**Public Opinion and Federal Budget Policy in Canada:
1995 - 2001**

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A thesis submitted to
the Faculty of Graduate Studies and Research
in partial fulfillment of
the requirements for the degree of
Master of Arts

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Ottawa, Ontario
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the Faculty of Graduate Studies and Research
acceptance of the thesis,

PUBLIC OPINION AND FEDERAL BUDGET POLICY IN CANADA

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in partial fulfilment of the requirements
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November 26, 2002

Abstract

This paper uses actual federal Finance Department public opinion data to examine the interaction among political involvement, public opinion, economic knowledge and federal economic policy. Using cross-tabulation, correlations, factor analysis and the creation of several new variables, the author finds that politically involved Canadians differ significantly from uninvolved Canadians in terms of both demographics and opinions on federal economic policy issues. Neither political involvement nor demographic variables, however, are found to sufficiently explain consistency between public opinion and actual economic policy – a finding which may be attributable to factors such as a high degree of consensus on economic issues and the small number of cases available for this analysis. The study concludes with recommendations for future research in the area of public opinion - public policy consistency.

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Chapter 1: Introduction

Analysts of federal economic policy no doubt are well aware that the Finance Department consults widely before each budget. This input-gathering process includes formal pre-budget consultations with interest groups and other interested parties hosted by the House of Commons Standing Committee on Finance and informal meetings between Finance Department officials and interest groups. Input is also gathered by the Finance Minister at national and regional party caucuses, the Cabinet Committee on Economic Policy, full cabinet and in the government lobby outside the Chamber and at fundraising receptions when the Minister is buttonholed by MPs and lobbyists looking to influence what is included in (or excluded from) the budget.

To supplement this informative but less than scientific research process, the Finance Department also holds professionally moderated focus groups with members of the general public to probe what is behind citizens' opinions on issues ranging from specific budget items to general feelings about the direction of the country, the economy and indeed the Finance Minister.

To help make sense of its consultations and qualitative research, the Finance Department also does quantitative research in the form of opinion polls. These polls are conducted throughout the year, often in the fall with questions aimed at gathering input for the following spring's budget. As with the focus groups, the questions in these polls range from the general to the specific and always end with a list of demographic questions which serve

as independent variables for analyzing the dependent variables, in the form of responses to the questions.

Up to this point, nothing in the Finance Department's research process would surprise most analysts of federal economic policy. However, it may surprise some of these analysts to learn that since 1997 the Finance Department has added a list of eight questions to the standard age, income and other demographic questions in each of its budget-related questionnaires. These eight questions deal with respondents level of political involvement, as demonstrated by such actions as writing a letter to the editor, belonging to a political party and writing to an elected representative.

Within the time and budget constraints which accompany telephone polling, it is noteworthy that the Finance Department would insist on asking an additional eight demographic questions in every poll. It is even more interesting that the department would ask the same eight questions regarding political involvement in every poll.

The Finance Department's stated rationale for paying such close attention to the opinions and behaviour of so-called Involved Canadians is explained in a 1997 memo from departmental research firm Earncliffe Research and Communications to a senior departmental official: "(Politically) involved Canadians monitor (public policy) with high levels of interest, form opinions rapidly and then seek to promulgate their views to others."¹ In other words, they are the "squeaky wheels" who must be understood, monitored and possibly "greased" – in the form of budget outputs which are consistent with their views.

¹ Earncliffe Research and Communications, "Budget Mail Outs and Phone Survey." Memo to Finance Department Assistant Deputy Minister Consultations and Communications Peter Daniel, April 29, 1997.

In addition to the public policy and political uses offered by the thousands of data points produced by these eight political involvement questions, this rich source of data can be used by academics interested in researching topics such as the attentive public, opinion-policy consistency and the economic knowledge of citizens – as they apply to the Canadian context. The author was able to find little published Canadian research on any of these topics and it is hoped that the Canadian academic community will make use of this data, since it has now been made public and since these are important topics to be researched.

This paper will use the available data to attempt to answer five fairly simple questions: whether opinions on economic issues vary significantly with the level of political involvement, whether political involvement is demographically linked, whether economic knowledge is demographically linked, whether political involvement and policy - opinion consistency are linked and whether demographics can explain policy - opinion consistency.

Chapter 2: Empirical and Theoretical Literature Review

As mentioned in the introduction to this paper, little Canadian research has been conducted on topics such as the attentive public, opinion-policy consistency and economic knowledge – topics which could be addressed using the Finance Department’s public opinion data. The relevant empirical research which does exist is primarily American and European and is summarized in the first part of this chapter.

A review of the empirical research would be incomplete without a theoretical context in which to examine this research, so the second part of this chapter examines the major theories underlying study in the three major research areas outlined above.

This chapter concludes with a discussion of how the theoretical literature applies to the current paper and illustrates the political system model which will drive the hypotheses presented in chapter three.

Attentive Public Research

Gabriel Almond in 1960 used Gallup survey data from 1935 to 1949 to analyze public opinion on foreign policy issues, Almond found that the average American had relatively little interest in foreign affairs, but a significant minority was attentive to these issues. The size of this attentive public grew from 1950 to 1960, particularly as levels of education

among Americans increased, since education was correlated with attentiveness.² One would expect that the development of mass media such as television also would have played a role in increasing the size of the American attentive public. Almond coined the term “attentive public” in the context of public opinion research and his classification of the American population is discussed in the second part of this chapter.

In 1961, V.O. Key became the first academic to study political involvement (as opposed to simply voting) as an independent variable in the study of American public opinion. Using 1956 data from the Survey Research Center at the University of Michigan, he classified political involvement (e.g. voting, wearing campaign buttons, attending rallies) into three levels (low, medium and high) and then compared public opinion to these variations in participation. Key found that familiarity with political issues rose in proportion to political involvement, as did internationalism and conservatism on domestic issues.

On specific issues (and keeping in mind this research was conducted in the 1950's), Key found that the most politically involved were more likely than their uninvolved counterparts to agree with firing communist suspects and school segregation but were less likely to support tax cuts. Key found that an individual's sense of “political efficacy” rose with political involvement, but did not measure actual efficacy, in terms of opinion-policy consistency.³ He suggested, however, that, “in the long run, majority purpose and public opinion tend to be brought into harmony.”⁴

² Gabriel A. Almond, *The American People and Foreign Policy*. New York: Frederick A. Praeger, 1960, pp. 116-135.

³ V.O. Key, Jr., *Public Opinion and American Democracy*. New York: Alfred A. Knopf, 1961, pp.185-192.

⁴ Key, p. 553.

No Canadian attentive public research was found until a 1997 research study conducted for the Canadian Finance Department by its research firm Earnscliffe Research and Communications to test its thesis that there is a significant difference in media and budgetary consumption between Involved Canadians and Uninvolved Canadians. Because this study was the only attentive public study found and because it is so intricately linked to the data used in this paper, the Earnscliffe study will be considered here at some length.

In the Spring of 1997, questionnaires were mailed to a group of 900 Involved Canadians previously identified by Earnscliffe Research and Communications. About 300 questionnaires were returned. A similar but shorter questionnaire was administered by telephone to another 300 members of the general public to represent Uninvolved Canadians.⁵

The study found that about 30 percent of Canadians can be classified as Involved Canadians and that members of this group are heavier consumers of media information than are Uninvolved Canadians. "These activists are heavily involved in setting and altering the media and political agendas of the country and the provinces They tend to be early adaptors (sic) and lead public opinion trend changes. They help shape the debate either positively or negatively. They are far more likely to consume whatever messages government is communicating and form a key target group for follow-up communications efforts."⁶

⁵ Earnscliffe Research & Communications, "Budget Mail Outs and Phone Survey." Memo to Peter Daniels, April 29, 1997. Earnscliffe acknowledges in its report that since "the sample sizes were fairly small in order to save costs" and "the two instruments were significantly difference methodologically," its conclusions cannot be stated "with any real degree of precision" but suggests that "they would be directionally correct."

⁶ Earnscliffe Research & Communications, "Budget Mail Outs and Phone Survey." Memo to Peter Daniels, April 29, 1997.

More specifically, the Earnscliffe study reported that Involved Canadians, compared to Uninvolved Canadians:

1. Were far more likely to show interest in the budget, consume information about it and to come to an early judgment of it.
2. Consume information more heavily, are more satisfied with their news sources and generally rate new sources as more important to them.
3. Were more likely to monitor the news throughout the day and evening.
4. Rely more on radio news, both the CBC and private stations.
5. Watch current affairs programs like the Fifth Estate and the Magazine more often.
6. Are about equal users of newspapers for public affairs information.
7. Are heavier users of the Internet for information.⁷

Earnscliffe then divided Involved Canadians into two sub-groups, each with its own demographic make-up. About 13 of the population were labelled “Directly Involved” (e.g. they were most likely to have made a speech or volunteered with an organization) and they tended to be baby-boomers, fairly well-educated and affluent. Another 15 percent of the population fell into the “Armchair Activists” category (e.g. they were most likely to have written a letter to the editor or called a radio or TV call-in show) and this group tended to be a little older and less educated than the Directly Involved. Both groups were more affluent than the general population, although limited information was provided on how Involved

⁷ Ibid.

and Uninvolved Canadians differed in terms of demographics or their level of knowledge about the economic issues.⁸ The study did not address opinion-policy consistency.

Consistency and Congruence Research

The field of consistency and congruence was first addressed in 1970 by Donald Devine, who picked up where Almond and Key left off. Devine's first hypothesis was that members of the "attentive public" have significantly different opinions on public policy issues from members of the inattentive public.⁹ His second hypothesis was that the attitudes of the attentive public have a greater effect on political system outputs than does mass opinion. Using U.S. surveys from 1952 to 1964 which contained questions on attentiveness and involvement (e.g. How much attention do you pay to politics? Did you work in the campaigns?") as well as public policy issues, Devine then compared policy responsiveness to the attentive and inattentive segments of the public.

Devine found small but statistically significant differences between the attentive and inattentive public on public policy issues. For example, attentiveness correlated positively with support for foreign aid and a "strong" foreign policy, while it correlated negatively with support for aid to education and Negro rights.¹⁰ He also found a significant relationship between attentiveness and the variables education, income and occupation. In terms of opinion-policy consistency, he concluded that while "majority support of the attentive public

⁸ Ibid.

⁹ Donald Devine, *The Attentive Public: Polyarchical Democracy*, Chicago: Rand McNally & Co., 1970. p. 44.

¹⁰ Devine, p. 75.

is necessary for a policy to be processed by the system," policy outputs are not necessarily the result of attitudes of the attentive public.¹¹

Since Devine, there have been other studies which measured consistency between public opinion and public policy, but none used attentiveness or political involvement as a research variable. An unpublished master's thesis author at Carleton University in 1976 used Gallup polls and government documents to measure opinion-policy consistency in Canada and the U.S. between 1965 and 1974. He found inconsistency in a majority of economic and non-economic items in both Canada and the U.S.¹² But apart from this master's thesis (only half of which dealt with Canadian opinion consistency), the author could find no research on Canadian public opinion and public policy consistency.

