

Income inequality and tax fairness

Canadian public opinion and priorities

**Fair Tax Summit
March 29, 2012
Ottawa ON**



Current trends are troubling

- Growing income disparities - in most developed countries
- Governments under increasing pressure to cut public services
- Persistent demands for tax “relief”

Where is Canadian public opinion today?

- **Is income inequality an issue for Canadians?**
- **If so, how much do they care?**
- **How do Canadians really feel about taxes?**
- **Are they prepared to support new taxes for public services?**

Focus Canada 2011 National Survey

- Conducted annually by the non-profit Environics Institute
- Public interest research - for public use
- 2011 survey conducted in November-December by telephone with representative sample of 1,500 Canadians
- Covered wide range of issues, including income inequality, taxation, and the role of government



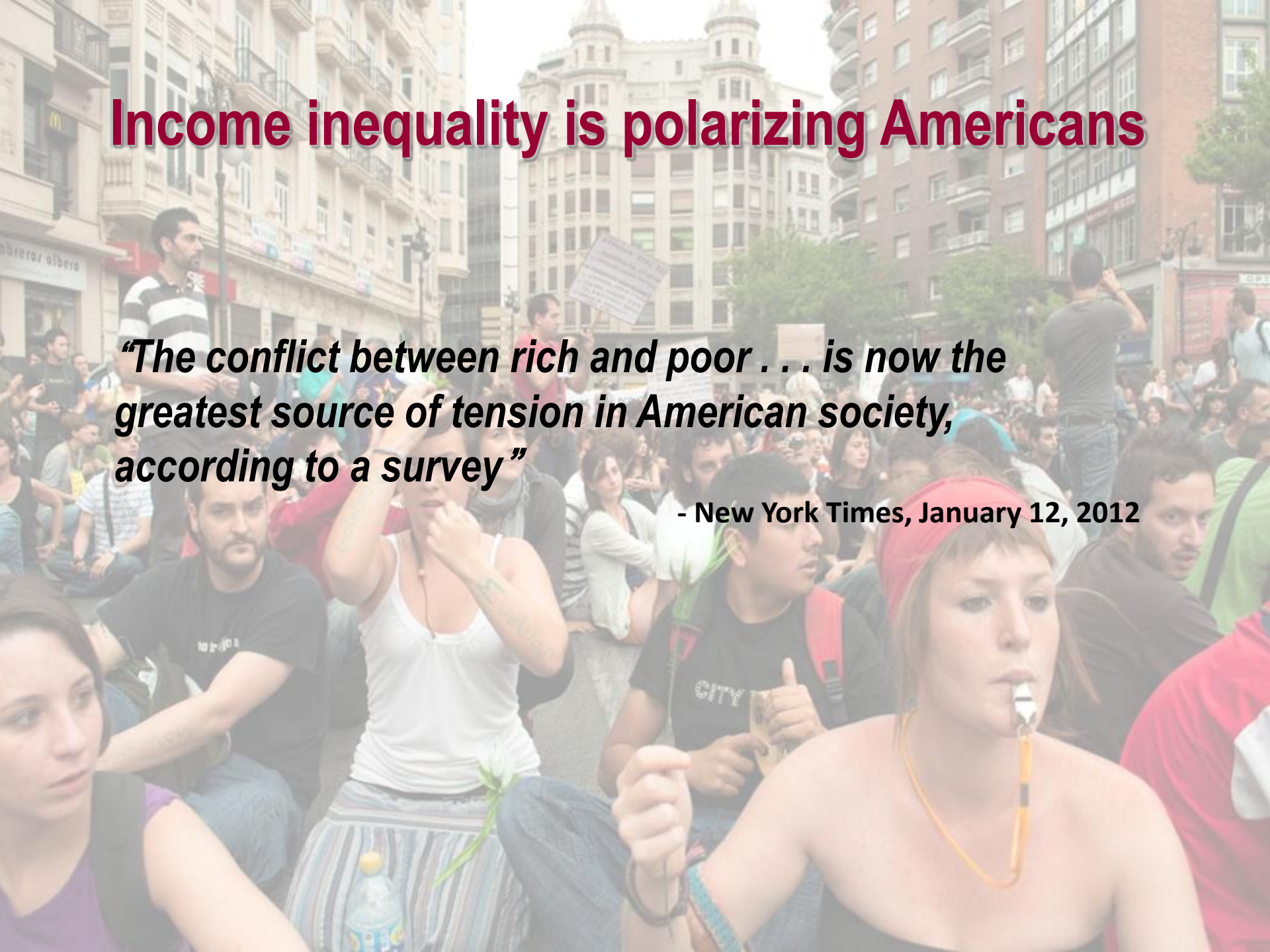
Income Inequality



Income inequality is polarizing Americans

“The conflict between rich and poor . . . is now the greatest source of tension in American society, according to a survey”

- New York Times, January 12, 2012

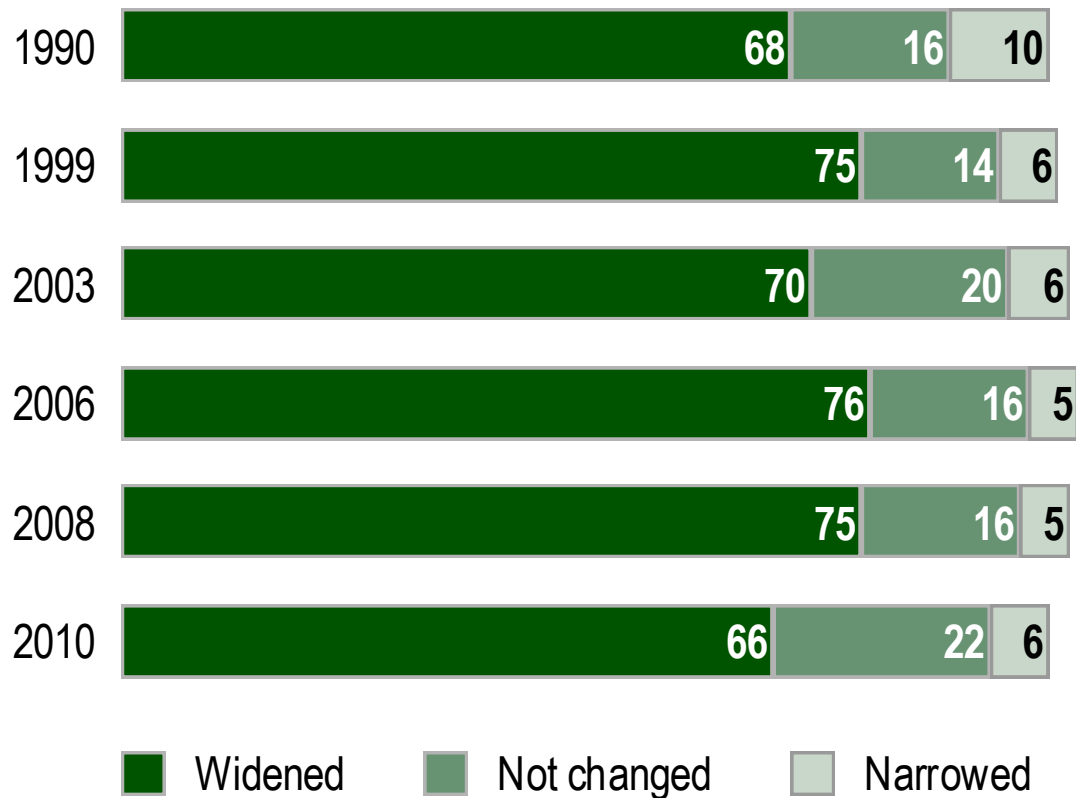




What's happening in Canada?

