

**Throne Speech and Surplus:
Pay Down The Debt and Control Spending**

**BDO Dunwoody CEO/Business Leader Poll
by COMPAS in the Financial Post
for Publication October 9, 2007**



**COMPAS Inc.
Public Opinion and Customer Research
October 9, 2007**

1.0 Introduction

In anticipation of the upcoming Throne Speech, CEOs and business leaders on the COMPAS business panel were asked how the anticipated surplus should be spent. By a large and rising margin, panelists want the government to use a substantial part of the anticipated \$ 14 billion surplus to pay down the national debt. The average amount of money panelists want devoted to paying down the debt has more than doubled since 2004, reaching a record height.

These are the key findings from the current web-survey of the panel of CEOs and business leaders undertaken for the *Financial Post* under sponsorship of BDO Dunwoody LLP.

2.0 Record Support for Paying Down the Debt—Concern that Minority Harper Government Could Seek to Buy Majority Government with Taxpayer Money

Panelists are reaching a high point in their desire for federal surpluses to go to paying down the debt, as shown in table 2. At 33%, the proportion that the average panelist wants devoted to debt paydown is at least twice what it was in early 2004. The total that panelists want devoted to debt pay down or tax cuts is now 48%. This compares to 26% in 2004.



Throne Speech and Surplus
A BDO Dunwoody Weekly CEO/Business Leader Poll by COMPAS in the
Financial Post for Publication October 9, 2007

Table 2: (Q1) The upcoming federal surplus is expected to be over \$14 billion. Approximately what percentage of any NEW money, if any, should go to each of the following? (Force Answers to add up to 100) [ROTATE]

	Oct 2007	Oct 2006	Sept 2005	Feb 2005	Mar 2004
Paying down the national debt	33	26	17	17	16
Cutting personal income taxes	15	13	12	13	10
<i>Total</i>	<i>48</i>	<i>39</i>	<i>29</i>	<i>30</i>	<i>26</i>
Infrastructure	9	10	11	11	11
Cutting corporate taxes	9	8	7	9	7
Health transfer payments to the provinces	8	8	11	13	16
Military preparedness	6	9	10	11	10
Environment	6	7	6	7	8
Post-secondary education	5	7	10	8	9
Home security including border and immigration controls and domestic preparedness against potential terror	4	7	7	8	8
Aid for farmers ¹	3	4	3	4	8
Short-term cuts in fuel taxes to help the transport industry and consumers	1	2	5	NA	NA

In their verbatim comments, many panelists volunteer concern that the Harper government will either launch a spending spree or continue on a spending spree, depending upon the respondent's personal assessment, in a

¹ Wording in 2005: "Aid for farmers affected by BSE"



strenuous effort to win a majority of seats in the Commons. Whatever their assessment of Harper government motives, panelists are earnestly committed to debt pay down as a priority:

[A] first quarter surplus at its current rate will represent [the] largest obscene confiscation of tax payers income. Harper in his forthcoming throne speech may present the biggest vote buying agenda ever seen.

It is difficult for a minority government trying to get a stronger mandate to control its spending. Regardless, the spending record by our Conservative government has been embarrassingly reckless and disheartening.

We should be prudent and...reduce our debt burden, which reduces our interest costs. This is a double benefit as we will have fewer expenses should economic conditions decline and the tax receipts go down. It gives us a cushion to tide us over the "bad" times that are bound to happen

The sooner we get that debt down to zero, the sooner we'll have more for all of the other categories on that list.

We must pay down the national debt now to ensure the future is bright and debt free. That will make us a very strong country.

3.0 Methodology

The COMPAS web-survey of CEOs and leaders of small, medium, and large corporations was conducted October 3 – 5, 2007. Respondents constitute an essentially hand-picked panel with a higher numerical representation of small and medium-sized firms.

Because of the small population of CEOs and business leaders from which the sample was drawn, the study can be considered more accurate than



Throne Speech and Surplus
A BDO Dunwoody Weekly CEO/Business Leader Poll by COMPAS in the
Financial Post for Publication October 9, 2007

comparably sized general public studies. In studies of the general public, surveys of 140 are deemed accurate to within approximately 8.3 percentage points 19 times out of 20. The principal and co-investigator on this study are Conrad Winn, Ph.D and Tamara Gottlieb.