In 1979, University of Chicago professor Alan Monroe began publishing the first of many articles¹³ on the subject. Monroe compared federal U.S. public policy consistency with public opinion in two periods, 1960 – 1979 and 1980 – 1991. The later period showed an average of 55 percent consistency, compared to 63 percent in the earlier period. While the saliency of the issue and the policy type were found to have significant effects on consistency, no political involvement variables were considered.¹⁴

¹¹ Devine, p. 91.

¹² Joel Brooks, *Democratic Linkage in the U.S. and Canada: The Relationship Between Mass Public Opinion and Public Policy*. Unpublished master's thesis, Carleton University in 1976.

¹³ Alan Monroe, "Consistency between public preferences and national policy decisions," in *American Politics Quarterly* 7: 3-18. See also "Predicting policy outcomes using data on public preferences." Southern Political Science Association, Gatlinburg, Tennessee, November, 1979. 1-3; "Public opinion and public policy, 1980-1991." Midwest Political Science Association, Chicago, April 14-16, 1994; Monroe and Paul J. Gardner, "Public policy linkages," in Samuel Long (ed.), *Research in Micropolitics, Volume 2, Voting Behavior II*. New York, JAI Press, 1987, pp. 207-232.

¹⁴ Alan Monroe, "The Role of Public Opinion in National Policy Making: Effects of Saliency and Policy Type." Prepared for delivery at the Annual Meeting of the Midwest Political Science Association, Chicago, April 6 - 8, 1995.

Economic Knowledge Research

In a 2000 study by Paldam and Nannestad, Danish voters were asked eight questions in eight polls to analyze what the public knows about economic issues. They found that gender, education, age, income and occupation were the variables most significantly associated with issue knowledge. But multi-collinearity confounded some of their analysis, however, especially as it related to gender, education and income. For example, they suggested that women tended to choose occupations less related to the economy and less well-paid than did men, resulting in their earning less and knowing less than men about economic issues.¹⁵

Walstad conducted a similar study using data from a 1992 Gallup survey on the economic knowledge of Americans. The survey contained 46 questions generated by a panel of economic experts to test economic knowledge and seek opinions on economic issues. He found that being older, male, white, better educated, having taken a college course in economics, having a higher income level and being Republican were factors which made a positive and significant contribution to higher economic knowledge scores. He also found a significant relationship between economic knowledge and opinion on economic issues. In fact, Walstad concluded that “economic knowledge ... may be the most critical factor determining public opinion on economic issues.”¹⁶

¹⁵ Martin Paldam and Peter Nannestad, “What do voters know about the economy?” in *Electoral Studies* 19 (2000) 363-391.

¹⁶ William Walstad, “The effect of economic knowledge on public opinion of economic issues,” in *Research in Economic Education*. Summer 1997, pp.195-205.

Attentive Public Theory

As Brooks notes, theory helps the political analyst navigate the “unknown terrain” being researched and assists with distinguishing the significant from the insignificant.¹⁷ While the 1997 Earnscliffe study claims that categorizing Canadians as either “Involved” or “Uninvolved” in public affairs is its own “proprietary segmentation,” academics have theorized about such forms of segmentation for centuries. Ancient Greeks including Plato thought that members of the public needed to be educated in order to understand and appreciate their government and the laws they lived under.¹⁸ In ancient Greece, of course, the “public” which was to be educated obviously excluded women, foreigners and slaves.

For French Revolution philosophers like Jean-Jacques Rousseau, public opinion meant the opinion of the middle classes. For his part, Habermas believed that the meaning of public opinion shifts in each era and that this meaning is always tied to the nature of the broader political and social arena that he called the “public sphere.”¹⁹ In mid-nineteenth century America, for example, “public opinion” meant the opinions of certain classes of white men.

Alexis de Tocqueville noted that, in societies such as aristocracies where there is much inequality, public opinion is not viewed as particularly important. He suggests one

¹⁷ Stephen Brooks, *Public Policy in Canada: An Introduction, Third Edition*. Toronto: Oxford University Press, 1998, p. 21.

¹⁸ Ernest Barker, *Greek Political Theory: Plato and His Predecessors*. London: Methuen, 1918, pp. 38-39.

¹⁹ Jürgen Habermas, *The Structural Transformation of the Public Sphere*, trans. Thomas Burger. Cambridge, MA: MIT Press, 1989, p. 244.

explanation is that people of impoverished circumstances recognize that others are better educated and more worldly than they are and therefore have more informed opinions.²⁰

For their part, Marx and Engels noted that common citizens tend to assimilate the views of those in the ruling class (i.e. people with education, wealth and power). In fact, these philosophers believed that people accept as common wisdom the attitudes and values of the ruling elite even though these very same attitudes are often not in their best self-interest. In describing this hegemony, they argue that “The ideas of the ruling class are in every epoch the ruling ideas – i.e. the class which is the ruling material force in society is at the same time its ruling intellectual force.”²¹

In his own research on foreign policy issues, Almond described the population as a four-layer pyramid. The relatively uninterested and uninvolved general public constitutes the bottom and largest layer. Above the general public is a much smaller attentive public “which is informed and interested in foreign policy problems *and which constitutes the audience for the foreign policy discussions among the elites* (emphasis added).”²² The third layer, of course, is the policy and opinion elites and the top layer is constituted by the political and legislative elites who convert opinion into policy.

E. E. Schattschneider in 1960 argued that there is a more realistic way of looking at who does and does not get involved in politics. Examining the reason almost half of Americans do not undertake perhaps the easiest form of political involvement, voting, has more to do

²⁰ Alexis de Tocqueville, *Democracy in America*, ed. and trans. J.P. Mayer. New York: Anchor Books, 1969, p. 255.

²¹ C. J. Arthur, ed., *The German Ideology*. New York: International Publishers, 1984, pp. 65-66.

²² Gabriel A. Almond, *The American People and Foreign Policy*. New York: Frederick A. Praeger, 1960, p. 138.

with the system than with non-voters themselves, who usually are written off because they typically are the poorest and least educated. He suggests that since “Whoever decides what the game is about also decides who can get into the game,”²³ the cleavage favored by the majority (i.e. Republican versus Democrat) may be so unappealing to the minority that they just take their political marbles and go home.²⁴

Economic Knowledge

And while not explicitly revealed in the Earnscliffe study cited earlier, some theoretical assumptions also seem implicit regarding voter rationality in terms of political involvement and information gathering. Economic theory predicts that rational agents will invest resources in such political activity “to improve their expectations until the marginal costs of the improvement equal the marginal benefits.”²⁵

Consistency and Congruence

Monroe has divided these into two main approaches: the congruence approach and the consistency approach. Congruence studies measure the change, from one survey to the next, in public opinion on a particular survey question. Any measured change in public opinion constitutes or describes the direction of that public opinion. This public opinion direction is then compared to the direction of the relevant public policy, as measured by government

²³ E. E. Schattschneider, *The Semisovereign People: A Realist's View of Democracy in America*. New York: Holt, Rinehart and Winston, 1960. p. 105.

²⁴ With a turnout of less than 63 percent of eligible voters in the 2000 Canadian federal general election, down from 67 percent in 1997, Schattschneider's analysis also is relevant to Canada.

²⁵ Martin Paldam and Peter Nannestad. “What do voters know about the economy? A study of Danish data, 1990-1993,” in *Electoral Studies* 19 (2000), p. 365.

action or inaction, over the same time period. If public policy has moved in the same direction as public opinion on that policy, then congruence is said to exist.²⁶

The time dimension of both approaches, suggests Monroe, offers a theoretical strength in that confidence in drawing conclusions about a causal relationship between public opinion data and the ensuing public policy action is that much higher. Since the policy follows the expression of public opinion, the plausibility that the public opinion “caused” the public policy is higher than in those studies where the public policy data predates the public opinion data and consistency is measured after the fact. The congruence approach has some disadvantages, however. Since these studies require that data from identical questions which have been asked in successive surveys be available, they must exclude interesting questions (which could show some causal relationship to future public policy) since these questions were only asked only once.²⁷

Another disadvantage is revealed in instances where the data show no significant change in direction from one survey to the next. Consider a scenario where 90 per cent of Canadians support a particular federal policy in two successive surveys and the federal government then implements this policy. Using the consistency approach, the response of the government would be judged to be “consistent” with the public opinion expressed in the survey preceding the government’s action. But since the direction of support did not change, the response could not be called congruent.

²⁶ Alan Monroe (1995) “The Role of Public Opinion in National Policy Making: Effects of Salience and Policy Type.” Midwest Political Science Association, Chicago, April 6 - 8, 1995.

²⁷ Monroe, p. 2.

Public Policy

Another important piece of the theoretical puzzle, of course, is the role played by the state in influencing – and being influenced by – political activists characterization of the state according to public choice theory fits nicely with the characterization of the Finance Department revealed in the 1997 Earnscliffe memo and adopted by this paper: “Activist and reactive; in pursuing their own self-interest, state actors are compelled to react to non-state actors, including voters, special interest groups and the media, whom they perceive as having the capacity to influence the attainment of their goals.”²⁸ While the Earnscliffe study refers to Involved Canadians as a group, they are clearly not organized as such, or even organized at all, for that matter. The implicit unit of analysis used by Earnscliffe for public policy development purposes therefore is clearly the individual.

Application of Theoretical Literature to this Paper

From the attentive public literature, this paper accepts Almond’s four layer pyramid distribution of the population because it overlays neatly on the Canadian context being studied. For example, this paper will demonstrate how the public can easily be segmented into the general public and attentive public layers. The policy and opinion elites layer clearly would include the Earnscliffe advisors, the Finance Department’s own team of experts and other advisors, including those from the Prime Minister’s Office and the Privy Council

²⁸ Stephen Brooks, *Public Policy in Canada: An Introduction, Third Edition*. Toronto: Oxford University Press, 1998, p. 39.

Office. The political and legislative elites in top layer would clearly correspond to the senior bureaucrats and members of the cabinet who would make and execute the final decisions on converting opinion into policy.

Turning to economic theory, this paper accepts that, given scarce amounts of time and money, it would be irrational for most Canadians to spend a significant amount of time giving speeches, writing to their Member of Parliament and scanning all available media for the latest news from the Finance Department. Economic theory therefore would predict that the few individuals who actually undertake these activities must have some rational expectation for a reasonable return on the resources they have so invested. Such rewards could be, for example, occupation-related (e.g. an accountant who needs to keep up with latest tax changes), status-related (a teacher who wants to be able to discuss current events with her peers) or interest-related (a farmer who is also a party loyalist). Whatever the anticipated benefit, this investment - reward equation implies that Involved Canadians are somehow different from the rest of the population,²⁹ an assumption accepted by this paper.

From the public policy literature, the “public choice” theory of public policy development is the choice for the study’s theoretical foundation because the implicit unit of analysis used by Earncliffe for public policy development purposes is the individual (rather than groups, for example, which would have necessitated using pluralism instead).

²⁹ They are different, according to Paldam and Nannestad: they’re generally men. Paldam and Nannestad, p. 388.

From a consistency versus congruence point of view, this paper uses the consistency approach, which shares the time-causality strength of the congruence approach, but without the other approach's disadvantages.

