

## **Harper-Flaherty Budget Earns Strong Scores**

**Very Strong Praise for Canada's Leadership in Lower Taxes and  
Abolition on Tariffs for Manufacturing Inputs;  
Concern about Longterm Debt;  
Division of Opinion about Whether Harper-Flaherty and  
Chretien-Martin Budgets Are Significantly Different**

**BDO Dunwoody Weekly CEO/Business Leader Poll  
By COMPAS in *Canadian Business*  
For Publication March 15, 2010**



**COMPAS Inc.  
Public Opinion and Customer Research  
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### 1.0 Overview

Despite Opposition and media criticisms of the federal budget, the Harper-Flaherty budget earns high marks from the COMPAS business panel of business leaders and CEOs. Panelists are especially pleased by Canada's leadership in lowering corporate taxes and abolishing tariffs on the importation of manufacturing equipment. Meanwhile, panelists remain concerned about the forecast magnitude of debt.

Opinion is divided and uncertain about whether the current government budgets are fundamentally different from those of Chretien and Martin.

These are the key findings from this past week's Internet survey of CEOs and business leaders on the COMPAS panel. The weekly business survey is undertaken for *Canadian Business* magazine under sponsorship of BDO Dunwoody LLP.

### 2.0 Detailed Findings

The Harper government seems to be enjoying a bit of a honeymoon from the panel in light of the performance scores given to its recent budget. On a 100 point school report card-type scale, the current budget earns an average score of 68% (table 2a), which is higher than scores given to most budgets in COMPAS' ten year database of performance scores.

*Table 2a: (Q1) On a 100 point school report card-type scale, what score would you give the federal government's recent budget?*

Mean	DNK
68	0



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Panelists embrace the budget's freezing of departmental spending and MPs' salaries, the lowering of the general combined corporate tax to the lowest in the G7, and Canada's becoming the first in the G20 to abolish tariffs on manufacturing inputs. Panelists nonetheless are very concerned about the rise in debt over the next several years, as shown in table 2b.

*Table 2b: (Q2) On a 7 point scale where 1 means very poor and 7, very good, what score would you give for each of the following features? RANDOMIZE*

	Mean	7	6	5	4	3	2	1	DNK
Operating department budgets and MPs' salaries frozen til 2013	5.9	40	26	12	7	4	1	2	0
Lowering the general combined corporate tax rate to the lowest in G7 by 2012	5.7	33	36	16	4	3	2	3	1
Becoming the first in the G20 to abolish tariffs on manufacturing inputs	5.3	23	27	26	10	3	3	2	3
Slowing DND growth by \$ 1 billion starting in 2013-14	4.5	8	20	24	22	14	5	5	5
By 2015, debt is projected to rise to \$ 622 billion, 36% higher than the low in 2008	2.9	1	0	11	26	20	24	18	1

Panelists were asked several questions about the presence of any distinctive differences separating Chretien-Martin and Harper-Flaherty budgets. Respondents share no agreement on the issue. Opinion falls far short of a consensus or even clear majority agreement on whether



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- [Chretien-Harper] Differences are modest and understandable because it's hard to change large organizations like government,
- Important differences can be found in the details, and
- The differences are modest because the Harper and Chretien-Martin ideologies on spending are not too different, as shown in table 2c.

*Table 2c: (Q3) When you look at the spending patterns of the Harper and Chretien-Martin governments, to what extent do you agree with the following viewpoints? 1= strongly disagree, 7 = strongly agree RANDOMIZE*

	Mean	7	6	5	4	3	2	1	DNK
The differences are modest— understandable because it's hard to change large organizations like government	4.4	9	20	24	11	11	13	3	2
Important differences can be found in the details	4.4	9	17	22	16	11	12	4	9
The differences are modest because the Harper and Chretien-Martin ideologies on spending are not too different	4.3	8	16	26	15	14	10	8	3

The following verbatims provide a nuanced sense of panel opinion:

Basically legislation often needs to come from individual members because the government fails too often to do anything, too much trying to be reelected rather than moving ahead.

Budget deficit would be much lower if the government eliminated wasteful political concessions like the 'hockey



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lessons' deduction, and had not cut the GST. while their overall philosophy on debt and budgets might be similar to the previous government, there are considerable differences in tax reduction and taxation policy implementation with the conservatives pandering to a vote-buying approach; for example I am receiving the \$100 child care payment - it goes on top of our son's RESP, while people who desperately need child care subsidies go wanting.

That giant sucking sound you hear is that of government in an uncontrolled waste of spending, with the appropriate lack of transparency, and gross mismanagement of tax payers money. Does anybody ever get fired for gross stupidity? Without walking away with a large bag of loot to boot.

The current fiscal direction is closer to Chretien-Martin than I personally would prefer. However that is a function of having a minority government. It is a practical consideration to hold onto power as opposed to a merging of philosophies. I would prefer a strong PC majority government so we could get moving on sensible fiscal policies, law and order matters and Senate reform. It has been a very long time since I have felt that government was providing any value for taxes to regular people, that they showed more concern for law abiding citizens than criminals and the Senate has never really been a chamber of sober second thought but rather a rubber stamp or impediment depending on the government of the day.

### **3.0 Methodology**

The COMPAS web-survey of CEOs and leaders of small, medium, and large corporations was conducted March 11 - 15, 2010. Respondents constitute



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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 n=92 are deemed accurate to within approximate 10 percentage points 19 times out of 20. The principal and investigator on this study is Conrad Winn, Ph.D.

