- (3) “Personal income taxes should be cut for those earning \$60,000 or more because federal governments have not kept their promise that the tax increases on these people would only be temporary.” (total agreement—53 percent; agree a lot—22 percent)
- (4) “As you know, people have to start to pay taxes when they have income of around \$6,500. This amount should be increased because it has not changed in 10 years.” (total agreement—79 percent; agree a lot—54 percent)

The public consensus for raising the basic exemption, cutting middle-income earners’ marginal tax rate, and cutting employment insurance premiums is very strong. A breakdown of these results shows that Canadians support these possibilities irrespective of region, age, gender, education, or income. The most important exception to this finding came from Quebecois, who are more enthusiastic about all tax cuts than Canadians as a whole.

Another intriguing variation involves the income of respondents (see figure 11). These results are noteworthy because in surveys, as well as politics, people have a tendency to avoid the appearance that

Figure 11: Mid-income tax cuts: most agree and mid-earners especially enthusiastic—percent agreeing “a lot” with mid-income tax cut)



Source: COMPAS for Southam News, Winter, 1997/8.

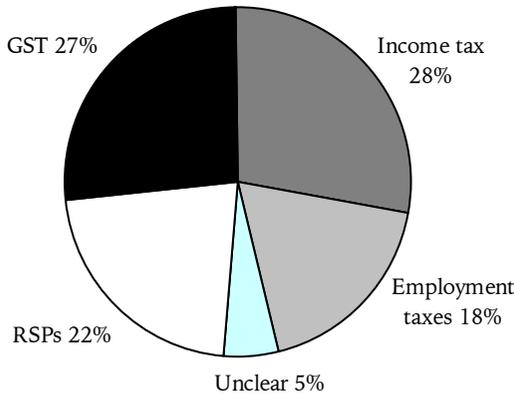
they want policies to serve their self-interest. This tendency does not hold with respect to tax reductions for middle-income earners. They strongly support such benefits for themselves.

Widespread desire for lowering all taxes

Canada has many types of taxes, of which the GST is one of the most widely discussed. Figure 12 shows the proportion of a given fiscal surplus that respondents thought should go to the reduction of different types of taxes. The largest and almost equally desired reductions are in the income and GST taxes. The GST appears to be of less concern to Canadians than one might have expected from past political discussions. Total revenues raised through employment taxes and the importance of Retirement Savings Plans are minor relative to those involved in personal and corporate income taxation and the GST. Therefore, the desire to have changes made to these systems comes as somewhat of a surprise. Possibly respondents showed their concern over the widely publicized job-killing effects of employment taxes.

The demographic break-down of responses to the questions about the type of taxes that should be cut revealed that younger people show more interest than older people in the reduction of taxes on private Retirement Savings Plans. This may be considered a reflection of the concern of younger people about the ability of the public pension system, the CPP, and Seniors Benefit Plan to meet their needs when they are retired.

Figure 12: Public want surplus to help lower all taxes—proportion of surplus used to cut selective taxes



Source: COMPAS for Southam News, Winter, 1997/8.

About marginal tax rates

The survey asked about marginal tax rates, which are considered important by many because of their possible effects on work efforts and investment incentives. To set the stage for questions on this issue, interviewers provided the following introduction:

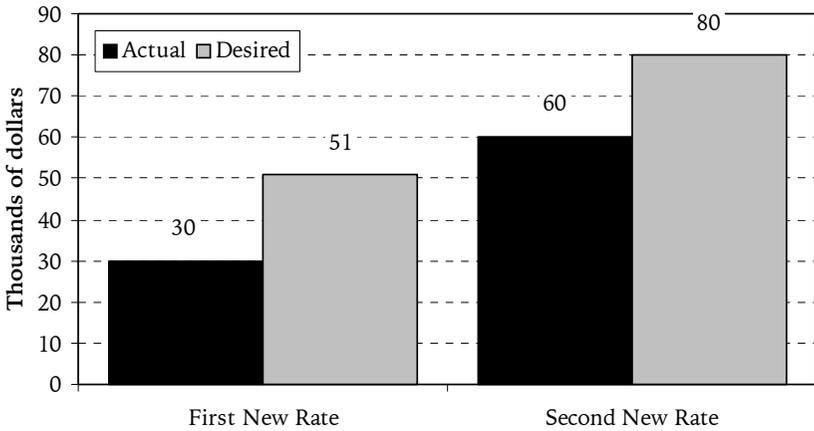
One issue in taxation policy is deciding what is a high income. As you know, the government decides what is high income and charges people above this level a higher percentage of their income as tax. This is called “the marginal tax rate.” In practice, the marginal tax rate jumps twice—it goes up quite a bit when people earn \$30,000 a year and goes up a little bit more when people earn about \$60,000 a year. In your view, when should the first tax increase take place? How much should people be earning before they get a big jump in their tax bill? At what income level should the second tax increase take place? That is, how much should a person be making before they’re charged at a higher marginal tax rate?