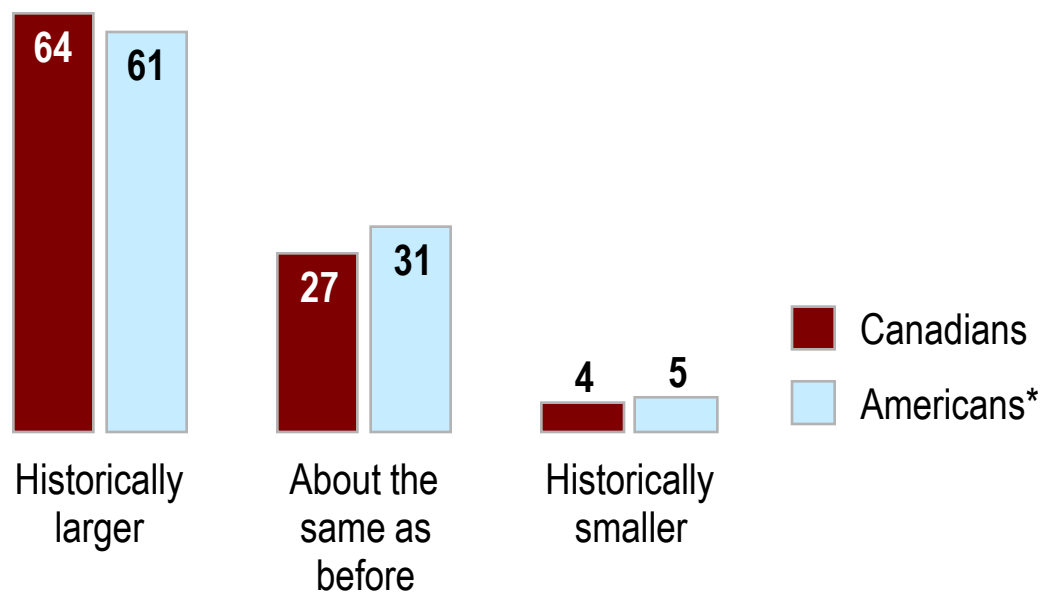
Change in gap between rich and poor

1990 - 2010



Gap between wealthy and everyone else

2011



* *Washington Post* survey, November 2011

Why is this gap growing?

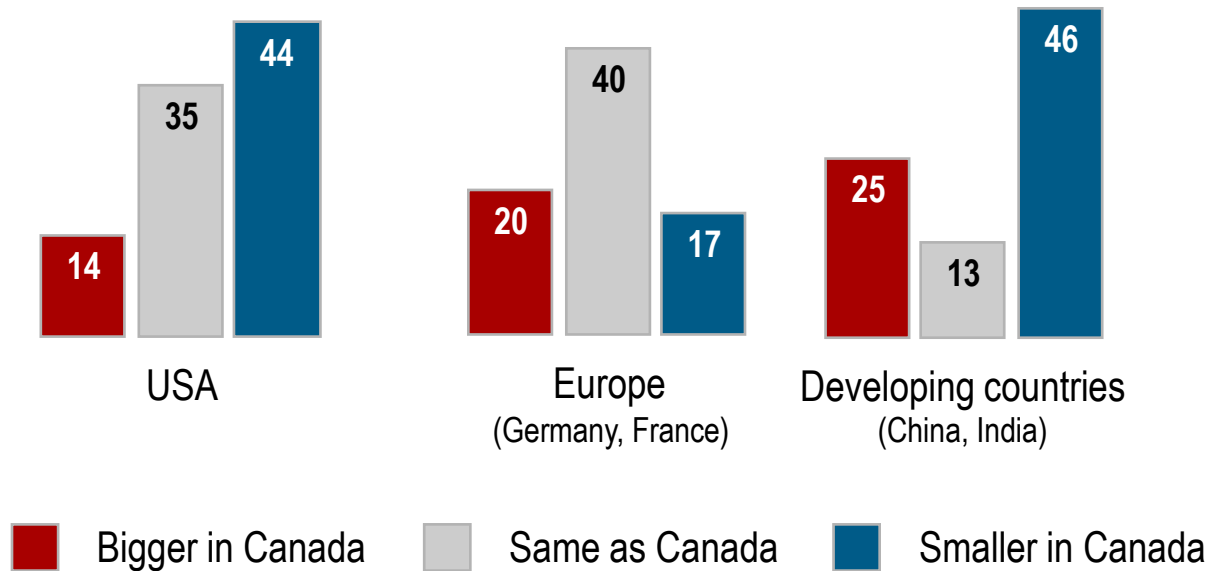
Unprompted mentions 2011

%

Structural inequities	74
Tax breaks go only to the rich/corporations	18
Capitalism hurts poor/helps rich	14
Unequal opportunities/regional disparities	10
Government policies	7
Few middle-class jobs	6
Economic system has changed	5
Globalization/free trade	1
Other	13
Bad economy/more unemployment	11
Greed/speculation	7
Wealthy people work harder/earn it	5
Other reasons	11
dk/na	11

Gap in Canada vs. other countries

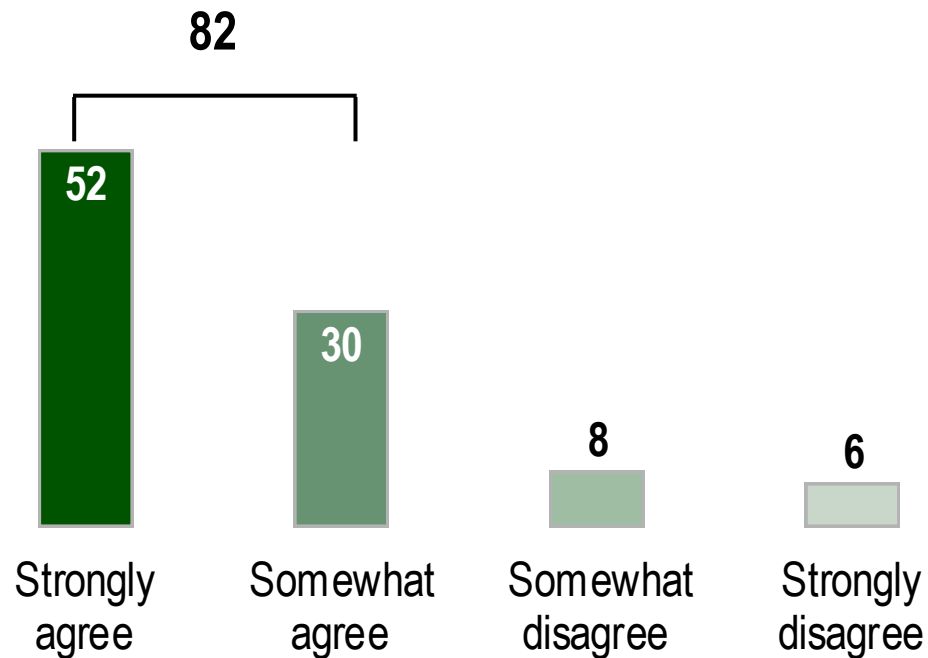
2011



Does government have a responsibility?

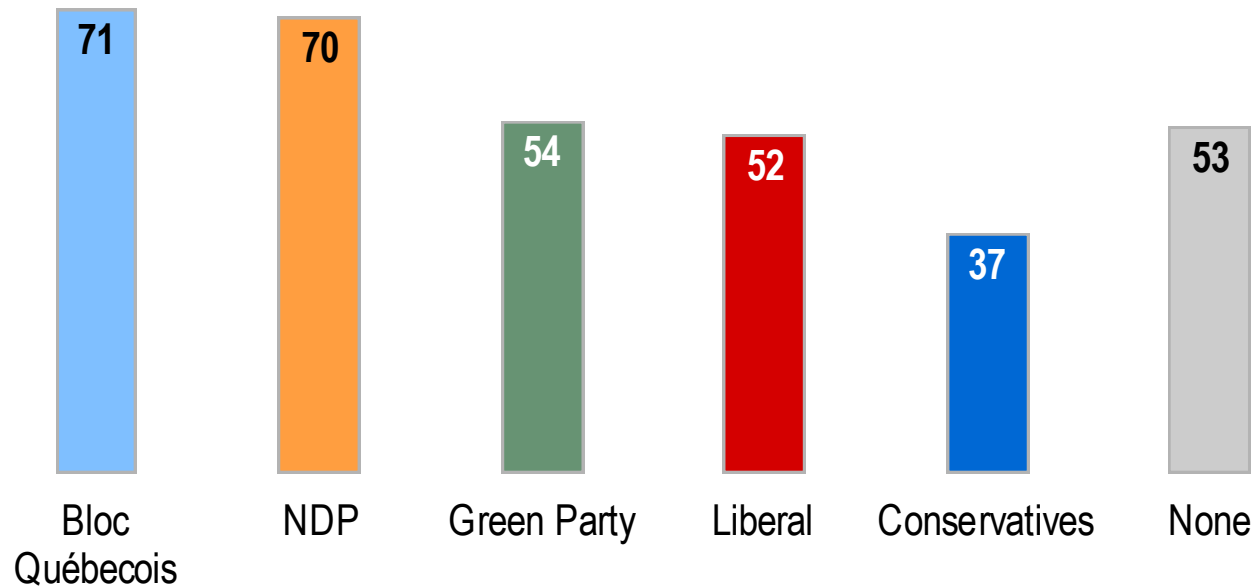
2011

Agree or disagree: Governments in Canada should actively find ways to reduce the gap between wealthy people and those less fortunate



Does government have a responsibility?