This study uses a version of the Easton model to illustrate consistency in action and to express the linkage between public opinion and public policy. Public opinion data gathered in the months preceding each budget (usually between May and December) would be examined by individuals working in the political system. Opinions on each issue pertaining to the budget would constitute an "input" (e.g. the percentage of Canadians who want the GST lowered from seven to five percent) which would work its way through the political system, in the form of memos, meetings and finally a decision on the GST issue. This decision is "output," which would manifest itself in the presence (or absence) of an announcement on the GST issue in the next scheduled budget, usually in February or March. If the February budget output was a reduction in the GST from seven to five percent and if this output was supported by a majority of Canadians polled in the previous year on exactly the same question, this output could be considered consistent with public opinion. These budget outputs, combined with other forms of government communication, influence public opinion, which then feeds into the next round of budget inputs.

While public opinion is an important input, it is only one input. Given the absence from this study of all possible variables which could affect the outcome of budget decisions on the 76 proposals being studied, this model is clearly incomplete. Clearly, one cannot conclude that the preferences Canadians (politically involved or otherwise) "caused" the outcome. Further, the time ordering issue makes speculation about causality problematic. For example, the

underlying assumption in this study is that the government makes its budget decisions after consulting with Canadians. And given the last-minute nature of decision-making in Ottawa, this is probably a reasonable assumption. However, it is entirely possible that the government made its major budget decisions prior to the surveys examined here (e.g. based on the platform it was elected on or based on other research) and simply used the polls studied in this paper to locate support to rely on or opposition to prepare for.

**Figure 1: Adaptation of Davis Easton's Model of Political System to Canadian
Federal Budget Process** ³⁰

³⁰ David Easton, *A Systems Analysis of Political Life*. New York: John Wiley and Sons, 1965. 32, Diagram 2.

Chapter 3: Hypotheses

As mentioned already, significant gaps exist in the Canadian literature in the areas of the attentive public, economic knowledge and opinion-policy consistency. This paper will begin to address these gaps in a modest way, by testing the null³¹ of the following hypotheses, using the indicated statistical methods:

H1: Significant opinion differences exist between Involved and Uninvolved Canadians on a significant number of economic policy issues.

Statistical method: cross-tabulation

H2: Politically involved Canadians differ from their uninvolved counterparts on key demographic variables such as age, education and income

Statistical method: correlation, partial correlation

H3: Economically knowledgeable Canadians differ demographically from the un-knowledgeable

Statistical method: correlation partial correlation

³¹ As Sproull explains, "Because it is almost impossible to test hypotheses under the many and various possible conditions, researchers attempt to find support for the research hypothesis by rejecting the negation of it." Natalie L. Sproull, *Handbook of Research Methods, Second Edition*. London: The Scarecrow Press, p. 53. The notation for the null hypothesis is " H_0 " and so tentative acceptance of the first hypothesis (H1), for example, would be expressed as "Result: H_0 1 is rejected."

H4: Consistency of public opinion with federal economic policy rises in proportion to level of political involvement.

Statistical method: cross-tabulation, factor analysis, correlation

H5: Canadians whose opinions are consistent with federal economic policy are significantly different, demographically, from other Canadians

Statistical method: correlation, partial correlation

Chapter 4: Operationalization

Methodology

Data collection began by submitting a request to the Access and Privacy Division at Finance Canada for all data sets and questionnaires relating to all federal budgets under the current Liberal Government, which range from 1994 to 2001.³² Twelve data sets and accompanying questionnaires were provided.

Some data sets contained political involvement and economic knowledge questions, but no questions on specific budget items. Others contained political involvement questions and questions on specific budget items, but no economic knowledge questions. In the end, 10 data sets were usable for both the political involvement and the economic knowledge sections of this paper and six were usable for the opinion-consistency section.

No attempt was made to obtain budget survey data collected under previous governments due to the unlikelihood such data would be either readily available, use question wording consistent with the eight data sets obtained or, most importantly, contain the eight political involvement variables.

The questionnaires were designed by Earncliffe Research and Communications and either Ekos Research or Pollara Research collected the data via nation-wide surveys of between

³² Neither the SPSS data files nor the accompanying questionnaires and survey reports had been accessed by a member of the general public prior to its release to the author on November 3, 2000 by the Finance Department's Access and Privacy Division.

1200 and 2200 Canadians, weighting the results to reflect census data on gender, age and income. The survey's top-line margins of error ranged from plus or minus 2.2 to 2.8 percentage points, 19 times out of 20.

Using the Finance Department's own data has significant advantages. These include the fact that the questionnaires contain the exact same eight political involvement questions over a span of years. The questionnaires also tend to use the same wording for policy option questions and some of these questions are worded specifically enough to be tested against budget outcomes. There is also a certain consistency achieved by using data that is derived from questionnaires designed and data collected by the same two companies, Earnscliffe Research and Communications and Ekos Research, respectively.

But these advantages are countered somewhat by a downside, primarily the understandably narrow field of policy options which the Finance Department would deem worthy of testing, presumably options which it had already researched through other means, such as its own consultations with interest groups, recommendations from the PMO and other departments and advice from political strategists.

Furthermore, the combination of high survey costs and political expediency are likely reasons why none of the questionnaires contain policy options from either the far right or far left ends of the political spectrum. Why waste scarce research dollars on testing policy options the Finance Department has no interest or likelihood in enacting, especially if Opposition politicians from the right and the left could gain access to the data and use it against the government. So while the data obtained from the Finance Department is

unquestionably useful, it just needs to be noted that it is not as wide-ranging or exhaustive as that which an academic or other less biased researcher might obtain. It is not a “random sample” or indeed the entire universe of all possible budget policy options.

Some other problems with the dataset included double-barrelled and biased questions. An example of the former was one which asked respondents if they thought the budget should “Keep the GST at 7 per cent, but harmonize it with provincial sales taxes and include it in the purchase price.” An example of the latter was one which asked respondents if they agreed that the budget should “Reduce deficit by putting a 1% tax on the money that is invested in RRSPs.” These questions were excluded from the present study, reducing the number of useable questions to 76.

Measuring Political Involvement

Following are the eight political involvement questions in the Finance Department surveys (as well as their abbreviated name in this paper):

1. Have you in the past year ... Spoken at a public meeting? (SPOKEPUB)
2. Written a letter to a newspaper editor? (WRITED)
3. Called a television or radio talk show? (CALLED)
4. Written an article for publication? (WRITPUB)
5. Been a member of a community service organization? (CSO)
6. Served as an officer of a non-governmental organization? (NGO)
7. Written to an elected representative? (WRITREP)
8. Been a member or worked for a political party? (PARTY)

Chart 1 illustrates the percentage of Canadians who reported each of the eight measures of political involvement. Involvement in a community service organization is by far the most common form of political involvement among the eight types surveyed, while involvement via writing, calling and via a political party are the least common. While about half of the variables show a variance roughly within the margin of error, about half show a larger variance, which raises doubts about accuracy. For example, only eight per cent of Canadians reported NGO involvement in 1996 but 23 per cent did in 1998. This represents a difference of 14 percentage points, which is triple the stated margin of error.

It is possible but highly unlikely that Canadians' involvement in CSO's almost tripled in less than two years. Since all of these questions were asked at the end of the questionnaire, ordering effects are an unlikely cause. Respondent fatigue is a possible cause of the variation, since some of the questionnaires are much longer than others and respondents typically give less thoughtful answers 30 minutes or more into an interview. While lower variances would be desirable, this paper will use the data because it is the only such data available.

Conclusions regarding distribution of political involvement, however, will be made with additional caution because of the variances observed.

Measuring Public Opinion on Economic Issues

To measure opinions on economic issues, 76 questions were extracted from the six data sets used. Questions were selected on the basis that they were specific enough that it could be determined from federal budget documents whether the government had decided to

implement the policy. There were many more questions which were excluded because they were too vague, such as questions which asked whether respondents agreed that the federal budget should “cut government waste and inefficiency.” Rather, the study included questions such as ones measuring support for “Lowering the GST from seven to five per cent” and “Leaving RRSP limits at \$13,500.” A complete list of the 74 questions is provided in the appendix.

Chart 1 – Frequency of Political Involvement 1995-2001

Chapter 5: Findings

H1: Significant opinion differences exist between Involved and Uninvolved Canadians on a significant number of economic policy issues.

The eight political involvement variables were cross-tabulated against the 76 economic policy variables to determine whether significant policy preference differences existed between Canadians who did and did not report each type of political involvement. This was done in connection with testing the first hypothesis and in the interest of data reduction, so that political involvement variables which are not significantly associated with policy preferences could be discarded.

The Chi-Square statistic is the appropriate one to test for “no difference” so it will be used here. For the tables produced, political involvement data was left in the original yes or no format but policy preference data was recoded from the original five- or seven-point scales into a dichotomous oppose or support variable, discarding the middle or neutral category (i.e. “neither support nor oppose”).

While keeping these neutral responses would have preserved a certain richness of the data, it would not have been helpful in this analysis because this policy preference data will later be compared to actual budget outputs. For example, suppose the government measures support for Initiative A and finds 70 per cent of Canadians opposed, 25 per cent in support and five per cent neutral. Further suppose that the government then does not introduce Initiative A which, in the context of this paper, is consistent with the 70 per cent who opposed Initiative

A and inconsistent with the 25 per cent who supported it.. But the government's action is neither consistent nor inconsistent with the five per cent who were neutral regarding Initiative A because one cannot assume that the entire five per cent who were neutral were in fact opposed to Initiative A.

Political involvement variables which do not contribute to significant differences on policy issues for at least 19 (or one quarter) of the 76 issues will be discarded. While admittedly arbitrary, this 25 percent threshold balances the need for rigour with the need to retain enough variables to test the remaining hypotheses. By way of comparison, Devine in his research discarded *any* attentive public variable which did not show significant differences in any test. This standard is considered too stringent for the reasons stated above. Furthermore, Devine measured attentiveness, among Americans, in the 1950's and 1960's, while this paper studies political involvement, among Canadians, in the 1990's. One need not use the exact same standard, given these differences. Furthermore, the issues studied by Devine were wide-ranging and often controversial (e.g. Negro rights, tax cuts, bombing Cambodia) while the current paper examines only economic issues, most of which are relatively non-controversial in nature, such as whether to boost RRSP contribution limits or lower the GST. So the 25 per cent threshold will be used in determining whether to reject H_0 .