The response to these questions is found in figure 13. It is clear that the public wants the first increase in the marginal tax rate to be applied to people earning \$51,000 a year and the second to those earning \$80,000 a year. There is a substantial nation-wide consensus on this issue with minor variations associated with the prosperity of the province or region:

- (1) Atlantic Canadians suggest slightly lower transition points—\$46,000 instead of the nation-wide figure of \$51,000 and \$75,000 instead of \$80,000.
- (2) Quebecois also suggest slightly lower transition points—\$48,000 and \$74,000.
- (3) British Columbians offer slightly higher transition points than the national average—\$56,000 instead of the nation-wide figure of \$51,000 and \$90,000 instead of \$80,000.

The response to this question hardly varies at all according to respondents’ income levels. Respondents from all income strata suggested that the first marginal tax increase should take place in the very tight range of \$48,000 to \$51,000. The second increase in the marginal rate was given in the range of \$76,000 to \$83,000 by most respondents. The exception occurred among respondents from households with \$100,000 or more in income. This category of very high income earners wants the second increase in marginal tax to take effect at \$94,000.

Figure 13: Actual and desired marginal rates of income tax—at what income level should the first and second increases be applied?



Source: COMPAS for Southam News, Winter, 1997/8.

Marginal rates and the desire to work

Do high marginal tax rates discourage work? To explore this issue, the survey asked Canadians presently working part-time or full-time to describe their willingness to accept extra work under varying marginal tax rates. The survey used the following questions:

Suppose someone other than your principal employer or your principal source of work offered you two days of extra work each week for 10 weeks, where you would be paid overtime wages at your normal rate of pay. Suppose you took home 50 percent of this because the other 50 percent went to the federal and provincial governments as tax. Would you definitely, probably, probably not or definitely not accept the extra work?

Suppose you got to keep 70 percent and 30 percent went to the federal and provincial governments as tax. Would you definitely, probably, probably not, or definitely not accept the extra work?

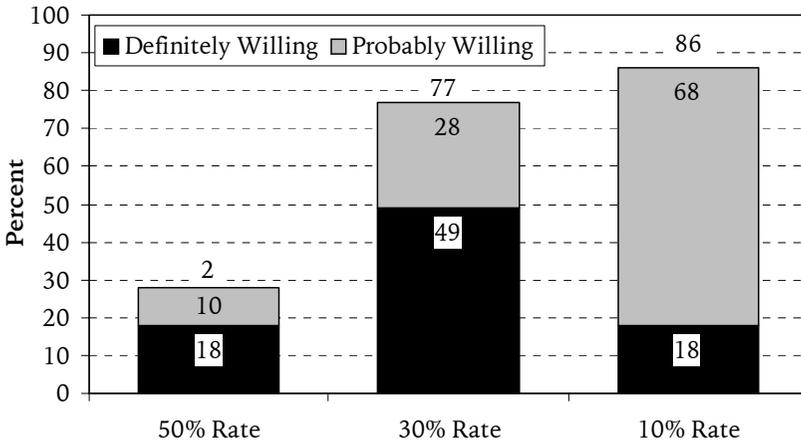
Suppose you got to keep 90 percent and 10 percent went to the federal and provincial governments as tax. Would you definitely, probably, probably not, or definitely not accept the extra work?

If the respondent was not in the paid workforce but cohabiting with someone who was, COMPAS interviewers asked the respondent whether he or she would encourage their spouse to accept the extra work under these same marginal tax-rate scenarios. The results of these questions are presented in figure 14.

The results show that marginal tax rates have quite a dramatic effect on Canadians' willingness to work. If the marginal rate is dropped to 30 percent from 50 percent, the willingness to work goes up from 28 percent to 77 percent. A further drop of the marginal rate to 10 percent increases willingness to work further but by only a relatively small margin.