2011 Strong agreement – by party affiliation

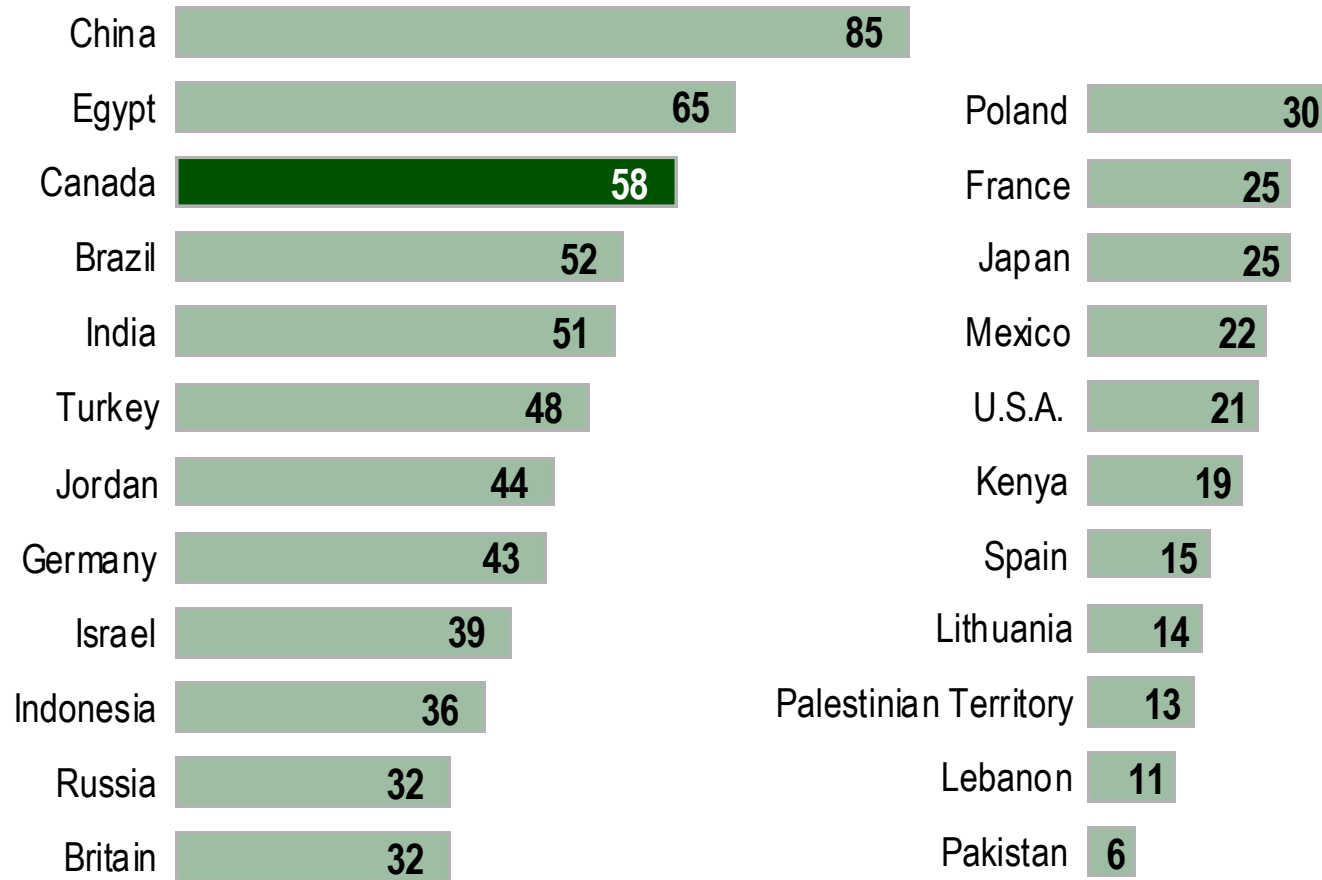


A large, dense crowd of people, mostly seen from the back, filling the frame. The image is slightly blurred, emphasizing the sheer number of individuals. A semi-transparent dark grey banner is overlaid across the middle of the image, containing the text.

How much are Canadians truly concerned?

Satisfied with direction of country

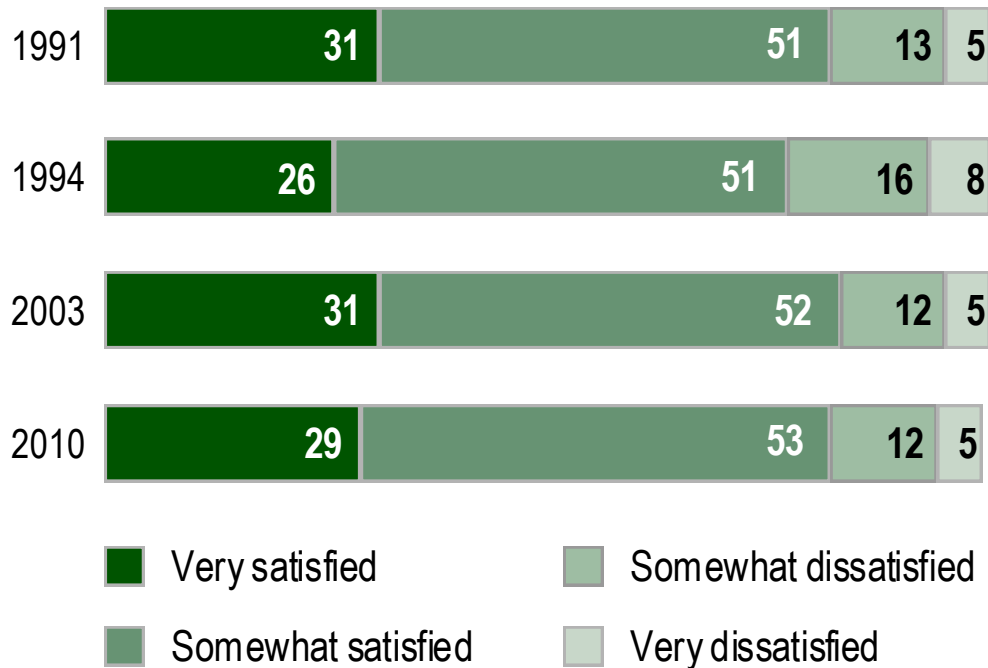
2011 International*



* Pew Research Global Attitudes Project, March 2011

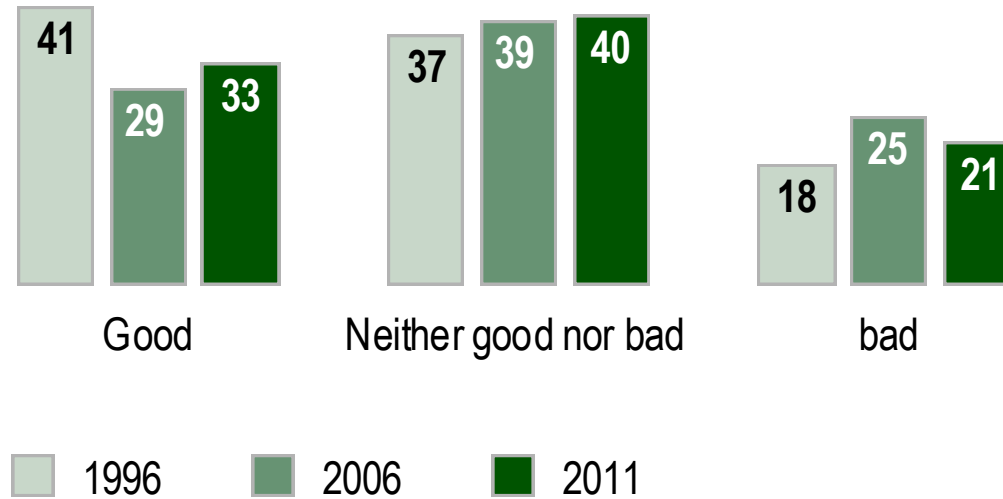
Satisfaction with current standard of living