**Table 1: Chi-Square Tests for No Difference Between Eight Political Involvement Types and 76 Policy Preferences:
Levels of Significance (Empty cell = Not Significant)**

ISSUE 12/95	SPOKEPUB	WRITED	CALLED	WRITPUB	CSO	NGO	WRITREP	PARTY
GST								
DEFICIT	05							
SPENDING			01					
TAXES	05	05			01	05	05	
HEALTH	01	05		05				05
SOCIAL		01			05		01	
JOB	01	05	01	05		01	05	
GST2	05	05		05		05		
GST3		05						05
RSP_13K		01						
RSP_10K								
RSP_7K								
RSP_15K				05			05	
RSP_TAX	05							

ISSUE 11/96	SPOKEPUB	WRITED	CALLED	WRITPUB	CSO	NGO	WRITREP	PARTY
HEALTH								
COLLEGE			05				05	
TRAINING								01
SOCIAL								
CRIME	01	01		01				05
CHILD	05							
RESEARCH								
MEDICAL	05			01				05
DISAB_SP	05							
DISAB_TX								
JOBS	01	01					05	
TAXHIRE	01		05	05				
TAX_MID	01			01				
YOUTH			05					
SPENDING	01	01		01			05	

ISSUE 8/98	SPOKEPUB	WRITED	CALLED	WRITPUB	CSO	NGO	WRITREP	PARTY
BALANCE	01	05		05	01			
DEBT		01						
TRAFER				05				05
TAXES	05		05	05	05	05	01	01
HEALTH	05				05		01	01
HIGHWAY								
CRIME	01			01		05		01
WARMING		05			05			
NATIVE		01	05		05			
FOR_AID								
CHILDTAX				01				01
TAXCHILD								
YOUTH	01			05		05	01	01
TAXHIRE	01				05	01	01	01
INFRA								

ISSUE 5/99									
	SPOKEPUB	WRITED	CALLED	WRITPUB	CSO	NGO	WRITREP	PARTY	
EI_CUT						01			
EI_STAY	05								
EI_TAX	01								
EI_TAX2		01		01					
EI_CUT2	01	05		01	05	01	05		
EI_PAY	01			01	01			05	
EI_SEAS	01					05			
EI_LOW	01			05		01			
EI_MAX						05			
EI_JOBS	01	05				01	01	01	
EI_EDUC	01						01	05	
EI_PARNT	01	05		05	01	01	01	05	

ISSUE 6/99	SPOKEPUB	WRITED	CALLED	WRITPUB	CSO	NGO	WRITREP	PARTY
TAX_MID								05
SURTAX								
RRSP		01						
CAPGAIN		05	01	05				05
BASIC	05					05		
BRACKET								
FLATTAX								
SURTAX2	05	01	01			05	01	
GST	01			01				

ISSUE 9/00	SPOKEPUB	WRITED	CALLED	WRITPUB	CSO	NGO	WRITREP	PARTY
TAX100K								
TAX_60k		01						01
BASIC								
RRSP_15K		05						
CORP_TAX				05	01			
SURTAX					05			
TAX_35K	01			05		01		
GRD_DEBT	05		05					
INFRA								05
CHILDTAX								
RESEARCH								

Table 2: Results of Chi-Square Tests for No Difference Between Eight Political Involvement Types and 76 Budget Policy Preferences								
	SPOKEPUB	WRITED	CALLED	WRITPUB	CSO	NGO	WRITREP	PARTY
Significant Differences	33	24	9	24	13	17	16	21
Result	Keep	Keep	Discard	Keep	Discard	Discard	Discard	Keep

With significant differences for 33 of the 76 issues tested, SPOKEPUB was clearly the best predictor of policy preference differences. While speaking in public may take on many forms (i.e. teaching, politics, law), there is clearly something about doing so which is significantly associated with having policy preferences different from those who do not. Two of the writing-related political involvement variables, WRITED and WRITPUB, contributed to significant differences in about a third of the cases, while the third (WRITREP) was a factor in only one-sixth. While WRITED and WRITPUB might generally be assumed to be issue-related correspondence expressing a strong opinion on some matter, WRITREP could include requests for assistance from an elected official (e.g. expediting an immigration file, getting a stop sign installed). PARTY contributed to significant differences in about a quarter of the cases, perhaps because involvement in a political party exposes one to more information about issues or about the tradeoffs required in politics.

In addition to WRITREP, the variables CALLED, CSO and NGO will be discarded from further analysis. CALLED was the most surprising, with significant differences in little more than 10 per cent of the cases. One imagines that those Canadians who are motivated enough to call one of those TV or radio shows might have different views on economic issues from those who do not, but this is not the case. Perhaps these Canadians simply differ from others in the need to express their views. Similarly, individuals involved in a community service or non-governmental organization differ little from other Canadians on their economic views, perhaps because these types of organizations are not inherently political or economic in nature.

Because the four political involvement variables above were associated with significantly different policy preferences in between 25 and 50 per cent of the cases examined, this will be considered sufficient to reject H_0 ³³.

Result: H_0 1 is rejected.

H2: Politically involved Canadians differ from their uninvolved counterparts on key demographic variables such as age, education and income

Now that the relationship between political involvement and policy preferences has been established, the next step is to ask why this is the case. What about the politically involved causes them to have differing views? Given that the only other variables available in the datasets (besides opinion and political involvement data) are demographic, these will be the ones used in this section. As mentioned in the literature review, Devine found that attentiveness correlates with education, income and occupation. Since variables such as these often demonstrate multi-collinearity, partial correlations will be used following the initial correlations.

The four political involvement variables which survived the tests in the previous section will be correlated with six commonly used demographic variables, which are available in the data sets obtained: AGE, EDUCATION, INCOME, WORK FOR PAY (recoded from occupation), MALE (gender) and ENGLISH (language).

³³ As mentioned earlier in this paper, rejecting the null hypothesis (H_0) is simply a somewhat more precise way of indicating tentative acceptance of the hypothesis (H).

In order to use the Pearson correlation coefficient, the nominal variables were recoded into dummy variables, interval where possible and dichotomous where necessary. For example, age and income were recoded using the mid-points in their respective categories. Education was recoded from “elementary, some high school, etc.” into “eight years, 10 years, etc.” Gender was recoded from “male = 1, female = 2” into the new variable “Male or not” where “male = 1 and female = 0.” Similarly, language was recoded from “English = 1 and French = 2” into the new variable “English or not” where “English = 1 and French = 0.” Unfortunately, the language variable was not included in two of the seven data sets obtained. Occupation was recoded from “retired, student, work full-time, etc.” into “work for pay – or not.”

As the first set of tables indicate, speaking in public is not related to age, but tends to be more common among Canadians with more education and higher incomes. Males and anglophones are also more likely than females and Francophones to speak in public, but these two relationships are somewhat weaker. Writing to a newspaper editor is somewhat more common among better educated anglophones with higher incomes. Writing an article for publication tends to correlate mainly with higher education and income. And involvement in a political party is somewhat more common among better-educated, older Canadians.

As the next set of tables show, when partial correlations are used to control for the other demographic variables, speaking in public retains a significant, although somewhat weaker, positive relationship with education and income. The relationship between speaking in

public and being an anglophone male, which was already weak in the initial correlations, virtually disappears when controlled for the other demographic variables. Writing to a newspaper editor retains its significant, but weak, relationship with being a well-educated anglophone, but the income variable drops out of the picture, being replaced with the age variable, which now shows a positive and significant relationship. Similarly, the partial correlation result in the income variable losing its significant relationship with writing an article for publication, while education retains its significant, positive but weak correlation. Finally, the relationship between age and involvement in a political party shows some additional strength in the partial correlation, as does the relationship with education. The relationships between the political involvement and demographic variables are somewhat weak, but they are nonetheless considered significant enough to reject H_02 .

Result: H_02 is rejected.

Table 3: Pearson Correlation Between Four Political Involvement Variables and Six Demographic Variables
* = Significant at .05 level, ** = Significant at .01 level (In Three Places of Decimals)

ISSUE 12/95	SPOKEPUB	WRITED	WRITPUB	PARTY
AGE	-011	018	-015	108**
EDUCATION	228**	076**	201**	079**
INCOME	197**	026	148**	018
WORK FOR PAY	128**	010	056*	-039
MALE	038	037	-069**	-012
ENGLISH	130**	114**	047	-032
ISSUE 11/96				
AGE	054*	060*	027	106**
EDUCATION	232**	082**	152**	049*
INCOME	199**	034	082**	049*
WORK FOR PAY	098**	001	034	-020
MALE	122**	018	093**	058*
ENGLISH	037	115**	030	038

ISSUE 8/98	SPOKEPUB	WRITED	WRITPUB	PARTY
AGE	047*	078**	003	154**
EDUCATION	209**	160**	177**	082**
INCOME	165**	051*	088**	068**
WORK FOR PAY	026	-046	016	-051*
MALE	051*	-041	076*	060*
ENGLISH	103**	120**	063**	032
ISSUE 5/99				
AGE	014	022	018	095**
EDUCATION	213**	119**	189**	094**
INCOME	172**	055*	152**	100*
WORK FOR PAY	062*	006	052*	-021
MALE	063*	016	025	-001
ENGLISH	074**	128**	034	023

ISSUE 6/99	SPOKEPUB	WRITED	WRITPUB	PARTY
AGE	000	019	-059**	100**
EDUCATION	235**	087**	192**	074**
INCOME	177**	051*	136**	042
WORK FOR PAY	035	-011	-005	-037
MALE	021	-007	029	-021
ENGLISH	N/A	N/A	N/A	N/A
ISSUE 12/99				
AGE	001	-026	006	086**
EDUCATION	196**	116**	175**	056
INCOME	160**	097**	138**	039
WORK FOR PAY	098**	025	033	-010
MALE	067*	-006	005	053
ENGLISH	102**	100**	085**	-023

ISSUE 9/00	SPOKEPUB	WRITED	WRITPUB	PARTY
AGE	022	-028	-018	062**
EDUCATION	222**	142**	205**	075**
INCOME	236**	107**	155**	071**
WORK FOR PAY	057*	028	064**	-034
MALE	070**	017	072**	015
ENGLISH	N/A	N/A	N/A	N/A

Table 4: Pearson Correlation Between Four Political Involvement Variables and One Demographic Variable (Controlling for the others)				
* = Two-tailed significance at .05 level, ** = Two-tailed significance at .01 level (In Four Places of Decimals)				
ISSUE 12/95	SPOKEPUB	WRITED	WRITPUB	PARTY
AGE	0514	0534*	0181	1297**
EDUCATION	1521**	0720**	1542**	0858**
INCOME	1157**	-0006	0923**	-0088
WORK FOR PAY	0512	-0044	-0171	0039
MALE	0270	0433	0622*	-0133
ENGLISH	1098**	1168**	0410	-0166
ISSUE 11/96				
AGE	1119**	0597**	0380	1043**
EDUCATION	1816**	0935**	1439**	0692**
INCOME	1201**	-0145	0282	0222
WORK FOR PAY	0455	-0051	-0156	-0097
MALE	0913**	0208	0841**	0722**
ENGLISH	0142	1084**	0263	0359

ISSUE 8/98	SPOKEPUB	WRITED	WRITPUB	PARTY
AGE	0483	0557*	0105	1263**
EDUCATION	1560**	1450**	1465**	0836**
INCOME	1116**	0187	0381	0520*
WORK FOR PAY	-0164	-0610**	-0204	-0234
MALE	0377	-0378	0619*	0514*
ENGLISH	0680**	0978**	0300	0042
ISSUE 5/99				
AGE	0479	0344	0499	0988**
EDUCATION	1668**	1104**	1491**	0915**
INCOME	0878*	0052	0923**	0750**
WORK FOR PAY	0236	-0123	0160	-0265
MALE	0674*	0208	0119	-0021
ENGLISH	0594	1133**	0040	0134

ISSUE 6/99	SPOKEPUB	WRITED	WRITPUB	PARTY
AGE	0415	0387	-0319	0888**
EDUCATION	2023**	0915**	1600**	0680**
INCOME	1101**	0267	0839**	0286
WORK FOR PAY	0161	0038	-0293	-0134
MALE	-0017	-0306	-0073	-0202
ENGLISH	N/A	N/A	N/A	N/A
ISSUE 12/99				
AGE	0755*	-1070	0394	0957**
EDUCATION	1676**	0774**	1400**	0648*
INCOME	0712*	0557	0701*	0204
WORK FOR PAY	0430	-0248	-0083	-0007
MALE	0598*	-0064	0072	0617*
ENGLISH	0838**	0850**	0630*	-0440

ISSUE 9/00	SPOKEPUB	WRITED	WRITPUB	PARTY
AGE	0462	-0211	0056	0570*
EDUCATION	1505**	0967**	1666**	0690**
INCOME	1628**	0688**	0792**	0478*
WORK FOR PAY	-0092	-0344	-0124	-0312
MALE	0481*	0075	0571*	0158
ENGLISH	N/A	N/A	N/A	N/A

H3: Economically knowledgeable Canadians differ demographically from the un-knowledgeable

To gain some additional insight into the nature of public opinion on budget issues, the study took advantage of the fact that some of the data sets used contained one or more questions measuring economic knowledge. These questions included “In general, how would you describe the state of the economy of Canada today?” and “Based on what you know, is the government running a deficit, a surplus or a balanced budget?” Twenty-six questions from these data sets were selected on the basis that objective answers were available from public sources such as Statistics Canada and Finance Department documents. For each question, a new variable was created, based on the correct answer.