The impact of changing the marginal tax rate on the willingness to work is essentially unrelated to the respondent's income or education but has a strong regional character. At a 50 percent marginal rate, Quebecois are much less willing to accept extra work than Canadians as a whole: 11 percent, definitely willing; 17 percent, probably willing; 42 percent, definitely unwilling. This compares with the national averages: 15 percent, definitely willing; 26 percent, probably willing; 32 percent, definitely unwilling. At a 30 percent marginal tax rate, the interest of the Quebecois in work jumps so dramatically that it almost matches the national average: 30 percent definitely willing to work compared to 28 percent nationally; 42 percent probably willing compared to 49 percent; and 16 percent definitely not willing compared to 11 percent.

Figure 14: Percent willing to work weekends under various marginal tax-rate scenarios



Source: COMPAS for Southam News, Winter, 1997/8.

Government spending and social programs

The survey asked Canadians about the role of government spending and the provision of social programs. The first set of questions (response distributions are given in parentheses) was introduced: “People give different reasons for being thrifty and not spending more money. How do you feel about each of the following ideas?”

- (1) “If governments spend less money, they will learn to spend smarter.” (agree a lot—41 percent; somewhat—31 percent; total agreement—72 percent)
- (2) “If Canadians want better government programs, we should have user fees, not higher taxes.” (agree a lot—31 percent; somewhat—38 percent; total agreement—69 percent)
- (3) “If governments spend less, Canadians will learn how to do more for themselves.” (agree a lot—27 percent; somewhat—35 percent; total agreement—62 percent)

The second set of questions was introduced: “At this point I am going to read you a list of principles that could guide spending. Please tell me how you feel about each principle.”

- (1) “Expenditures should be closely monitored so that people getting money actually do what they get the money for.” (agree a lot—75 percent; somewhat—19 percent; total agreement—95 percent)
- (2) “Expenditures should be closely monitored by independent, non-governmental groups so that these programs actually achieve what they are supposed to and don’t make things worse.” (agree a lot—63 percent; somewhat—27 percent; total agreement—90 percent)
- (3) “People should get welfare or other social support for short, fixed periods of time, not forever.” (agree a lot—61 percent; somewhat—24 percent; total agreement—85 percent)
- (4) “Among people with low incomes, people who work should be helped more than people who don’t.” (agree a lot—31 percent; somewhat—31 percent; total agreement—62 percent)
- (5) “Anyone receiving a government service should have to pay something, even if the user fee were a small one.” (agree a lot—35 percent; somewhat—33 percent; total agreement—67 percent)

The third set of questions was designed to uncover Canadians’ commitment to liberal principles of redistribution. Respondents were asked to express their agreement with the following statements.

- (1) “Among people who work, those with low incomes should be helped more than people with medium incomes.” (agree a lot—33 percent; somewhat—42 percent; total agreement—76 percent)
- (2) “Children and their parents should be helped more than adults without children.” (agree a lot—37 percent; somewhat—34 percent; total agreement—71 percent)

The responses in this section reveal an interesting new development. On the one hand, the views on the last two statements show continued strong support for liberal principles of redistribution. On the other hand, there was even stronger support for the monitoring of social programs and of the behaviour of recipients. It is interesting to note that on all of these issues there exists a strong national consensus and there are no significant differences in responses according to their age, gender, education, and income.

However, Quebecois stand out slightly from other Canadians as a result of their greater preference for charity. In Quebec, 52 percent agree a lot that low-income earners should get priority attention over middle-income earners. In all of Canada, only 33 percent agree with this principle. Quebecois also differ with other Canadians about user fees for government services: 44 percent agree a lot with this principle while only 35 percent of all Canadians and 24 percent of those living in Atlantic Canada agree a lot with this principle.

Paradoxically, the public is especially enthusiastic about spending in those regions, notably Quebec and Atlantic Canada, where antagonism to taxation is especially high.

