

**Spending, Taxing, and Who Earns Business Trust:  
CIBC/Chamber Weekly CEO/Business Leader Poll  
by COMPAS in the *Financial Post*  
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Public Opinion and Customer Research**

## **Introduction**

COMPAS asked business leaders a series of questions about spending and tax priorities as well as the trustworthiness of various public figures, whether or not they are politicians. Business leaders evince little change in their priorities for potential new spending, emphasizing tax cuts and physical security though there may be some attenuation of enthusiasm for the latter. With respect to opposition to new spending, business leaders express some concern about spending on infrastructure but such concern is far less passionate than earlier concern about spending on innovation. Finally, no consensus emerges about how spending caps might be established. To the extent that business leaders favour government spending caps, they are not agreed about the extent to which caps should be tied to inflation. These are the major findings from the weekly CIBC and Chamber of Commerce-sponsored poll.

## **Tax Debates: Some People Are More Trustworthy than Others**

As Canada faces an increasing number of contentious economic, tax, and budgetary decisions, COMPAS asked business leaders to score the trustworthiness of a variety of individuals in the context of a major debate on tax policy. Several individuals score at or near the top—the chief economist of a major bank, the head of the Canadian taxpayers' federation, a business school dean, for example, with Paul Martin nominally in the lead, as shown in table 1.



*Table 1: Suppose a major debate took place on tax policy, and there was disagreement. Please score each of the following for trustworthiness on the issue, using a 100-point report card where 100 is the best possible score  
[ROTATE]*

	%	DNK
Paul Martin	62	6
The chief economist of one of Canada's major banks	59	5
The head of the Canadian Taxpayers Federation	58	7
The Dean of a major university business school	58	6
A prominent chartered accountant	58	6
Alberta Premier Ralph Klein	54	8
Ontario Premier Ernie Eves	49	11
B.C. Premier Gordon Campbell	45	12
Stephen Harper	42	13
Alan Rock	36	10
Jean Chretien	31	7
The head of a major labour union	20	8

## Stable Views about Where and Where Not to Spend Money

When business leaders are asked to indicate where potential, new money should be sent, their views remain essentially unchanged from November of last year til today. The only possible change is a hint of attenuation in enthusiasm for military security spending that was expressed two months after 9/11. Today, about a fifth of potential new money should be directed to each of tax cuts and physical security, as shown in table 2.

While there appears to be little change in positive attitudes towards spending new money, there appears to be some change in negative attitudes or opposition to new spending. Previous questionnaires included possible opposition to innovation spending as an optional response. This time, COMPAS instead included the option of opposing new spending on infrastructure. As shown in table 3, opposition to spending on infrastructure is far less intense than past opposition to innovation spending—20% instead of 47%. In other respects, business leader opinions have hardly changed.



*Table 2: Approximately what percentage of any NEW money, if any, should go to each of the following? [ROTATE]*

	Nov 12, 2001	June 3, 2002	Sep 27, 2002
Paying down the national debt	23	30	22
Health transfer payments to the provinces	20	21	18
Cutting personal income taxes	14	16	12
Infrastructure	NA**	NA**	12
Post-secondary education	NA***	NA***	12
Military preparedness	14	12	10
Home security including border and immigration controls and domestic preparedness against potential terror	15	11	8
Cutting corporate taxes	8	10	8
Innovation policy – one billion dollars on high speed Internet access in small town/rural Canada and supplementary monies for university technology research	7	NA*	NA*
COMPOSITE CALCULATION: Total tax cuts i.e. cutting corporate taxes + cutting personal income taxes	22	26	20
COMPOSITE CALCULATION: Total physical security i.e. military preparedness + home security	29	23	18

**\*Note:** Respondents were not prompted with the “innovation policy” response category in the June 3, 2002 and September 27, 2002 surveys.

**\*\*Note:** Respondents were not prompted with the “Infrastructure” response category in the November 12, 2001 and June 3, 2002 surveys.

**\*\*\*Note:** Respondents were not prompted with the “Post-secondary education” response category in the November 12, 2001 and June 3, 2002 surveys.



*Table 3: As you know, the federal government may have a surplus of several billion dollars. Where should the federal government definitely NOT devote any new money (choose one answer) [ROTATE]*

	Nov 12, 2001	June 3, 2002	Sep 27, 2002
Infrastructure	NA**	NA**	20
Cutting corporate taxes	19	14	19
Home security including border and immigration controls and domestic preparedness against potential terror	3	14	15
Military preparedness	8	18	14
Cutting personal income taxes	7	9	13
Health transfer payments to the provinces	7	9	8
Paying down the national debt	10	5	4
Innovation policy – one billion dollars on high speed Internet access in small town/rural Canada and supplementary monies for university technology research	47	NA***	NA***
UNPROMPTED: Advertising/public relations for Liberal government/patronage	NA	5	NA
UNPROMPTED: New programs/new social programs	NA	4	NA
UNPROMPTED: Government grants/sponsorship programs/business incentives	NA	4	NA
UNPROMPTED: Arts and culture/cultural industries	NA	3	NA
UNPROMPTED: HRDC	NA	2	NA
UNPROMPTED: Aboriginal affairs	NA	2	NA
UNPROMPTED: Foreign aid	NA	1	NA
UNPROMPTED: None	NA	2	NA
Other	NA*	2	NA*
DNK/Refused	NA	7	8



	Nov 12, 2001	June 3, 2002	Sep 27, 2002
COMPOSITE CALCULATION: Total tax cuts i.e. cutting corporate taxes + cutting personal income taxes	26	23	32
COMPOSITE CALCULATION: Total physical security i.e. military preparedness + home security	11	32	29

\* **Note:** Respondents were not given the option to volunteer replies other than the prompted categories in the November 12, 2001 and the September 27, 2002 surveys. Respondents were allowed to volunteer an "other" response in the June 3, 2002 survey.

\*\***Note:** Respondents were not prompted with the "Infrastructure" response category in the November 12, 2001 and June 3, 2002 surveys.

\*\*\* **Note:** Respondents were not prompted with the "innovation policy" response category in the June 3, 2002 and September 27, 2002 surveys.

## Caps on Spending Should Allow at Least Inflation

Given the discussions in the business community of potential caps on government spending, COMPAS asked respondents to choose among several options, as shown in table 4. To the extent that business leaders may embrace such caps, they are far from reaching a consensus on what the caps should look like. As shown in table 4, two fifths favour a cap up to the level of inflation while a third favour a cap at 2% above inflation.

*Table 4: There's some talk about having a law providing an annual spending cap to control spending increases. Which of the following positions is closest to you own? [NO ROTATION]*

	%
Spending can increase up to the level of inflation	39
An annual cap of 2% above inflation for new spending	32
No increase in spending and no adjustment for inflation	16
An annual cap of 7% on total new spending with no adjustment for inflation	4
DNK/Refused/none of the above	8



## **Methodology**

The *National Post*/COMPAS web-survey of CEOs and leaders of small, medium, and large corporations and among executives of the local and national Chambers of Commerce was conducted September 24-26, 2002.

Because medium and small companies are more numerous in the economy and hence among Chamber membership, actual respondents are drawn more from these strata than from the stratum of the largest companies. Because of the small population of CEOs and business leaders from which the sample was drawn, the study can be considered more accurate than comparably sized general public studies. In studies of the general public, surveys of n=143 are deemed accurate to within approximately 8 percentage points 19 times out of 20. The principal and co-investigators on this study are Conrad Winn, Ph.D. and Jennifer McLeod.