Real GDP data was used for questions regarding the state of the economy, Finance Department figures for questions regarding deficit levels, 3-month Treasury bill rates for questions regarding interest rates and Statistics Canada data for the unemployment level. In all cases, the “correct” answer was the one available to the general public at the time the survey was being conducted. For example, a correct answer to the question “In general, how would you describe the state of the economy of Canada today?” which was asked in November, 1996 was compared to the latest reported real GDP figure, which was the second quarter of 1996, not the third quarter when the survey was conducted. Growth figures were coded as follows: a one-half to four per cent change constituted “moderate” growth (or decline), while a four or more change constituted “strong” growth (or decline). A change of less than one-half of one per cent was considered “neither growth nor decline.”

For questions regarding whether the budget was in deficit or surplus, some confusion could be introduced by the fact that the Finance Department counted a contingency reserve of approximately \$3B in calculating a balanced budget. Without this reserve, there would be a surplus. For the sake of consistency, this study used the government's approach and included the reserve in the calculation of a deficit or surplus.

The economic knowledge questions were recoded into a new interval variable called ECKNO, where correct responses were recoded as "one," incorrect responses as "zero" and the total score summed. Correlations were then run to check for significant associations between ECKNO and the available demographic variables.

As the following tables indicate, significant relationships were found in 17 of the 34 correlations run. The results vary from year to year., with all of the significant correlations found in surveys conducted from December, 1995 to May, 1999 and none in those carried out in May, 1999 or September, 2000. One possible explanation for this dichotomy is the difference in questions asked in the two time periods. The latter set of surveys included questions covering federal government spending and taxing patterns covering the prior two years, while the first survey set dealt with the current state of the economy, level of the deficit, etc. It is a generally accepted principle of public opinion polling that data quality falls when respondents are asked to think back more than six months and this is possibly what has occurred here. The mixed results could also be attributed to a small number of data points. The number of economic knowledge variables in the data sets ranged from just one (December, 1995 and February, 1998) to four (June, 1999).

In any case, some tentative observations can be made from the data below. Consistent with the literature, four of the six data sets show that economic knowledge correlates with being male. Two data sets, however, show a significant negative correlation with being male, which cannot be explained, except perhaps by the fact that females are significantly over-represented in this particular data set, compared to the others (55 per cent of the sample, versus approximately 50 per cent in the others). Education, income and being anglophone also correlate positively with economic knowledge in most of the data sets, although some of the data sets show a negative correlation.

Table 5: Pearson Correlation Between Economic Knowledge and Six Demographic Variables
*** = Significant at .05 level, ** = Significant at .01 level**
(In Three Places of Decimals)

VARIABLE 12/95	ECKNO
AGE	058*
EDUCATION	058*
INCOME	097**
WORK FOR PAY	-015
MALE	116**
ENGLISH	167**
VARIABLE 11/96	
AGE	014
EDUCATION	112**
INCOME	109**
WORK FOR PAY	066**
MALE	210**
ENGLISH	-003

VARIABLE 8/98	ECKNO
AGE	111**
EDUCATION	-036
INCOME	-060*
WORK FOR PAY	-099**
MALE	-062**
ENGLISH	002
VARIABLE 5/99	
AGE	-030
EDUCATION	-121**
INCOME	-070**
WORK FOR PAY	-030
MALE	-102**
ENGLISH	066**
VARIABLE 6/99	
AGE	-018
EDUCATION	018
INCOME	046
WORK FOR PAY	009
MALE	024
ENGLISH	N/A

VARIABLE 9/00	ECKNO
AGE	-007
EDUCATION	032
INCOME	036
WORK FOR PAY	-013
MALE	009
ENGLISH	N/A

Because of the well-established risk of multi-collinearity when examining economic knowledge and demographic variables (i.e. women tend to choose occupations which pay less, are less business-related and have less need to follow economic issues), partial correlation among the variables was performed. The results are shown below.

**Table 6: Pearson Partial Correlation Between
Economic Knowledge and One Demographic
Variables, Controlling for the Others**

*** = Significant at .05 level, ** = Significant at .01 level
(In Four Places of Decimals)**

VARIABLE 12/95	ECKNO
AGE	0473
EDUCATION	0428
INCOME	0699**
WORK FOR PAY	-0083
MALE	1206**
ENGLISH	1567**

VARIABLE 11/96	ECKNO
AGE	0299
EDUCATION	0803**
INCOME	0551*
WORK FOR PAY	0083
MALE	1967**
ENGLISH	-0098
 VARIABLE 8/98	
AGE	1127**
EDUCATION	-0027
INCOME	-0379
WORK FOR PAY	-0220
MALE	-0572*
ENGLISH	-0013
 VARIABLE 5/99	
AGE	-0659*
EDUCATION	-1399**
INCOME	-0209
WORK FOR PAY	-0108
MALE	-1008**
ENGLISH	0894**

VARIABLE 6/99	ECKNO
AGE	-0127
EDUCATION	-0028
INCOME	0421
WORK FOR PAY	0038
MALE	0117
ENGLISH	N/A
 VARIABLE 9/00	
AGE	-0221
EDUCATION	-131
INCOME	0337
WORK FOR PAY	-0256
MALE	0077
ENGLISH	N/A

The partial correlations confirmed the significant association between economic knowledge and being male (or female, depending on the data set) found in the previous simple correlations. Income, education and being anglophone remains positively correlated with economic knowledge in the majority of data sets, but they drop in significance in the partial correlations.

Because of the mixed results found in the data sets, however, one cannot safely conclude that economic knowledge is consistently associated with any particular demographic profile, which was a prerequisite for rejecting the null of the third hypothesis.

Result: H_03 is accepted.

H4: Consistency of public opinion with federal economic policy rises in proportion to level of political involvement.

In this section, the public opinion data will be used to classify Canadians on the four political involvement variables SPOKEPUB, WRITED, WRITPUB and PARTY. Canadians who indicated none of these four types of political involvement will be considered “Uninvolved,” those who indicated one or two types will be called “Somewhat involved” and those who indicated three or four types will be labelled as “Highly involved.” While the actual percentages varied somewhat from dataset to dataset, on average 65 per cent of Canadians were classified as uninvolved, 30 per cent as somewhat involved and five per cent as highly involved.

Percentage support among each group for each of 76 budget proposals was then recorded. The tables which follow indicate that differences of opinion on economic policy matters are significant in many cases, with spreads of 10 to 20 points not uncommon. Still, a remarkable degree of consensus exists among the three political involvement groups; in less than 10 per cent of the 76 issues is majority opinion divided among the three groups.

Given the absence from this study of all possible variables which could affect the outcome of budget decisions on the 76 proposals being studied, this study cannot conclude that the preferences of Canadians in any of these three groups “caused” the outcome. Further, the time ordering issue makes speculation about causality problematic.

For example, the underlying assumption in this study is that the government makes its budget decisions *after* consulting with Canadians. And given the last-minute nature of decision-making in Ottawa, this is probably a reasonable assumption. But suppose that the government has already made its decisions, based on its internal party platform or other research, and is using the polls studied in this paper to locate support to rely on or opposition to prepare for.

**Table 7: Percentage Support for 76 Budget Proposals Among Canadians,
Grouped by Level of Political Involvement**

ISSUE 12/95	UNINVOLVED	SOMEWHAT INVOLVED	HIGHLY INVOLVED
GST	46	40	54
DEFICIT	94	94	89
SPENDING	97	96	97
TAXES	91	87	88
HEALTH	82	74	69
SOCIAL	73	69	70
JOB	85	80	72
GST2	21	24	37
GST3	74	71	67
RSP_13K	48	43	39
RSP_10K	15	15	19
RSP_7K	11	9	13
RSP_15K	27	33	30
RSP_TAX	27	21	22

ISSUE 11/96	UNINVOLVED	SOMEWHAT INVOLVED	HIGHLY INVOLVED
HEALTH	90	86	88
COLLEGE	84	78	89
TRAINING	88	86	86
SOCIAL	71	65	62
CRIME	83	74	56
CHILD	92	89	87
RESEARCH	73	72	72
MEDICAL	89	83	83
DISAB_SP	82	74	66
DISAB_TX	83	78	79
JOBS	88	81	81
TAXHIRE	85	80	77
TAX_MID	88	82	81
YOUTH	90	86	89
SPENDING	93	88	81

ISSUE 8/98	UNINVOLVED	SOMEWHAT INVOLVED	HIGHLY INVOLVED
BALANCE	98	96	88
DEBT	91	90	82
TRAFER	87	85	79
TAXES	91	87	77
HEALTH	91	90	77
HIGHWAY	82	76	78
CRIME	85	77	62
WARMING	70	72	75
NATIVE	55	55	67
FOR_AID	41	39	52
CHILDTAX	87	81	89
TAXCHILD	83	81	87
YOUTH	89	82	72
TAXHIRE	84	72	74
INFRA	77	71	77

ISSUE 5/99	UNINVOLVED	SOMEWHAT INVOLVED	HIGHLY INVOLVED
EI_STAY	59	56	44
EI_CUT	55	49	46
EI_TAX	83	76	67
EI_TAX2	78	76	55
EI_CUT2	36	27	19
EI_PAY	65	52	45
EI_SEAS	71	63	65
EI_LOW	72	62	59
EI_MAX	47	39	46
EI_JOBS	85	77	65
EI_EDUC	86	80	76
EI_PARNT	85	75	73

ISSUE 6/99	UNINVOLVED	SOMEWHAT INVOLVED	HIGHLY INVOLVED
TAX_MID	90	89	85
SURTAX	47	51	34
RRSP	83	78	79
CAPGAIN	67	63	44
BASIC	85	87	84
BRACKET	75	78	71
FLATTAX	55	57	52
SURTAX2	64	60	42
GST	88	86	76

ISSUE 9/00	UNINVOLVED	SOMEWHAT INVOLVED	HIGHLY INVOLVED
TAX100K	57	61	55
TAX_60k	90	90	79
BASIC	92	93	89
RRSP_15K	87	87	84
CORP_TAX	46	43	35
SURTAX	48	48	49
TAX_35K	83	77	78
GRD_DEBT	83	81	78
INFRA	87	84	80
CHILDTAX	85	86	71
RESEARCH	83	86	84

To measure actual opinion-issue consistency, the economic policy preferences of the three political involvement groups were compared to actual budget outcomes from 1996 to 2001. The scope of this study was restricted to those measures announced in the federal budget immediately following the poll in question. So new spending and tax assistance announced prior to the budget in question or scheduled to come into effect in the following fiscal year did not count toward consistency. Keeping to this shorter time frame was done to increase the causality effect of this methodology.