1991 - 2010



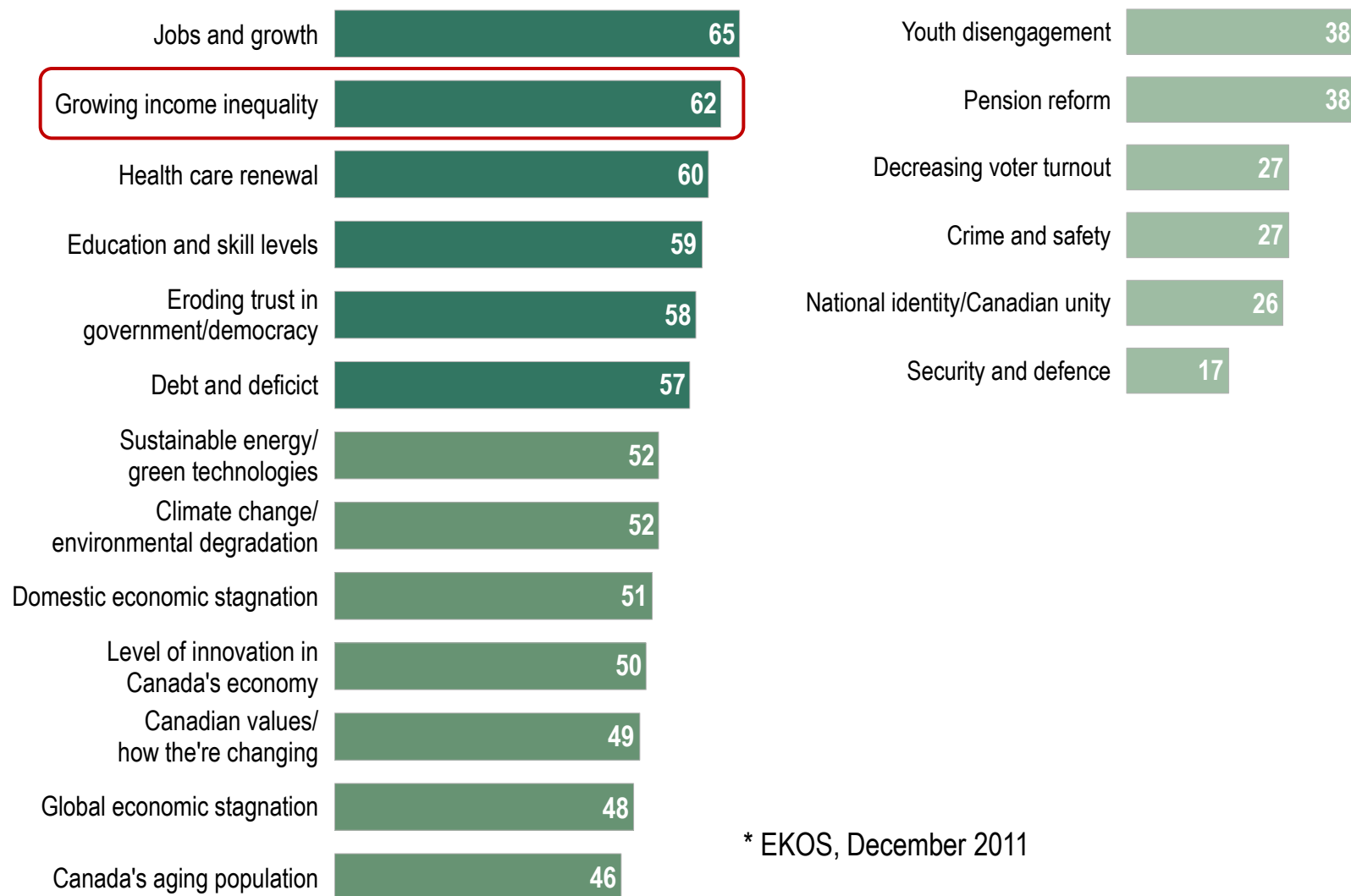
General opinion of large corporate profits

1996 - 2011



Most important national conversation about the country's future

December 2011* Preferences across 19 areas



* EKOS, December 2011

Déclaration de revenus et de prestations

T1 GÉNÉRAL

Remplissez toutes les sections qui s'appliquent à votre situation afin de bénéficier des montants auxquels vous avez droit.

Identification

Apposez ici votre étiquette personnalisée. Corrigez tout renseignement inexact. Si vous n'apposez pas d'étiquette, inscrivez ci-dessous vos nom et adresse en lettres enroulées.

Prénom

Nom légal

Adresse postale : app. n° et rue

CP

Ville

Prov./terr.

Code postal

Renseignements à fournir

Inscrivez votre numéro d'assurance sociale

Inscrivez vos dates de naissance

Votre langue de communication

Votre langue d'enseignement

Cocher le case qui indique votre état civil

1 ☐ Marié(e) 2 ☐ Célibataire

3 ☐ Divorcé(e) 4 ☐ Séparé(e)

Renseignements sur le conjoint de fait (si vous en avez un)

Inscrivez son NAS s'il ne figure pas sur votre déclaration

Inscrivez son prénom

Inscrivez son revenu net de 2007

(Renseignez le guide pour en savoir plus)

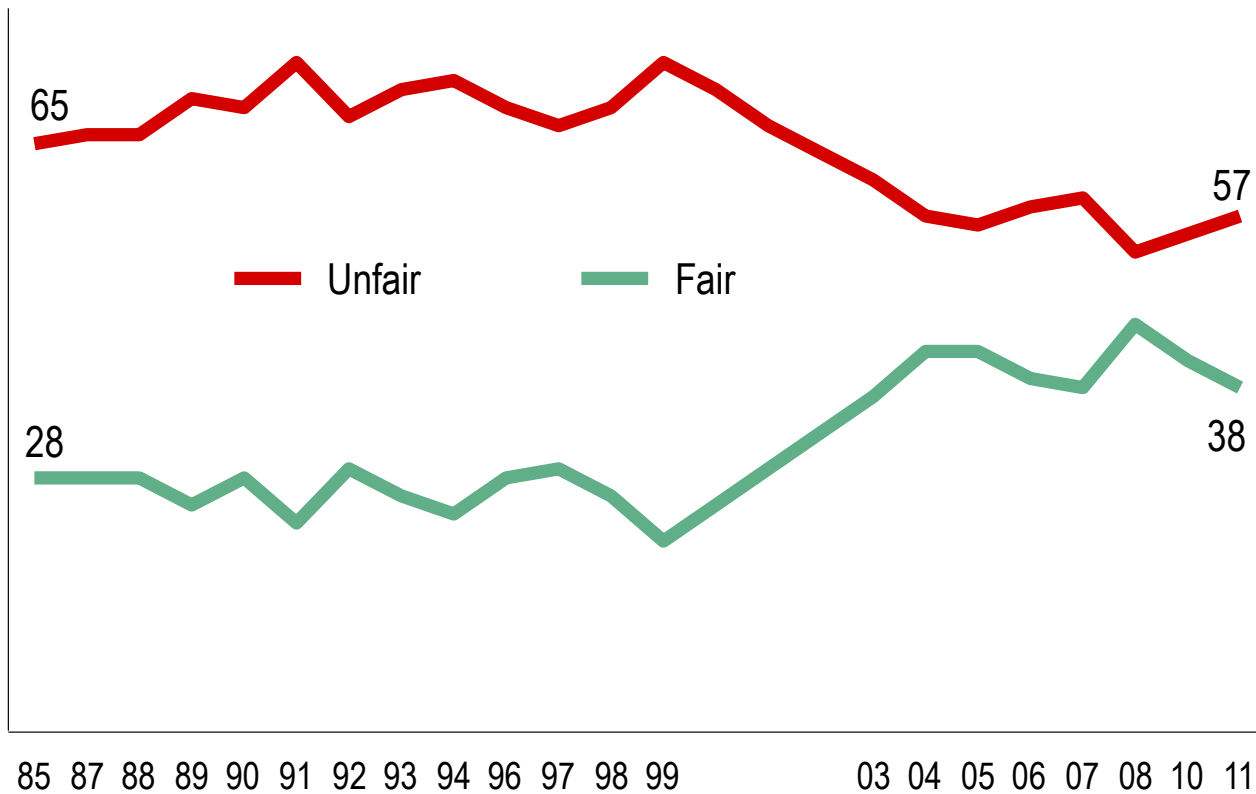
Inscrivez le montant de prestations universelles