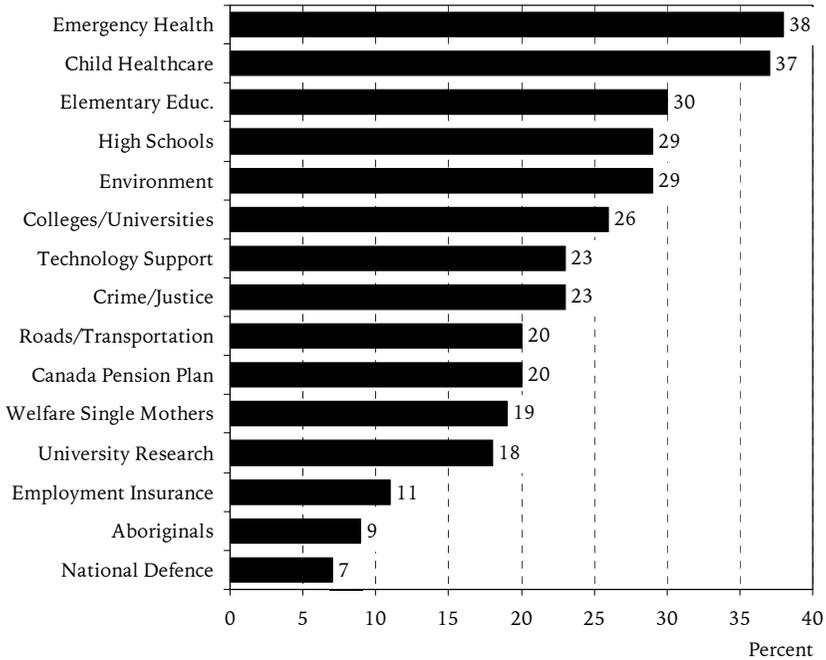
How to spend money

This section deals with questions in the survey concerning the way in which government should spend that share of the fiscal surplus not going to the reduction of the debt and taxes.

Figure 15 reveals clearly that health spending is by far the highest priority of Canadians. In more detail, the data on this type of spending show that a total of 83 percent advocates more spending on emergency health services—38 percent a lot more and 45 percent somewhat more. Similar responses were given on the issue of child health care. A total of 84 percent calls for more spending—37 percent a lot more and 47 percent somewhat more.

Education, the justice system, the environment, transportation, and CPP fall into a middling priority. Total support for these items is virtually as large as that for health care but the support is far less intense: far fewer Canadians advocate “a lot” more spending. Support for single mothers and university research trails slightly behind.

Figure 15: Where should government spend?—percent saying “a lot more” rather than “somewhat less” or “a lot less” in each area



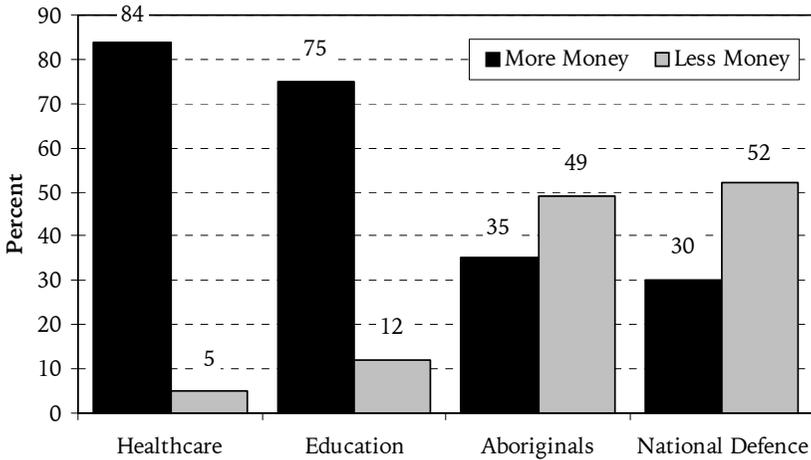
Source: COMPAS for Southam News, Winter, 1997/8.

Expenditures on aboriginal programs and defence have very low support. Thus, 35 percent advocate a greater priority for aboriginal programs (9 percent a lot, 26 percent somewhat more) while 30 percent call for somewhat less and 20 percent much less. The remainder call for no change. Seven percent of all Canadians want the government to spend a lot more on national defence, 23 percent somewhat more, 18 percent no change, 33 percent somewhat less, and 19 percent much less. These results are presented in figure 16, where the focus is on the proportion of those wanting lower and higher spending on the major programs.