With the specific budget policy options identified, the procedure for determining whether subsequent federal budget policy was consistent or not with public opinion was

to search all federal budgets from the 1994-to-2001 study period for a policy announcement that matched the policy option supported (or opposed) by a majority of those surveyed.³⁴ In the one instance where the survey gauged support for measures being considered for the October, 2000 economic statement, this document was used, rather than the December budget.

There were some challenges in determining whether the outcomes were consistent or not. For example, the vagueness of many questions made it necessary to make some judgment calls when comparing policy preferences with budget outcomes. Consider the example where a majority of respondents supported “increased spending for training and education for workers” and the government responds in the next budget with \$47M in new spending in this area. While one could argue that one dollar of new spending would indicate consistency, such an argument ignores the context involved in a \$100B budget.

The author considered classifying as insignificant any new spending or tax measure which cost the government less than \$50M, approximately 5/100th of one percent of the total budget. But implementing such a system would admittedly be arbitrary, especially since the vagueness of the poll questions do not provide any evidence of how much the public wants the government to spend, just that it wants the government to spend *something*. In the end, this paper did not impose any limits on the size of new spending in considering whether the measure was consistent with public opinion.

³⁴ The fact that the public opinion data used in this study was collected by the Finance Department’s own research firm, which was hired to test support for specific budget policy options, assisted with testing the consistency of public opinion and budget policy.

Moreover, not all budget initiatives involved spending. Harmonizing the GST with provincial sales taxes is such a case. And while the government was unable to harmonize the GST with the provincial sales taxes of more than the Atlantic provinces in the period following the 1996 budget, its efforts to do so were considered consistent with public opinion expressed in the survey prior to the budget.

The following table indicates which political involvement group, if any, each budget output was consistent with.

**Table 8: Consistency Between 76 Budget Outputs and Majority Public Opinion,
According to Political Involvement Group**
(U = Uninvolved, S = Somewhat involved, H = Highly involved)

ISSUE 12/95 ³⁵	BUDGET OUTPUT	CONSISTENT WITH GROUP
GST	No new initiative	U, S
DEFICIT	\$10B cut in deficit in next FY	All
SPENDING	\$5B cut in program spending in next FY	All
TAXES	No tax increases	All
HEALTH	\$4B cut to CHST, \$500M over 3 years in new health spending	None
SOCIAL	\$4B cut to CHST, while major transfers to persons (e.g. EI and elderly benefits) remained level	All
JOBS	\$315M over 3 years to create jobs for youth	All
GST2	No new initiative	All
GST3	Harmonization with Atlantic provinces' sales taxes ³⁶	All
RSP_13K	RRSP limits frozen at \$13,500 until 2005	None
RSP_10K	RRSP limits frozen at \$13,500 until 2005	All
RSP_7K	RRSP limits frozen at \$13,500 until 2005	All
RSP_15K	RRSP limits frozen at \$13,500 until 2005	All
RSP_TAX	No new initiative	All

³⁵ Finance Department, *The Budget in Brief 1996*.

³⁶ Finance Department news release, November 29, 1996.

ISSUE 11/96	BUDGET OUTPUT	CONSISTENT WITH GROUP
HEALTH	\$300M over 3 years targeted to health, but \$2.4B cut to CHST in FY 97-98	None
COLLEGE	\$47M in education and training-related spending, but \$2.4B cut to CHST in FY 97-98	None
TRAINING	\$47M in education and training-related spending	All
CRIME	No new initiative	None
CHILD	\$50M increase in Canada Child Tax Benefit	All
RESEARCH	\$800M for Canada Foundation for Innovation	All
MEDICAL	\$800M for Canada Foundation for Innovation ³⁷	All
DISAB_SP	No new initiative	None
DISAB_TX	Eliminating \$5,000 limit on the deduction for attendant care expenses.	All
JOBS	\$475M for infrastructure and home renovation programs in FY 97-98	All
TAXHIRE	\$250M Employment Insurance subsidies to business in FY 97-98	None ³⁸
TAX_MID	No new initiative	None
YOUTH	\$255M for 19,000 internship positions	None ³⁹
SPENDING	Program spending down \$3B in FY 97-98	All

³⁷ About half of the Foundation's funds were expected to be used to improve infrastructure for health research. Finance Department, *The Budget Plan 1999*.

³⁸ Announced in November, 1996, prior to the 1997 budget.

³⁹ Announced prior to the budget.

ISSUE 8/98	BUDGET OUTPUT	CONSISTENT WITH GROUP
BALANCE	\$3B surplus in FY 98-99	All
DEBT	\$3B surplus in FY 98-99 went to debt repayment	All
TRAFER	\$3.5B CHST supplement	None ⁴⁰
TAXES	\$1.5B tax cut for FY 99-00	All
HEALTH	\$2B CHST supplement available to provinces in FY 99-00	All
HIGHWAY	No new initiative	None
CRIME	\$95M more in FY 99-00 for crime prevention	All
WARMING	No new initiative	None
NATIVE	\$89M more in FY 99-00 for aboriginal education and health and "new partnerships"	All
FOR_AID	\$50M more in FY 99-01 for International Assistance Envelope	H
CHILDTAX	No new initiative, but in FY 00-01 \$225M increase in Canada Child Tax Benefit	None
TAXCHILD	No new initiative, but in FY 00-01 \$225M increase in Canada Child Tax Benefit	None
YOUTH	\$155M more for Youth Employment Strategy in FY 99-00	All
TAXHIRE	\$110M more for Canada Jobs Fund in FY 99-00	All
INFRA	No new initiative	None

⁴⁰ Announced prior to the budget.

ISSUE 5/99⁴¹	BUDGET OUTPUT	CONSISTENT WITH GROUP
EI_STAY	\$235M premium cut	U, S
EI_CUT	Only \$235M premium cut versus approximately \$8B EI profit	S, H
EI_TAX	\$235M premium cut	None
EI_TAX2	5 year plan announced to cut EI premiums by \$15B and personal income taxes by \$40B	All
EI_CUT2	\$235M premium cut	None
EI_PAY	Weekly benefit increased	U, S
EI_SEAS	No new initiative	None
EI_LOW	No new initiative	None
EI_MAX	No new initiative (\$48,750 remains the threshold for claw-back of EI benefits) ⁴²	All
EI_JOBS	No new initiative	None
EI_EDUC	No new initiative	None
EI_PARNT	Duration of employment insurance maternity and parental doubled to 12 months	All

⁴¹ Finance Department, *The Budget Plan 2000*.

⁴² Human Resources Development Canada.

ISSUE 6/99⁴³	BUDGET OUTPUT	CONSISTENT WITH GROUP
TAX_MID	Middle tax rate cut from 26% to 23% and 5% surtax eliminated	All
SURTAX	5% surtax eliminated	S
RRSP	No new initiative	None
CAPGAIN	Cut capital gains inclusion rate from three-quarters to two-thirds	U, S
BASIC	Basic amount increased to \$8,000	All
BRACKET	Three tax bracket levels increased to \$8,000, \$35,000 and \$70,000 respectively	All
FLATTAX	No new initiative	None
SURTAX2	Threshold raised to \$80,000	U, S
GST	No new initiative	None

⁴³ Finance Department, *The Budget Plan 2000*.

ISSUE 9/00⁴⁴	BUDGET OUTPUT	CONSISTENT WITH GROUP
TAX100K	29% rate cut to 26% on taxable incomes between \$61,509 and \$100,000. Threshold for the application of the 29% rate rises to \$100,000	All
TAX_60k	24% cent rate reduced to 22% per cent on taxable incomes between \$30,754 and \$61,509	All
BASIC	No new initiative	None
RRSP_15K	No new initiative	None
CORP_TAX	\$175M corporate tax cut in 01-02	None
SURTAX	Eliminated as of January, 2001	None
TAX_35K	No new initiative	None
GRD_DEBT	Increased interest and principal forgiveness up to \$10,000 per student	All
INFRA	No new initiative	None
CHILDTAX	\$260M increase in Canada Child Tax Benefit in FY 01-02	All
RESEARCH	\$400M increase for Canada Foundation for Innovation, \$20M increase in funding for Social Sciences and Humanities Research Council in FY 01-02	All

⁴⁴ Finance Department, *Economic Statement and Budget Update*, October, 2000.

Collectively, between 52 and 57 per cent of the decisions were consistent with public opinion. If individual years are compared, however, consistency ranges from 33 percent all the way up to 90 percent. Furthermore, the budget decisions were least consistent with the opinions of the highly involved, which was unexpected.

Why the large range of consistency values between individual surveys and a perhaps counterintuitive consistency pattern? The answer likely lies in the small size and non-random nature of the sample. There are only 76 budget decisions in the sample studied here and smaller samples clearly have higher margins of error. Furthermore, the decisions examined here do not constitute a random sample of budget decisions; they constitute only those budget decisions which had a corresponding public opinion variable contained in a dataset commissioned by the Finance Department. Conclusions therefore must be made with some caution.

Table 9 – Budget Consistency By Political Involvement Level: Number of Issues Consistent

SURVEY	# ITEMS	UNINVOLVED	SOMEWHAT INVOLVED	HIGHLY INVOLVED
12/ 95	13	12	12	11
11/ 96	15	7	7	7
8/ 98	15	8	8	9
5/ 99	12	5	6	4
6/ 99	9	5	5	3
9/00	11	5	5	5
Total	75	42	43	39
% Consistent		56	57	52

These results were then compared with those found when another method of measuring policy-opinion consistency was used. To reduce political involvement to one interval variable, factor analysis was used. The political involvement factor was named PI_SCR. The factor analysis produced solutions which were significant at the .001 level, produced a KMO of approximately .650 and one factor, with an Eigenvalue of approximately 1.700 and representing over 40 per cent of the variance. No rotation was conducted since the variables were reduced to only one factor. According to the component matrix, PARTY always loaded the weakest, at approximately .450, while the other three variables loaded at approximately .675.

A new consistency variable was then produced by recoding individuals' responses to the policy questions in the dataset, so that responses which were consistent or inconsistent with the actual budget outcome were coded accordingly. The total number of consistent responses was then totalled, producing a new variable called CONS_SCR, which was then correlated with PI_SCR. The results, shown in the following table, indicate three significant positive relationships between the two variables in three of the six surveys analyzed and one significant negative relationship. The other two other relationships, one positive and one negative, were insignificant. As stated above, the small number of consistency items available in any given year (and over the six surveys) means that conclusions must be made with a high level of caution. This fact notwithstanding, there is insufficient evidence, on balance, to support the fourth hypothesis.