Renseignements sur votre lieu de résidence

Indiquez la province ou le territoire où vous résidiez le 31 décembre 2007 :

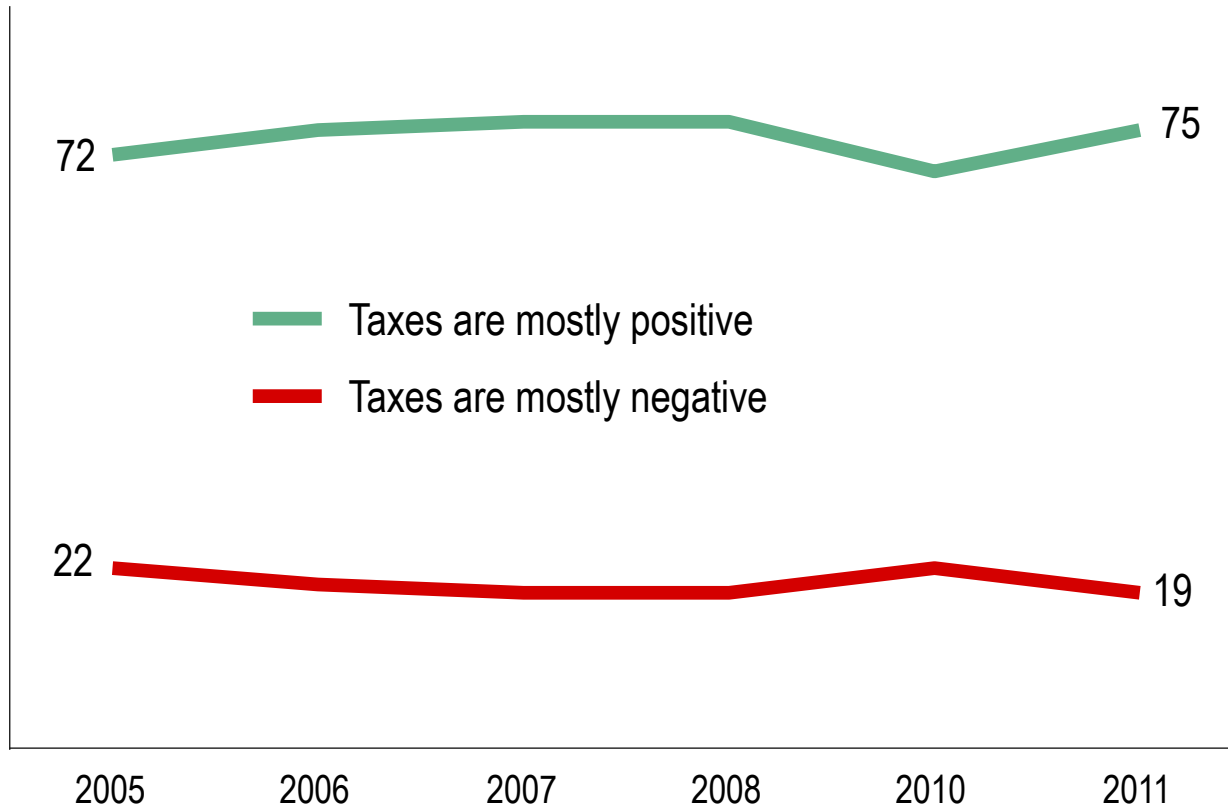
Fairness of the Canadian tax system

1985 – 2011



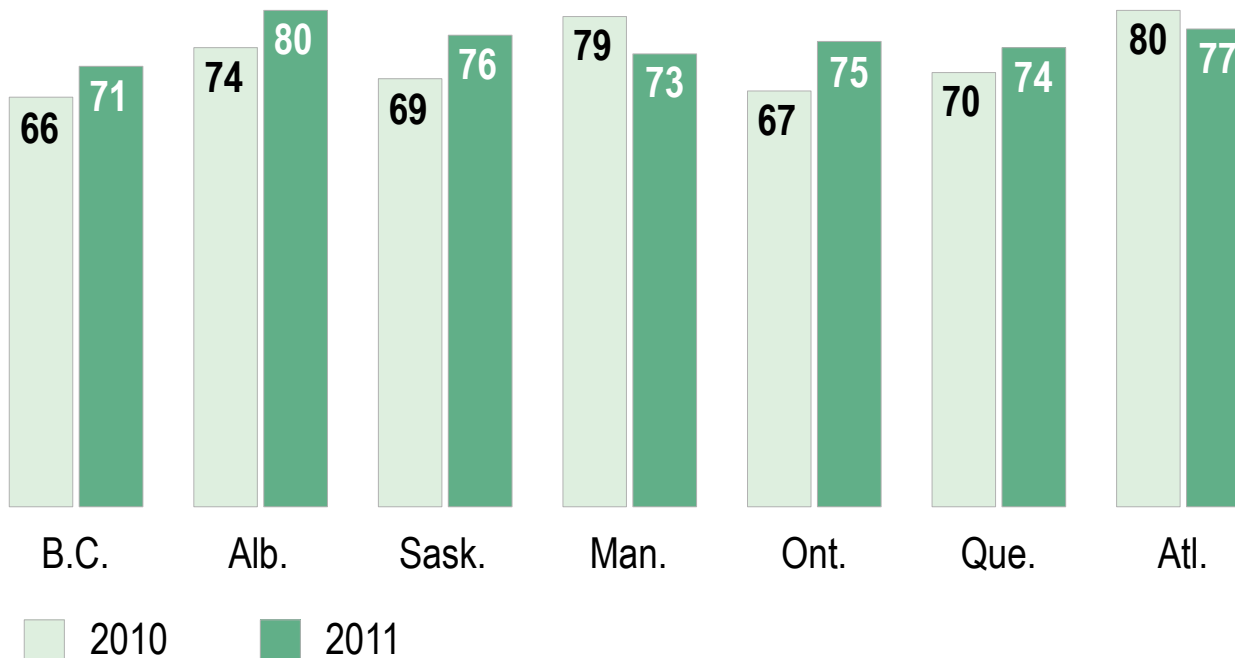
Taxes fundamentally positive or negative?

1985 – 2011



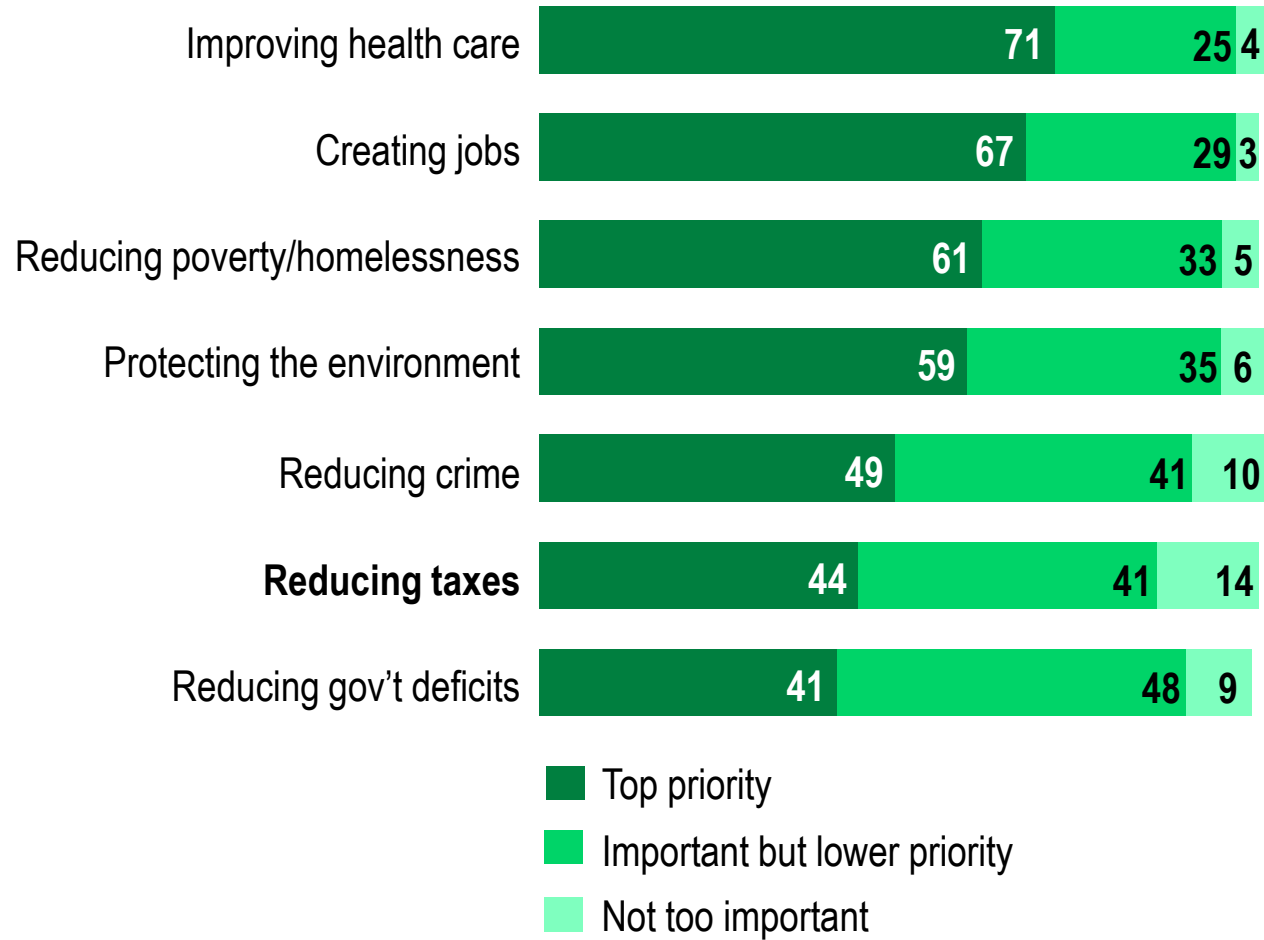
Taxes fundamentally positive or negative?