Regional differences

Canada’s provinces and regions agree on many large budgetary issues, for example how much of the surplus should go to debt repayment. But Canada’s regions differ on spending priorities. Quebec and

Figure 16: Canadians, except aboriginals and members of Department of National Defence, want spending in education and health—percent saying “more money” versus those saying “less money”



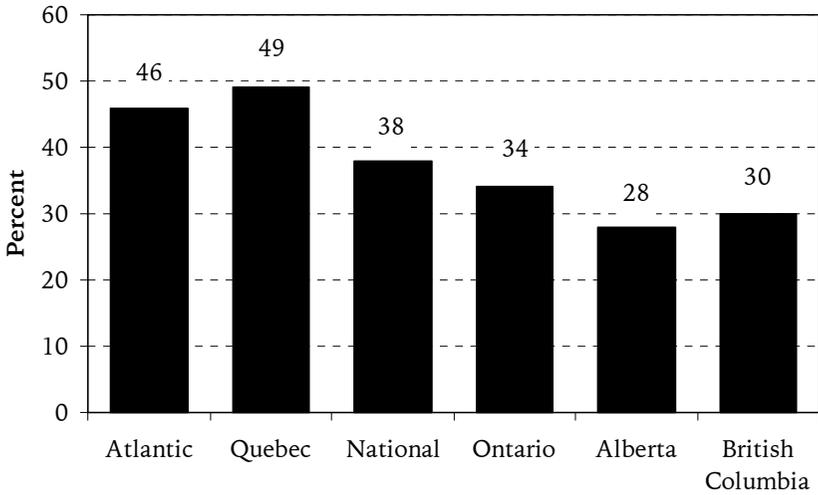
Source: COMPAS for Southam News, Winter, 1997/8.

Atlantic Canada favour a greater priority for social programs, including secondary education, emergency health services, and employment insurance.

The relative importance attached to social spending by different regions is clearly shown in figures 17, 18 and 19. Figure 17 shows what percent of the respondents want to spend a lot more on health care figure 18 shows regions that favour spending on high-school education. Ontarians are below the national mean but still quite far above Alberta and British Columbia. Figure 19 focuses on the differences between the Atlantic Provinces, Quebec, Ontario and the national average. The regional differences already noted show up even more strongly with respect to spending on employment insurance and help for single mothers.

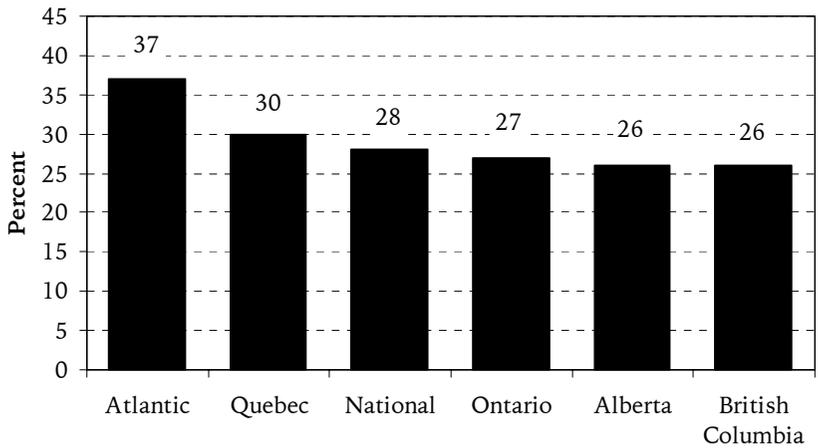
British Columbians and Albertans are generally as opposed to increased spending as Ontarians with one notable exception. As figure 20 shows, 30 percent of respondents from British Columbia but only 23 percent of all Canadians want a lot more money spent on crime prevention and the justice system.

Figure 17: Easterners want more money spent on health—percent saying “a lot more money”



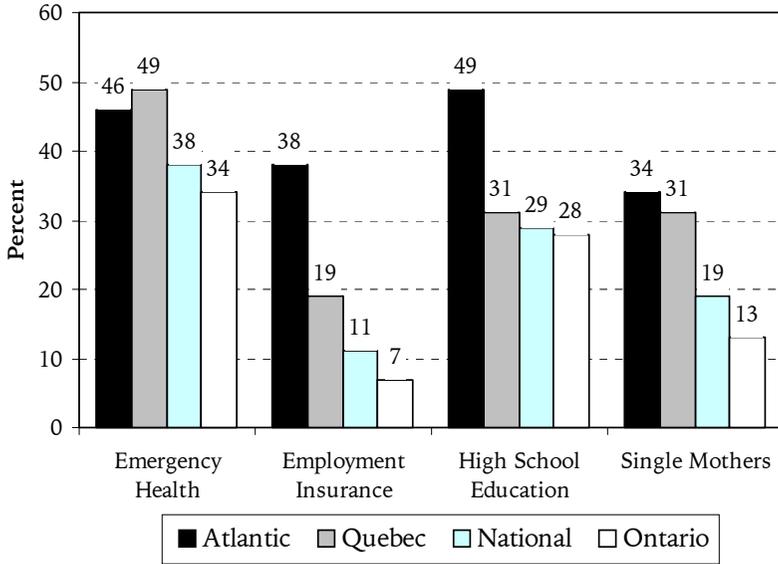
Source: COMPAS for Southam News, Winter, 1997/8.