Result: H_04 is accepted.

**Table 10: Pearson Correlations Between Consistency and
Political Involvement**

*** = Two-tailed significance at .05 level,**

**** = Two-tailed significance at .01 level**

(In Three Places of Decimals)

SURVEY	CORRELATION
12/95	-021
11/96	084**
8/98	-065**
5/99	061*
6/99	020
9/00	077**

H5: Canadians whose opinions are consistent with federal economic policy are significantly different, demographically, from other Canadians

If consistency is not significantly correlated with political involvement, what does it correlate to? Since the only other available data here is demographic, it will be the focus of the final hypothesis, which posits that those Canadians whose opinions on economic matters were consistent with budget outcomes are different, demographically, from the rest of the population.

**Table 11: Pearson Correlations and Partial Correlations Between
Consistency and Six Demographic Variables**

*** = Significant at .05 level, ** = Significant at .01 level
(In Three or Four Places of Decimals)**

	Correlation	Partial correlation
VARIABLE 12/95	CONS_SCR	CONS_SCR
AGE	-041	-0443
EDUCATION	028	-0058
INCOME	085**	0802**
WORK FOR PAY	069**	0150
MALE	029	0271
ENGLISH	-033	-0271
VARIABLE 11/96		
AGE	-007	-0062
EDUCATION	-002	-0337
INCOME	058*	0526*
WORK FOR PAY	019	0034
MALE	055*	0517*
ENGLISH	-022	-0237

	Correlation	Partial correlation
VARIABLE 8/98	CONS_SCR	CONS_SCR
AGE	046	0255
EDUCATION	-013	0040
INCOME	-032	-0234
WORK FOR PAY	-052*	-0233
MALE	-107*	-0865**
ENGLISH	046*	0507*
VARIABLE 5/99		
AGE	-043	-0064
EDUCATION	150**	0995**
INCOME	159**	0841**
WORK FOR PAY	118**	0370
MALE	148**	1463**
ENGLISH	037	0262

VARIABLE 6/99	Correlation	Partial correlation
AGE	062**	0886**
EDUCATION	119**	0766**
INCOME	206**	1741**
WORK FOR PAY	017	0264
MALE	034	0213
ENGLISH	N/A	N/A
VARIABLE 9/00		
AGE	-071**	-0535*
EDUCATION	171**	1146**
INCOME	223**	1652**
WORK FOR PAY	030	-0648**
MALE	091**	0581*
ENGLISH	N/A	N/A

As the table above indicates, policy-opinion consistency usually correlated most strongly with being a male with above average income. Age, language and occupation type rarely were significant factors. Nevertheless, few of the demographic variables correlated strongly and significantly enough to sustain the fifth hypothesis.

Had political involvement or demographic variables correlated significantly with consistency, the next step would have been to use regression to construct a logical path to consistency. Since the inputs for such a model show relatively low (and sometimes

negative) correlations, the resulting r-squared of the regression model likely would have been too low to make it useful so this step was not taken.

Result: H_0 is accepted.

Chapter 6: Conclusions

This paper has examined political involvement, economic knowledge and policy-opinion consistency in the context of recent federal budgets. It found that politically involved Canadians are somewhat different from their uninvolved counterparts on a number of demographic variables. It also found that politically involved Canadians have views on budget policy which are somewhat different from those of uninvolved Canadians. While significant, these opinion differences are too small to put the involved and the uninvolved on opposite sides of enough issues to force the government to “choose sides,” as this paper had expected. The small number of decisions available for study, as well as the lack of explanatory power of the economic knowledge variable, made it impossible to construct a satisfactory model which would explain how public opinion inputs get processed into budget policy outputs.

Certainly, some very interesting questions remain. Would an examination of 500 budget decisions find enough dichotomies (politically involved versus uninvolved or economically knowledgeable versus un-knowledgeable) to allow pattern recognition in how the government chooses sides? If the electoral cycle was overlaid on budget making, would policy-opinion consistency rise just before an election and fall immediately afterwards? How do Liberal and Conservative governments compare on levels of policy-opinion consistency? And this being Canada, regional variations are always interesting. Does the government really listen more to Québec, as some Albertans suspect? Finally, how does policy-opinion consistency compare when one looks at non-budget areas, such as health care or environment policy – and why?

Clearly, this line of study has considerable potential for future scholarship. And as stated in the methodology section of this paper, future researchers may wish to use a variety of datasets, not just those provided by the government – although attention must be paid to the degree of fit between the policy outputs and the opinion preferences expressed in the surveys. While the black box of budget policy remains frustratingly opaque, it is hoped that this paper has shed enough light on the subject to attract the attention of other researchers and perhaps sketch out a blueprint indicating how they might gain entry.

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Appendix

Table 12: Budget Policy Preference Variables

LABEL (12/95)	Q #	Variable Label
GST	44	Thinking ahead to the next federal budget, I would like you to tell me how important you think it is that the budget do the following things: Replaces the GST with a different tax
DEFICIT	45	Further reduces the deficit
SPENDING	46	Further reduces government spending
TAXES	47	Not raise personal taxes
HEALTH	50	Spend more on health care
SOCIAL	52	Reduces spending on social programs
JOBS	54	Spends money on job creation programs
GST2	59	Lower the GST from 7 per cent to 5 per cent and replace the lost revenue with a personal tax increase
GST3	62	Keep the GST at 7 per cent but harmonize it with provincial sales taxes and include it in the purchase price
RSP_13K	68_1	Do you think the government should ... Leave RRSP limits at \$13,500

RSP_10K	68_2	Lower them to \$10,000
RSP_7K	68_3	Cut them in half to \$7,000
RSP_15K	68_4	Raise them to \$15,000?
RSP_TAX	68D	Reduce deficit by putting a 1% tax on the money that is invested in RRSPs.
11/96		
HEALTH	18a	There are many specific ideas about what ought to be in the next budget. For each idea, could you tell me whether it is an excellent idea or a poor idea.
		Increased spending for health care
COLLEGE	18b	Increased spending for university and college education
TRAINING	18c	Increased spending for training and education for workers
SOCIAL		
CRIME	18f	Increased spending for crime prevention
CHILD	18g	Increased spending for children in poverty
RESEARCH	18h	Increased spending for research at universities
MEDICAL	18i	Increased spending for medical research
DISAB_SP	18j	Increased spending for disabled Canadians
DISAB_TX	18k	Tax breaks for disabled Canadians
JOBS	18l	Increased spending for programs to directly create jobs

TAXHIRE	18m	Tax incentives for businesses to hire new people
TAX_MID	18n	Reduce the level of personal taxes for middle and lower income Canadians only
YOUTH	18o	Increased spending for programs to employ young people
SPENDING	18p	Reduce government spending
8/98 BALANCE	21a	There are a number of ideas that people have for next year's federal budget. Keep the budget balanced
DEBT	21b	Put money toward the federal / national debt
TRAFER	21c	Put back the money the federal government took out of transfers to the provinces
TAXES	21d	Reduce personal income taxes
HEALTH	21e	Give more money to the provinces on the condition that they only use it for health
HIGHWAY	21f	Put money into a national program to improve highways and roads across the country
CRIME	21g	Put more money into crime prevention programs
WARMING	21h	Put money into programs that might help stop global warming / climate change
NATIVE	21i	Put more money toward improving the living conditions of native

		peoples
FOR_AID	21j	Put more money into aid for needy peoples in other countries
CHILDTAX	21k	Provide couples with a special tax credit if one of them chooses to stay at home and raise children
TAXCHILD	21l	Further increase child tax benefit for modest and middle-income Canadians
YOUTH	21m	Have the federal government create short-term work experience for young people
TAXHIRE	21n	Subsidize wages to encourage businesses to hire people who are having trouble finding work
INFRA	21o	Create a program between federal, provincial and local governments to fund public works' projects, like convention centres, sewer systems and bridges
5/99		
EI_STAY	27b	I'm going to present some different options for changing the EI program and get your reaction to them: Keep EI premiums where they are but increase the amount that is paid out in benefits
EI_CUT	27a	Immediately reduce EI premiums to the break-even point
EI_TAX	27c	Keep EI premiums where they are and reduce personal income taxes instead

EI_TAX2	27d	Commit to reducing EI premiums over a period of five years and reduce income taxes at the same time, although less than would otherwise be possible
EI_CUT2	27e	Immediately reduce EI premiums to the break-even point and replace those revenues with a new payroll tax on employers and employees
EI_PAY	27f	Increasing the weekly amount that people are able to collect on EI
EI_SEAS	27g	Making it easier for people who work seasonally or irregularly to get EI each year
EI_LOW	27h	It is currently easier to qualify for EI benefits in areas of relatively high unemployment, like Newfoundland, than areas of low unemployment, like Toronto. Once change might be to make it easier to qualify for EI benefits in places with low unemployment rates
EI_MAX	27i	Under the current rules, benefits are reduced if a person has made more than \$50,000 in the year that they are collecting EI. One change might be to end that practice and provide people with the same benefits, no matter how much they earn that year
EI_JOBS	27j	Use some of the surplus EI money to fund job creation programs
EI_EDUC	27k	Use some of the surplus EI money to fund education and training programs
EI_PARNT	27l	Make it easier for people on maternity or parental leave to get benefits

TAX_MID	19A	There are a number of different ideas about how the government could lower personal income taxes. How about: ... Reducing tax rates for middle class taxpayers?
SURTAX	19B	Eliminating the special surtax on people with incomes over \$65K?
RRSP	19C	Increasing the maximum amount that a person can put into an RRSP?
CAPGAIN	19D	Reducing the tax on capital gains?
BASIC	19E	Increasing the basic credit, that amount of income that nobody pays tax on?
BRACKET	19F	Increasing the income levels at which a person moves into a higher tax bracket?
FLATTAX	19G	Putting in place a flat tax, meaning everybody pays the same?
SURTAX2	19H	Raise the income level at which the high income surtax kicks in?
GST	19I	Lower the GST from 7% to 5%?