2010 – 2011 Taxes mostly good By province



Top priorities for Canada

Canada November 2010

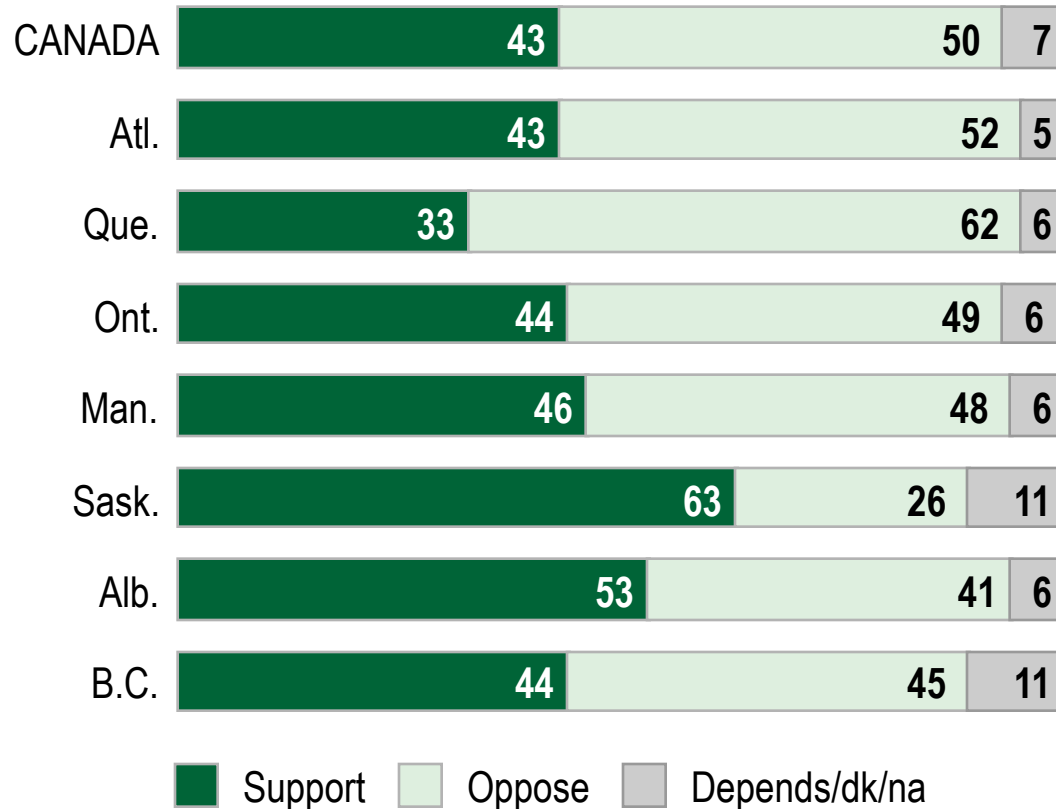




What kind of taxes will Canadians support?

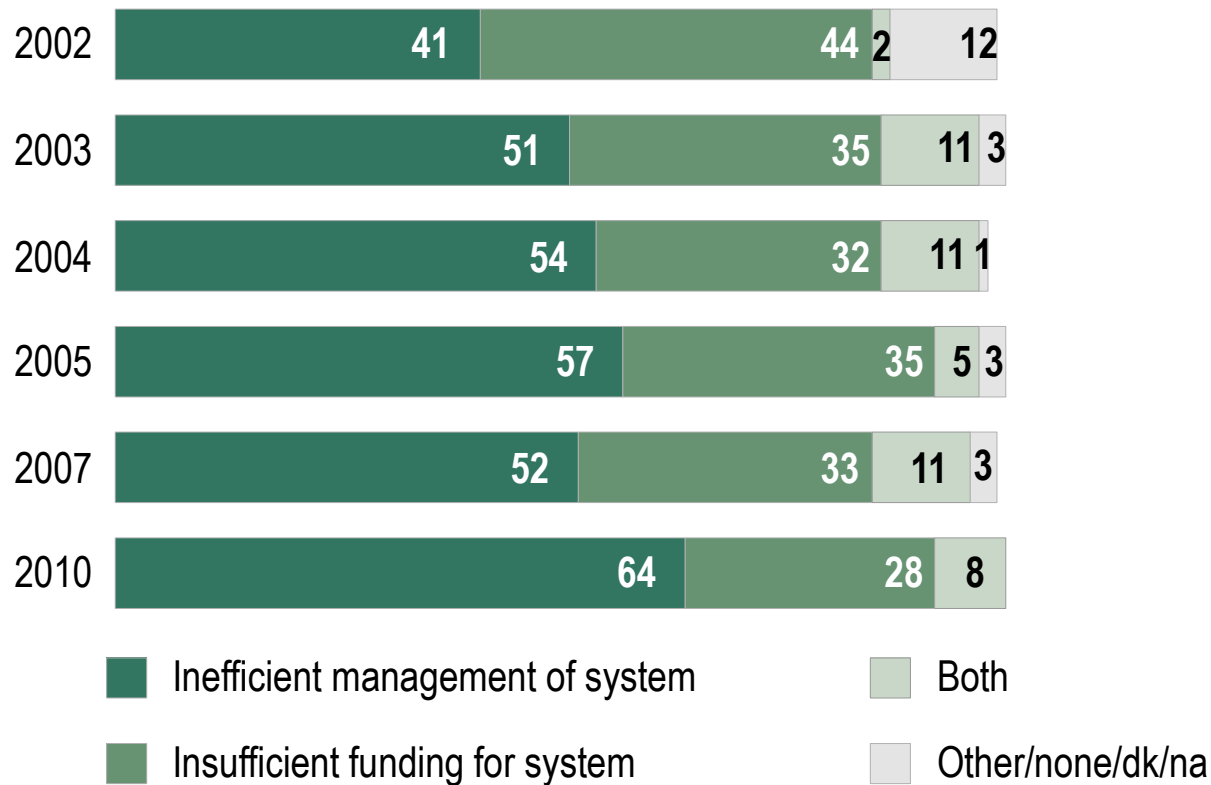
Tax increases to maintain/support health care