Figure 18: Easterners want more money spent on high-school education—percent saying “a lot more money”



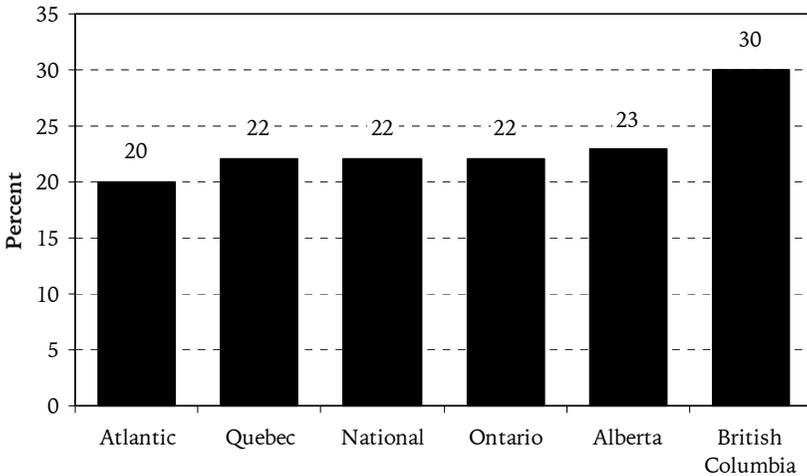
Source: COMPAS for Southam News, Winter, 1997/8.

Figure 19: Quebec and Atlantic provinces want increases in spending on social programs; Ontario does not—percent wanting “a lot more spending” in each area



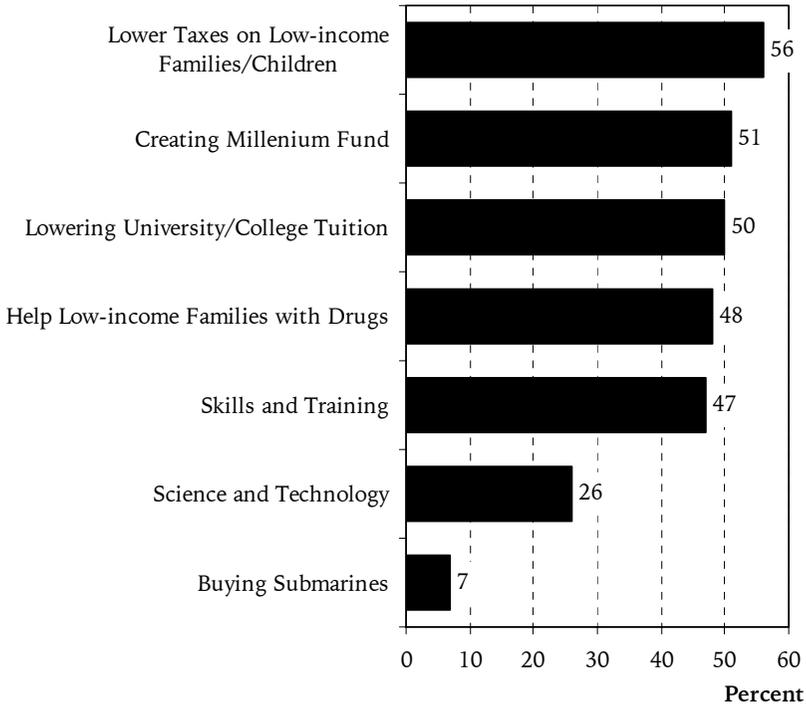
Source: COMPAS for Southam News, Winter, 1997/8.

Figure 20: Westerners want more money spent on crime prevention and justice system—percent saying “a lot more money”



Source: COMPAS for Southam News, Winter, 1997/8.

