

Alberta Election, Transfer Payments

BDO Dunwoody/Chamber Weekly CEO/Business Leader Poll

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1.0 Introduction

Canada's business leaders recognize the need and drawbacks of Canada's transfer payment system. While moderately supportive of transfer payments as part of our responsibility as a democratic and caring society, respondents in this business panel are concerned that transfer payments create dependencies in recipient provinces that impede economic growth. They also have reservations that transfer payments effectively spread economic growth more evenly throughout the country.

With respect to the recent speculation that Alberta may forgo transfer payments to have the freedom to operate its healthcare system outside of the Canada Health Act, business leaders give this scenario slightly favorable odds.

These are the key findings of the on-line weekly study of Canada's business leaders for publication in the Financial Post under the sponsorship of BDO Dunwoody and the Canadian Chamber of Commerce.

2.0 Moderate Support for Transfer Payments, Moderate Concerns of their Effectiveness

Respondents were asked to use a 7 point scale to rate the extent to which they agreed with three opinions about transfer payments. The concern that transfer payments create structures or dependencies in recipient provinces that impede economic growth received the widest agreement, with 6 in 10 respondents scoring it a 5 or better and receiving a mean score of 4.8 out of 7, as shown in table 1. Similarly, the statement, "redistributing wealth to poorer provinces is part of our responsibility as a democratic and caring society" received a mean score of 4.7 with nearly 6 in ten scoring it 5 or better. Respondents were less likely to agree that, "transfer payments help spread economic growth more evenly throughout the country" assigning a mean score of 4.2.



Table 1: (Q1) There's been some talk in the media about transfer payments and the redistribution of wealth from Ontario and Alberta to other provinces. Using a 7 point scale 7 means definitely agree and 1, the opposite, to what extent do you agree with each of the following? [ROTATE]

	Mean	7	6	5	4	3	2	1	DNK
Transfer payments create structures or dependencies in recipient provinces that impede economic growth	4.8	22	15	23	16	13	8	4	0
Redistributing wealth to poorer provinces is part of our responsibility as a democratic and caring society	4.7	15	19	25	20	10	5	6	0
Transfer payments help spread economic growth more evenly throughout the country	4.2	5	22	21	21	10	10	10	1

Not all respondents favor transfer payments. As one respondent noted, "Transfer payments and Employment Insurance benefits encourage people to stay in depressed regions rather than moving to places with more opportunity. This creates both a culture of dependence in "have not" provinces and a shortage of labor in "have" provinces. Economic redistribution doesn't make sense on a national basis, but politically it helped the Liberals sweep Atlantic Canada. "



3.0 Alberta More likely than not to Forgo Transfer Payments and Operate outside of the Canada Health Act; Unlikely to Benefit Greatly from Separating from Canada

Half of respondents believe that Alberta will likely forgo transfer payments to give it the freedom to operate its healthcare system outside the Canada Health Act, as shown in table 2. 50% scored the likelihood a 5 or better out of 7 while 28% scored it a 3 or less. Those who give the odds to Alberta forgoing transfer payment outnumber those who don't by a factor of nearly 2:1.

Table 2: (Q2) There's been some debate about whether or not Alberta will operate its healthcare system outside of the Canada Health Act and forgo receiving any transfer payments. Using a 7 point scale where 7 means very likely and 1, the opposite, to what extent is Alberta likely to forgo transfer payments to give it the freedom to operate outside the Act?

	Mean	7	6	5	4	3	2	1	DNK
To what extent is Alberta likely to forgo transfer payments to give it the freedom to operate outside the Act	4.3	6	17	27	14	11	11	6	8

On the issue of the potential benefits and drawbacks of Alberta separating from Canada, most respondents believe that Alberta benefits from being a part of Canada because of shared cultural values and special economic opportunities, as shown in table 3. Notably, respondents are evenly split as to whether Alberta would be more prosperous if it separated because it would not have to share its wealth with other provinces. 44% scored this statement 5 or better while 43% scored it 3 or less. Comments from respondents were also divided:

To be frank, Western Canada, in general, would be better off if separated from Eastern Canada.



Alberta appears to forget that its wealth is recent and may not be sustainable. The oil reserves will one day be depleted.

As a native Albertan, having lived in 7 of 10 Canadian provinces and currently living in the Maritimes, I can honestly say that all Canadians (including Albertans) would be poorer without Alberta as a part of Canada.

Any talk of separation by one region or province from the whole is dangerous and simply stupid. Just because a region is temporarily prosperous and could therefore think of opting out of a country is short sighted in the extreme, not to mention treasonous. Separation also ignores history.

Alberta was only just recently (about 2-3 decades ago - not a long time from an historical perspective) a "have not" and was largely a beneficiary of regional transfers. When the Atlantic Provinces joined Confederation they were definitely a prosperous "have" region. Only in the last half-century have they become "have not". It is presumptuous in the extreme to think that a region will permanently enjoy either a "have" or "have not" status.

Most respondents disagree that if Alberta separated from Canada it would be in a better position to advance its beef interests because of the importance of its energy resources, assigning a mean score of 3.5 out of 7.



Table 3: (Q3) Some say there are advantages for Alberta in being part of Canada while others say Alberta would be better off if it separated. Using a 7 point scale where 7 means definitely agree and 1, the opposite, to what extent do you agree that...[ROTATE]

	Mean	7	6	5	4	3	2	1	DNK
Alberta benefits from being a part of Canada because of shared cultural values and special economic opportunities	5.3	31	24	19	12	6	4	4	1
Alberta would be more prosperous if it separated because it would not have to share its wealth with other provinces	4.0	16	10	18	12	14	17	12	1
If Alberta separated from Canada it would be in a better position to advance its beef interests because of the importance of its energy resources	3.5	6	13	16	13	13	19	17	4

Respondents offered a few more passionate comments this week, including:

I have lived in four different provinces and faced the media created prejudices in each: the Maritimes are EI sucking lazy people, BC is a bunch of dope smoking no goods draining the economy in underground economics and Ontario is the economic engine and a bunch of robots. Funny, I lived in all three areas and you know what, Canadians are Canadians. There aren't many big differences at the ground level, only from a distance.

This issue goes right to the 'Nub' of what ails us as a country. A nation that understands itself has confidence in



itself and is comfortable with its standing in the world and would never think of asking such questions. We have an obligation to each other to share our common wealth.

As an Albertan the idea that Alberta wants to separate is greatly exaggerated. Most people simply do not support this. However, this is a symptom of the frustration of Albertans have with the Federal Government. Something that the rest of the country should note: If we paid as much attention to Alberta as we do to Quebec perhaps this would not be an issue.

An integrated Canada must be more beneficial than one that is split.

4.0 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 October 27-29, 2004. Respondents constitute an essentially hand-picked panel with a higher numerical representation of small and medium-sized firms.

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 144 are deemed accurate to within approximately 8.2 percentage points 19 times out of 20. The principal and co-investigator on this study are Conrad Winn, Ph.D and Tamara Gottlieb.

