



FASTFACTS



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The High Cost of Tax Cuts

Since the release of the Manitoba budget, I have been thinking a lot about tax-cuts. I know from recent visits to Alberta and British Columbia, and from conversations with people from across the country, that I am not alone. There is mounting evidence that the fixation on cutting taxes has become irresponsible, and that a high price is being and will be paid for this short-sightedness.

Participants at a recent conference of some 1500 Alberta social workers in Edmonton spoke about the deep and growing levels of poverty in the oil-rich province. For people working with the poor and marginalized, there is extreme frustration that Alberta's wealth is not being used to address social inequities. In fact, the Alberta government has cut spending in some program areas and in spite of soaring costs, the minimum wage - \$7.00 per hr - is among the lowest in the country. Alberta is a good example of how a red-hot economy alone does not address poverty, but rather accentuates inequalities, leaving low-income families even further behind.

In Vancouver, the contrast of extreme wealth and poverty living side by side in the downtown of the prosperous city is shocking. Friends living in Vancouver's Chinatown tell me that the misery of Vancouver's Eastside is spreading and it is not uncommon for owners of million dollar homes to find junkies passed out in their backyards. The touristy Gastown neighbourhood is now feeling the

effects of the growing drug problem and you only need to take a walk along the notorious East Hastings to see how overwhelming the problem has become.

Inequities and social problems in Manitoba have also been well documented. The most recent illustration is the tragic death of Phoenix Sinclair - another devastating loss of life that could have been prevented.

The under-funding of child welfare has long been an issue. In the 1990s the Filmon government was criticized for cutting funding for foster care and for not addressing the growing caseloads of workers. Since taking office, the Doer government has followed through with implementation of Aboriginal Justice Inquiry (AJI) recommendations on child and family matters, leading to the devolution of responsibility for management of child welfare to Aboriginal organizations. This has been an important step, and is much to be applauded. But social workers in the child welfare field - both Aboriginal and non-Aboriginal - are burning out and feeling betrayed by an NDP government that should be injecting more money into one of the most important services under provincial jurisdiction. Report after report has shown that excessive work loads of social workers are putting children at risk and workers are not able to do their jobs effectively under current conditions. More workers are needed and that means more money.



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Tax cuts mean less money

For the seventh consecutive year, the NDP government succumbed to the pressure of business lobby groups for still more tax cuts, and boasted that "budget 2006 meets and exceeds promises to reduce taxes." In 2006 alone, \$97 million in revenue will be lost due to a combination of personal and business tax cuts. Cumulative cuts since 1999 will result in an annual loss of \$618 million in 2006 and beyond.

The opposition Conservatives and the corporate community were quick to criticize the NDP for not going far enough with tax cuts. They warn that unless we drastically cut taxes—and therefore spending—Manitoba will be unable to compete with Alberta and B.C. and our youth will move there in droves simply to avoid Manitoba taxes.

What they don't tell us is what tax-cuts are costing us.

We can learn from the death of Phoenix Sinclair

Perhaps the death of Phoenix Sinclair can inspire us to have a more thoughtful and intelligent discussion about taxes. Our taxes pay for important services from which we all directly benefit, such as healthcare, infrastructure and education. They also pay for services for individuals and families that don't fare as well in our competitive market-oriented world.

As someone who has in the past worked in child welfare, I can say that it is extremely difficult work. The pay is nowhere near enough to compensate for the stress and anxiety that goes with this often thankless job. People do this work because they are committed to supporting children and families in trouble. If child welfare social workers are telling us that their caseloads are too large to enable them to do their jobs, then we should allocate resources to support them to do this important work. It is in this way that we are all responsible for the well-being of children like Phoenix Sinclair.

All across this country we are undermining governments' ability to provide important services because of a misguided obsession with cutting taxes and reducing the size of government. This comes at a cost. Just imagine what we could do each year with

\$618 in now lost tax revenue. Just imagine what we could do with the soon to be lost revenue - an estimated \$5 billion nationwide - from cuts to the GST? The collective cost will far surpass the meagre individual benefits.

Perhaps it is time for us to rethink the current practice of pursuing economic policies that ignore our social needs. We can look to nations with better track records of integrating both. While fiscal and social conservatives will be quick to say that we must cut taxes to be competitive, what they won't tell you is that some of the most competitive nations in the world, such as Denmark, Finland and Sweden, have comparatively higher taxes. They also have low income inequality, low rates of crime, a highly educated workforce, high labour market participation, well developed social support models and admirable levels of cooperation between labour, business and government.

With an NDP government in office, Manitoba is in a position to take a leadership role in demonstrating that taxes are the price we pay for a civilized society. We need to stop the tax-cuts, and invest in our long-term, collective, well-being.

- Shauna MacKinnon

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