2011 By province



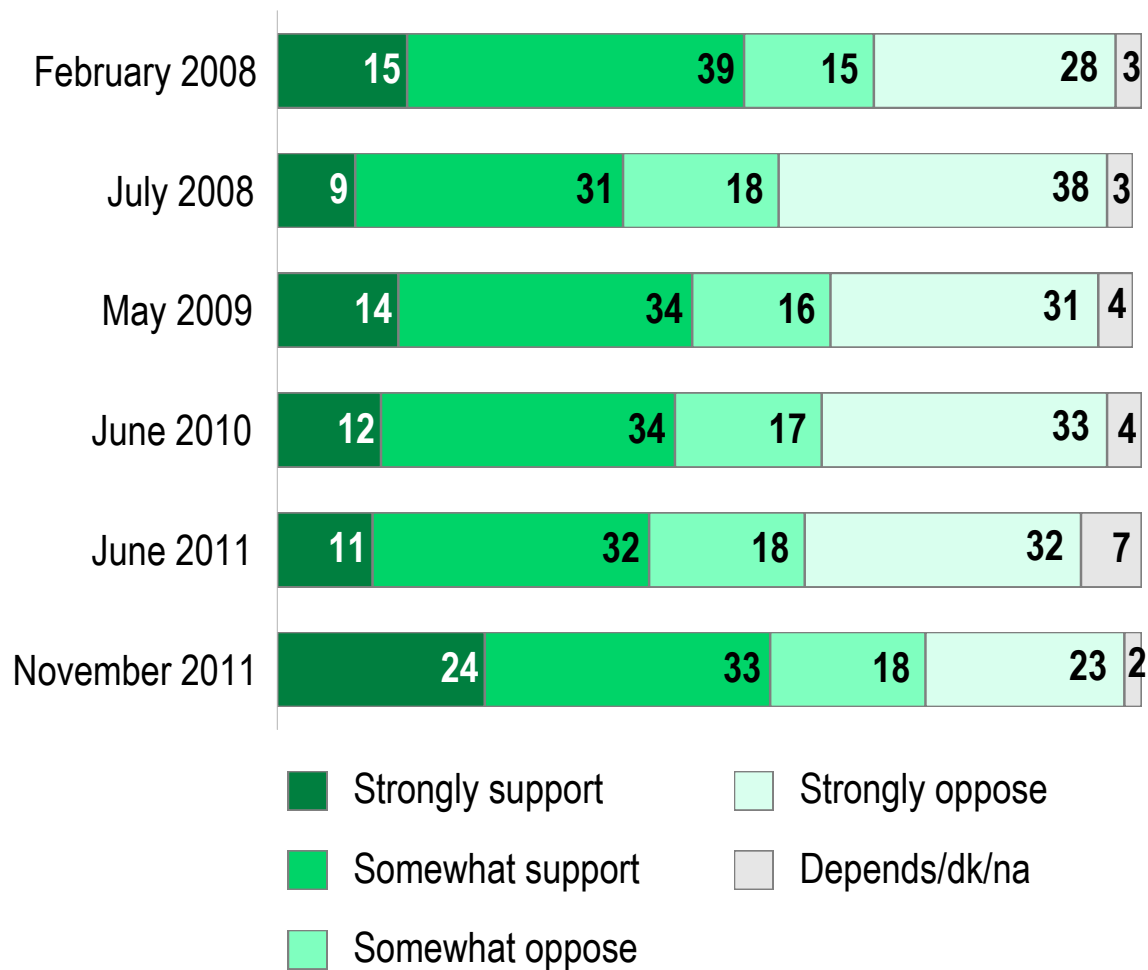
Main cause of problems with health care system

2002 – 2010



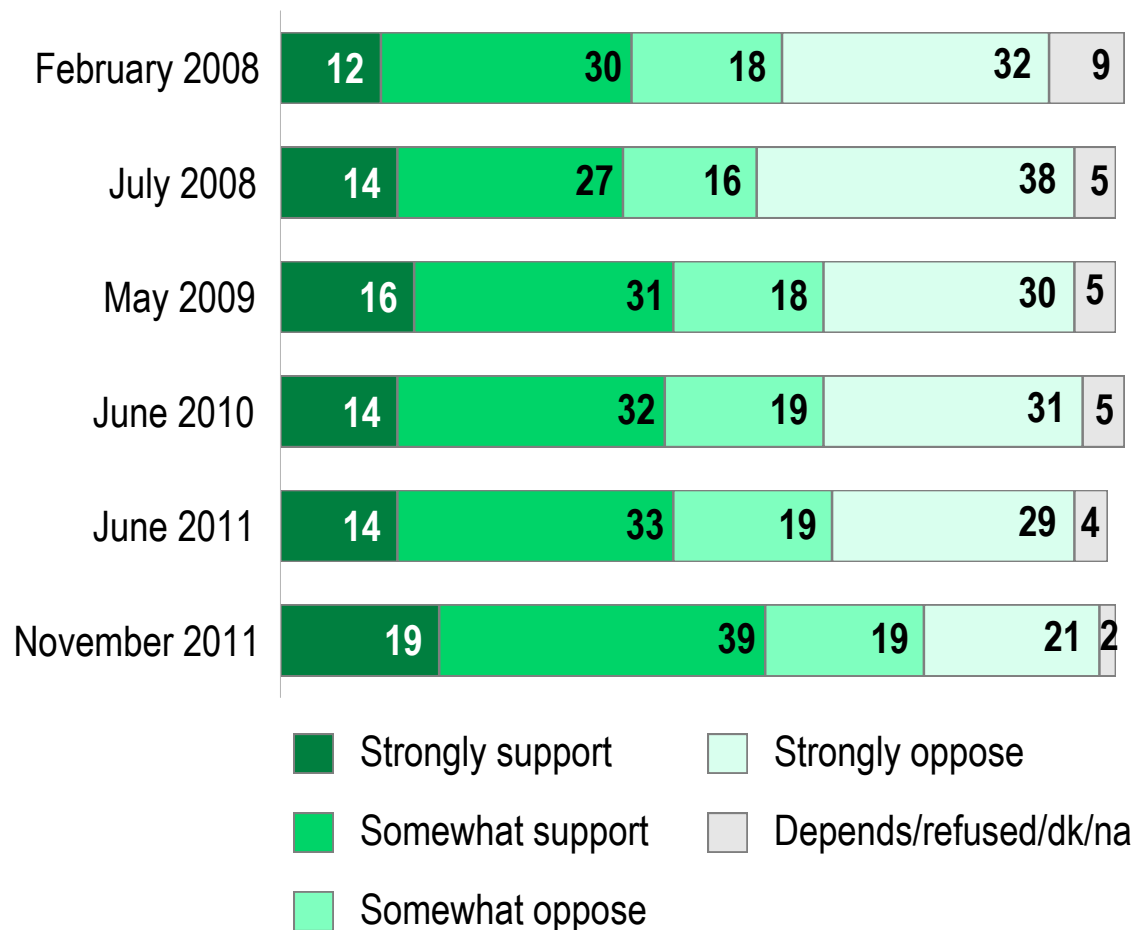
Support for carbon tax in B.C.