9/00

TAX100K	31a	I'm going to read you a number of policies that could be included in the Fall economic statement and ask how much you support or oppose each. Cut tax on income between \$60K & 100K
TAX_60k	31b	Cut tax on income between \$35K & \$60K
BASIC	31c	Increase basic tax exemption to \$10K
RRSP_15K	31d	Raise annual RRSP / RPP limits by \$2K to \$15,500
CORP_TAX	31e	Reduce corporate taxes
SURTAX	31f	Eliminate the 5% surtax
TAX_35K	31g	Grants to people earning under \$35K
GRD_DEBT	31h	Help to graduates with large debts
INFRA	31i	Fund to help cities fix infrastructure
CHILDTAX	31j	Increase the child tax benefit
RESEARCH	31k	More money for scientific research

Table 13: Political Involvement Variables

Survey Date	Question #	Variable Label	Values
December-95	110	Have you in the last year spoken at a public meeting?	1 = Yes
November-96	40		0 = No
August-97	97		
February-98	32		
August-98	106		
May-99	50		
June-99	50		
September-00	49		
December-95	111	Have you in the last year written a letter to a newspaper editor?	1 = Yes
November-96	41		0 = No
August-97	98		
February-98	33		
August-98	107		
May-99	51		
June-99	51		
September-00	50		
December-95	112	Have you in the last year called a television or radio talk show?	1 = Yes
November-96	42		0 = No
August-97	99		
February-98	34		
August-98	108		
May-99	52		
June-99	52		
September-00	51		
December-95	113	Have you in the last year written an article for publication?	1 = Yes
November-96	43		0 = No
August-97	100		
February-98	35		
August-98	109		
May-99	53		
June-99	53		
September-00	52		

December-95	114	Have you in the last	1 = Yes
November-96	44	year been a member	0 = No
August-97	101	of a community	
February-98	36	service organization?	
August-98	110		
May-99	54		
June-99	54		
September-00	53		
December-95	115	Have you in the last	1 = Yes
November-96	45	year served as an	0 = No
August-97	102	officer of a non-	
February-98	37	governmental	
August-98	111	organization?	
May-99	55		
June-99	55		
September-00	54		
December-95	116	Have you in the last	1 = Yes
November-96	46	year written to an	0 = No
August-97	103	elected	
February-98	38	representative?	
August-98	112		
May-99	56		
June-99	56		
September-00	55		
December-95	117	Have you in the last	1 = Yes
November-96	47	year been a member	0 = No
August-97	104	or worked for a	
February-98	39	political party?	
August-98	113		
May-99	57		
June-99	57		
September-00	56		
December-95	118	Have you helped	1 = Yes
February-98	40	raise money for a	0 = No
		cause you care	
		about?	
December-95	119	Have you given an	1 = Yes
February-98	41	interview to or	0 = No
		answered questions	
		from someone?	

Table 14: Economic Knowledge Variables

Survey Date	Q #	Question Wording	Values	Recoded for Analysis	Correct Answer
December-95	28	In general, how would you describe the state of the economy of Canada today?	1 = Strong growth 3 = Neither growth nor decline 5 = Strong decline	4 = correct	Moderate decline (Real GDP Q2-95: -.8 %) ⁴⁵
November-96	30	In general, how would you describe the state of the economy of Canada today?	1 = Strong growth 3 = Neither growth nor decline 5 = Strong decline	2 = correct	Moderate growth (Real GDP Q2-96: 1.3 %) ⁴⁶
	52	What is the level of the federal deficit?	Open-ended	\$24 – 34B ⁴⁷	\$29 B ⁴⁸
	72	In general, do you think that the Employment Insurance program makes money for the government or costs money for the government?	1 = Makes money for the government 2 = Costs money for the government	1 = Correct	Makes money for the government (i.e. \$12B paid out on \$19B in premiums in FY 1997-98) ⁴⁹

⁴⁵ *The Budget Charbook 1998.*

⁴⁶ *Finance Canada.*

⁴⁷ Because the open-ended format of this question makes it more difficult (e.g. half of respondents did not answer this question), responses were coded as “correct” if they were within \$5B of the correct answer. By comparison, a 1992 Gallup survey of Americans’ economic knowledge asked a similar question but offered respondents four closed-ended choices. Nineteen per cent of respondents answered this question correctly, a result which runs counter to expectations, given all the data indicating how American score lower than Canadians on most education measures.

⁴⁸ Finance Department. Due to the difficulty of answering this open-ended question, responses were coded as “correct” if they were within \$5B of the correct answer.

⁴⁹ *Annual Financial Report of the Government of Canada: Fiscal Year 1996-97.*

February-98	2	In general, how would you describe the state of the economy of Canada today?	1 = Strong growth 3 = Neither growth nor decline 5 = Strong decline	1 = correct	Strong growth (Real GDP Q3-97: 4.1%) ⁵⁰
August-98	2	In general, how would you describe the state of the economy of Canada today?	1 = Strong growth 3 = Neither growth nor decline 5 = Strong decline	2 = correct	Moderate growth (Real GDP Q1-98: 3.1%) ⁵¹
	4	Based on what you know, is the government running a deficit, a surplus or a balanced budget?	1 = Deficit 2 = Surplus 3 = Balanced budget	3 = correct	Balanced budget ⁵²
	14	In general, do you think that the Employment Insurance program makes money for the government or costs money for the government?	1 = Makes money for the government 2 = Costs money for the government	1 = correct	Makes money for the government (i.e. \$12B paid out on \$19B in premiums in FY 1998-99) ⁵³
May-99	2	In general, how would you describe the state of the economy of Canada today?	1 = Strong growth 3 = Neither growth nor decline 5 = Strong decline	1 = correct	Strong growth (Real GDP Q4-98: 4.8%) ⁵⁴

⁵⁰ Finance Department, *The Economy In Brief*, January 1998.

⁵¹ *The Budget Chartbook 1998*.

⁵² *The Budget in Brief: 1998*.

⁵³ *Annual Financial Report of the Government of Canada: Fiscal Year 1996-97*.

⁵⁴ *Statistics Canada*.

	11	Based on what you know, is the government running a deficit, a surplus or a balanced budget?	1 = Deficit 2 = Surplus 3 = Balanced budget	3 = correct	Balanced budget ⁵⁵
	19	In general, do you think that the Employment Insurance program makes money for the government or costs money for the government?	1 = Makes money for the government 2 = Costs money for the government	1 = correct	Makes money for the government (i.e. \$11B paid out on \$19B in premiums in FY 1999-2000) ⁵⁶
June-99	7	In the last couple of years, would you say that the federal government has been increasing / decreasing / spending the same on education? ⁵⁷	1 = Increasing 2 = Decreasing 3 = Spending the same	1 = correct	Increasing (Up \$1.1B from 1996-97 to 1997-98)
	8	In the last couple of years, would you say that the federal government has been increasing / decreasing / spending the same on health care?	1 = Increasing 2 = Decreasing 3 = Spending the same	1 = correct	Increasing (Up \$1.1B from 1996-97 to 1997-98)

⁵⁵ *The Budget in Brief: 1999.*

⁵⁶ *Annual Financial Report of the Government of Canada: Fiscal Year 1999-2000.*

⁵⁷ The data used for questions regarding federal spending on education, health care and helping poor children will be the Canada Health and Social Transfer, which is provided to each province in support of provincial health care, post-secondary education, social assistance and social services. While this data is not specific to any one of these three areas, education, it is nevertheless useful since it is being used as an indicator of direction, not magnitude.

	9	In the last couple of years, would you say that the federal government has been increasing / decreasing / spending the same on helping poor children?	1 = Increasing 2 = Decreasing 3 = Spending the same	1 = correct	Increasing (Up \$1.1B from 1996-97 to 1997-98)
	10	In the last couple of years, would you say that the federal government has been reducing / raising / leaving taxes about the same?	1 = Reducing 2 = Raising 3 = Leaving taxes about the same	1 = correct	Reducing (the 1998 and 1999 budgets together lowered taxes by \$3.9B) ⁵⁸
September-00	12a	Based on what you know, is the government running a deficit, a surplus or a balanced budget?	1 = deficit 2 = surplus 3 = balanced budget	3 = correct	Balanced budget ⁵⁹
	17a	In the last couple of years, would you say that the federal government has been reducing / raising / leaving taxes about the same?	1 = Reducing 2 = Raising 3 = Leaving taxes about the same	1 = correct	The 1998 and 1999 budgets cut taxes by approximately \$4B ⁶⁰
March-01	5	In general, how would you describe the state of the economy of Canada today?	1 = Strong growth 3 = Neither growth nor decline 5 = Strong decline	1 = correct	Strong growth (Real GDP Q3-00: 4.8%) ⁶¹

⁵⁸ *The Budget in Brief: 1999.*

⁵⁹ *The Budget in Brief: 2000.*

⁶⁰ *The Budget in Brief: 1998 and 1999.*

⁶¹ Finance Department, *The Economy in Brief*, September 2000.

	19	In the last couple of years, would you say that the federal government has been reducing / raising / leaving taxes about the same?	1 = Reducing 2 = Raising 3 = Leaving taxes about the same	1 = correct	The 1999 and 2000 budgets cut taxes by approximately \$6B ⁶²
September-01	5	In general, how would you describe the state of the economy of Canada today?	1 = Strong growth 3 = Neither growth nor decline 5 = Strong decline	3 = correct	Moderate growth (Real GDP Q1-01: 2.5%) ⁶³
	7	Based on what you know, in recent months have interest rates been going up, going down or staying about the same? ⁶⁴	1 = Going up 2 = Going down 3 = Staying about the same	2 = correct	Going down (-1% June to September 2001)
	8	Based on what you know, in recent months has unemployment been going up, going down or staying about the same?	1 = Going up 2 = Going down 3 = Staying about the same	1 = correct	Going up (+.2 % between June and September 2001) ⁶⁵

⁶² *The Budget in Brief: 1999 and 2000.*

⁶³ *Finance Canada.*

⁶⁴ Note how, consistent with economic theory, Canadians get more correct answers to economic questions which would affect their day-to-day lives – i.e. a knowledge of interest rates is necessary for deciding when to obtain or renew a mortgage or obtain an interest-bearing certificate. Not so with the level of the deficit or the state of the economy in general.

⁶⁵ *Statistics Canada.*

21	Based on what you know, is the government running a deficit, a surplus or a balanced budget?	1 = Deficit 2 = Surplus 3 = Balanced budget	3 = correct	Balanced budget ⁶⁶
22	In the year, would you say that the federal government has been reducing / raising / leaving taxes about the same?	1 = Reducing 2 = Raising 3 = Leaving taxes about the same	1 = correct	The 1999 and 2000 budgets cut taxes by approximately \$6B ⁶⁷
23	In the last year, would you say that the federal government has been decreasing / increasing / spending the same on health care?	1 = Decreasing 2 = Increasing 3 = Spending about the same	2 = correct	The CHST rose during \$1B during FY 01-02 and \$1B was allocated for medical equipment ⁶⁸
November-01 4	In general, how would you describe the state of the economy of Canada today?	1 = Strong growth 3 = Neither growth nor decline 5 = Strong decline	3 = correct	Neither growth nor decline (Real GDP Q2-01: .4%) ⁶⁹
10	Based on what you know, in recent months have interest rates been going up, going down or staying about the same?	1 = Going up 2 = Going down 3 = Staying about the same	2 = correct	Going down (-1.75 August to November 2001)

⁶⁶ *The Budget in Brief 2001.*

⁶⁷ *The Budget in Brief: 1999 and 2000.*

⁶⁸ *Annual Financial Report of the Government of Canada: 2000-2001.*

⁶⁹ Finance Canada.

11	Based on what you know, in recent months has unemployment been going up, going down or staying about the same?	1 = Going up 2 = Going down 3 = Staying about the same	3 = correct	Staying about the same (+.3 % between August and November , 2001) ⁷⁰
12	Based on what you know, in recent months has the value of the Canadian dollar been going up, going down or staying about the same?	1 = Going up 2 = Going down 3 = Staying about the same	2 = correct	Going down (\$.6511 to \$.6285 from August to November 2001) ⁷¹

⁷⁰ Statistics Canada.

⁷¹ Bank of Canada.