Figure 21: Government should spend money on ... —percent agreeing “a lot” rather than “somewhat,” “not really,” or “not at all” for spending in each area



Source: COMPAS for Southam News, Winter, 1997/8.

Spending increases and current government initiatives

How popular are the spending and tax initiatives favoured by the current government? Figure 21 indicates that Canadians have a strong concern over the taxes paid by low-income families with children. This had already become apparent in the questions about the nature of tax reductions presented above. Help for families with low incomes and great costs for medical drugs ranks similarly high.

Figure 21 also shows strong support for programs to support higher education. Fifty-one percent agreed a lot with the creation of the so-called Millennium Fund, which would provide cheap loans for university and college students. Fifty percent agreed with policies for lower tuition for these students. Canadians also show strong support for more spending on skills and training. Support for science and technology was favoured much less and the purchase of submarines received very little support.

Gender

Women, on the one hand, showed a greater support than men for social expenditures. For example:

- (1) creation of a Millennium Fund (agree a lot—women 56 percent, men 46 percent)
- (2) lower post-secondary tuition (agree a lot—women 54 percent, men 45 percent).

Men, on the other hand, showed greater support for more spending on science and technology (34 percent) than women (19 percent).

Education and cultural differences

Canadians without post-secondary education are slightly more favorable to investments that provide more visible returns:

- (1) support for the Millennium Fund (without post-secondary education 58 percent, with post-secondary education 46 percent).
- (2) lower taxes for low-income families (without post-secondary education 62 percent, with post-secondary education 51 percent).
- (3) Lower tuition (without post-secondary education 55 percent, with post-secondary education 46 percent).

The most educated are the least supportive of submarines: 20 percent of university graduates agree somewhat or a lot with a submarine purchase compared to 27 percent of those with some college or university education and 32 percent of those with high school or less.

Regional differences

There is a substantial national consensus on most of these issues. Among Quebecois, however, 75 percent agreed a lot that taxes should be lowered for low-income families with children while only 56 percent agreed a lot across the nation. Quebecois are also particularly supportive of allocations to help low-income families with drug purchases: 67 percent of Quebecois but only 48 percent across the nation agreed a lot with this statement. By the same relative amounts, Quebecois more than the entire population of Canada opposed spending money on submarines and approved the establishment of the Millennium Fund.

Age

Young and old differ moderately in their view of the current budget options in ways that reflect different economic interests and life-cycle perspectives. Fifty-eight percent of people under 30 years of age agree a lot

that post-secondary tuition should be lowered compared to 50 percent of all Canadians and 46 percent of Canadians 60 years of age and older. Only 39 percent of Canadians under 30 years of age agree a lot that some of the surplus should go to skills and training compared to 47 percent of Canadians as a whole and 51 percent of those 50 years of age and older.

Younger adults, most of whom have yet to form families, are less supportive of lowering taxes for low-income families with children. Among the under-30 cohort, 47 percent agree a lot that taxes should be lightened on low-income families with children compared to 56 percent holding this view among Canadians as a whole and 63 percent among those over 50 years of age.

Conclusion

The single most important finding is that Canadians want paying down the debt to be the priority use for the federal surplus; tax reductions and program enhancements are secondary priorities. There is a nationwide consensus on this issue as there is on many other tax and spending issues. For example, Canadians are largely of one mind that high marginal tax rates are a disincentive to work.

The broad consensus among Canadians emerges from a shared ethical culture. There exists amazing agreement among Canadians in all regional and demographic groups on so many of the policy, tax, and expenditure challenges facing the federal government.

Economic self-interest rarely emerges as a transparent factor driving public attitudes. For example, high-income earners are not uniquely driven to favour lower taxes.

Modest subgroup differences do nonetheless come to the surface. These tend to reflect differences in cultural perspective like the post-1960s split that puts women to the left of the political spectrum and men to the right or the greater tendency of Quebecois to favour programs but abhor taxes.

Among all the issues probed in the massive Southan News effort, perhaps the most difficult was gauging Canadians' true attitudes towards taxes. On the one hand, Canadians seem much less inclined to favour tax reductions over debt repayment when asked what to do with the surplus. They are also less inclined to favour tax reductions than program enhancements. Yet, respondents seem irate, even angry, in their responses to questions that touch on the tax issue alone. Either Canadians are genuinely of two minds on tax and expenditure issues, or a certain political correctness has cowed them into under-reporting the depth of their aversion to taxes.