B.C. 2008 – 2011



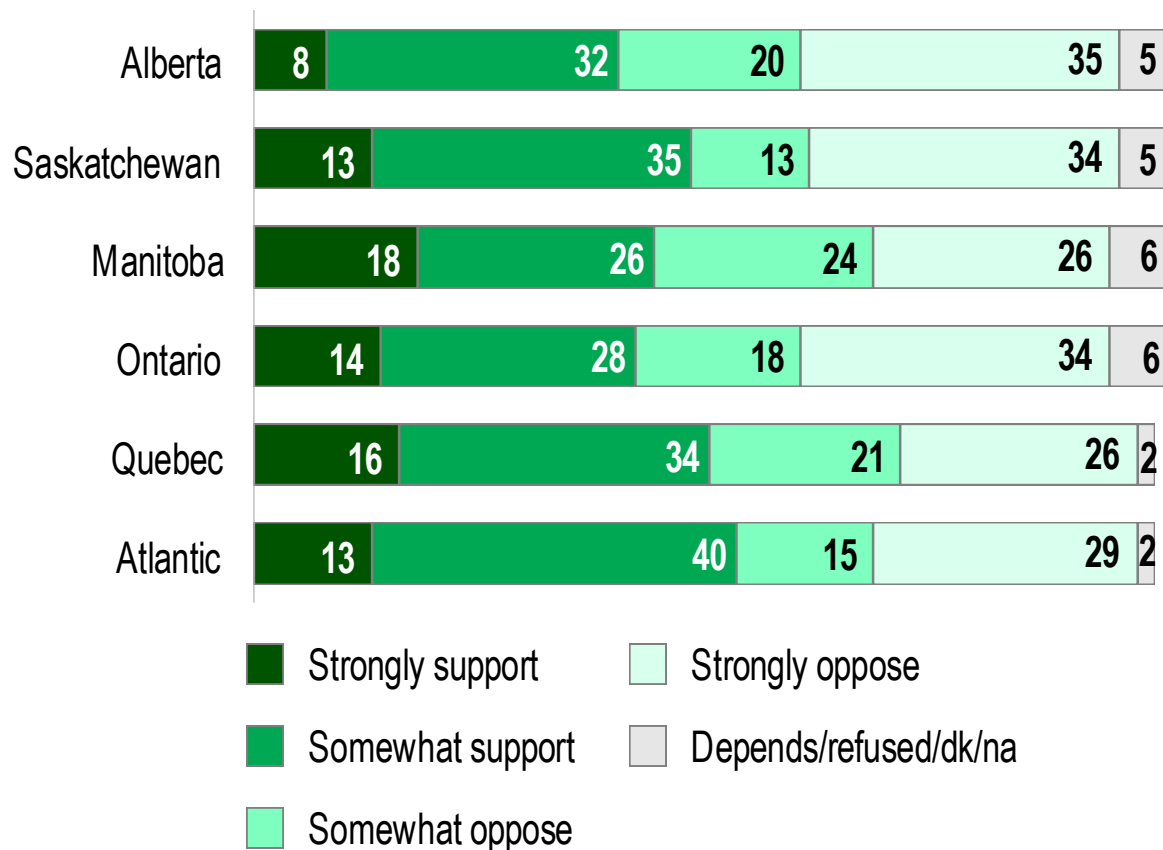
Support for introducing B.C.-style carbon tax in own province

Rest of Canada 2008 – 2011



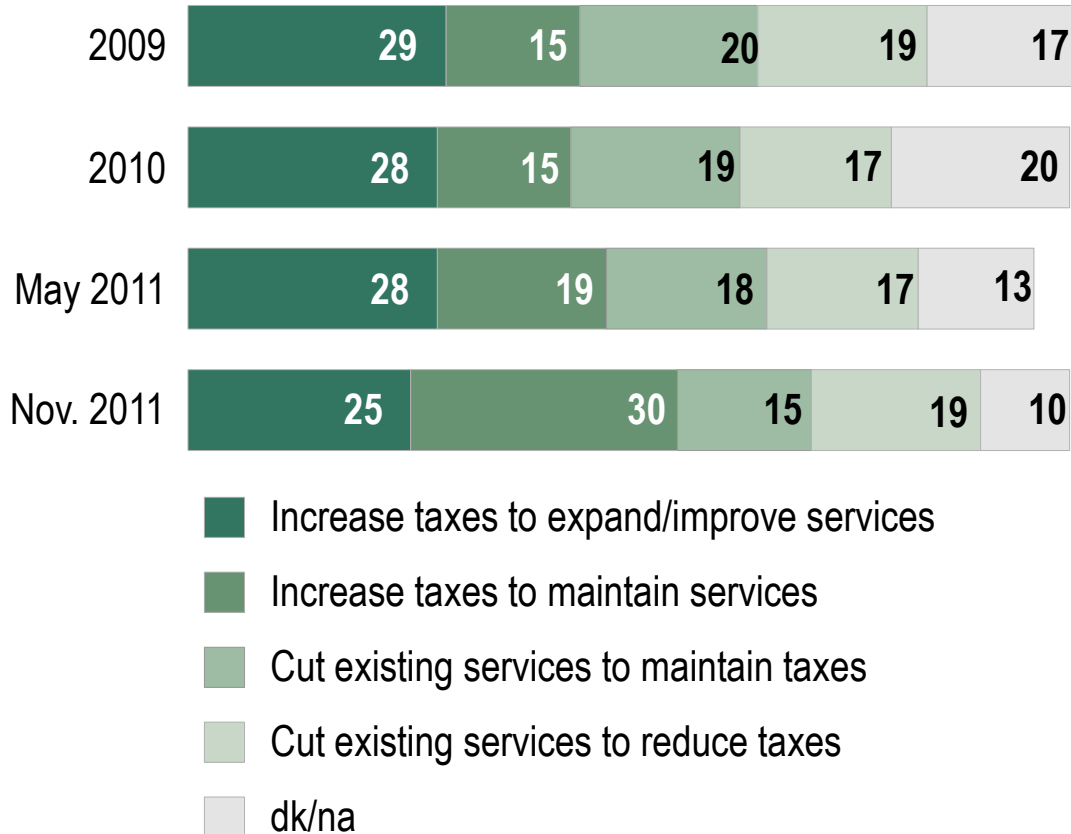
Support for B.C.-style carbon tax in own province

June 2010 By region



Increasing local taxes vs. cutting services

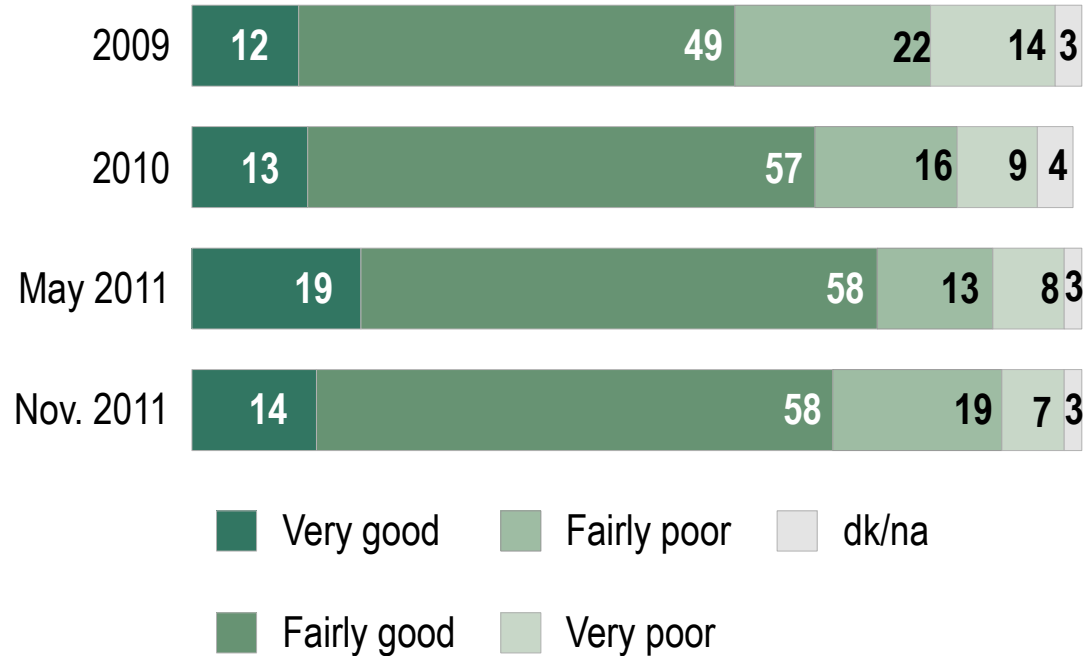
City of Toronto 2009 – 2011*



*Environics Research: Focus GTA -2009 - 2011

Value for local tax dollars

City of Toronto 2009 – 2011*



*Environics Research: Focus GTA -2009 - 2011

What can we conclude?



Where Canadians stand on income inequality

- Income inequality is emerging as a public issue
- Canadians look to government for solutions
- The issue remains symbolic and unfocused -
 - Most Canadians are doing OK financially – don't see personal impact
 - Unclear what the problem is or who is responsible
 - Unclear what the solutions might be
- Connection not made to current tax system

Where Canadians stand on taxes

- Taxes are never popular but not always toxic – problems lie in the application not the principle
- Lowering taxes is not a major fixation for most Canadians
- Current tax “frame” remains a major obstacle
 - No compelling narrative for “positive” value of taxes
 - General skepticism about where the revenue goes
 - Public no longer trusts promises by elites

What's needed to build public support for fair tax reform

- A powerful narrative about taxes as a positive force
- Tax policies the public can accept
 - Clearly linked to reducing inequality and other public benefits
 - Seen as fairly applied – everyone participates, and no one suffers unduly
 - Incremental rather than revolutionary
- Many and varied champions
 - Good policy won't sell itself – messengers as important as the message
 - Expand beyond partisan political arena
 - Broad spectrum of endorsement



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