

A BUDGET FOR THE REST OF US



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Alternative Federal Budget 2012

10 Ways to Make the Federal Budget Work For the Rest of Us

The federal government is planning an unprecedented fiscal austerity budget, claiming that massive cuts to public sector jobs, services, and social programs are necessary to pave the way for jobs and growth. But in fact the opposite is true. Austerity programs weaken the economy, and their implementation in many European countries has tipped the EU back into recession, fueled unemployment, and increased their debts and deficits.

There is a better way to make the federal budget work for the rest of us. The Alternative Federal Budget proposes a sweeping anti-austerity agenda that will yield high returns, boost productivity, stimulate private investment, and create high value-added jobs in activities that improve living standards and reduce income inequality.

1 | Reduce Poverty and Inequality

INCOME INEQUALITY IN Canada is at a 30-year high, rising at a faster pace than in the U.S.

There are important aspects to income inequality that our government needs to address: the richest 1% of Canadians are now taking home a bigger share of income growth than since the 1920s; middle-income Canadians have seen their incomes stagnate; and nearly one in 10 Canadians—including one in 10 children—still lives in poverty. The poverty rate is even higher for Aboriginal peoples, women, and racialized Canadians.

This year's AFB lays out a plan to reduce poverty in Canada by 25% within five years and by 75% within a decade. It re-establishes the federal government's role in addressing growing market income inequality by redistributing the gains of economic growth so all Canadians benefit. It improves Canada's social safety net and enhances public services—including education, affordable housing, and na-

tional child care—that support Canadians' efforts to earn a decent living while balancing family commitments.

2 | Bring Down Unemployment

CANADA'S LABOUR MARKET is still much weaker than it was before the recession. In December 2011, Canada's real unemployment rate was 10.6%, with just under two million Canadians either unemployed or underemployed. Since the start of 2009, the youth unemployment rate has been over 14%.

The AFB advances a job creation program that keeps the economy humming during uncertain global economic times and gets unemployed Canadians, including youth, working again.

3 | Restore Fairness to the Tax System

BETWEEN 2006 AND 2013-14 the Harper government's tax cuts will cost the federal treasury \$220 billion—money that could be sustaining programs such as health care and public pensions. Tax cuts and loopholes, particularly for corporations and high-income Canadians, have added to Canada's deficit which is now being used as a rationale to cut public services.

The AFB will restore fairness to Canada's tax system and protect public services Canadians rely on. The AFB asks Canada's richest 1%, who are doing better than they have since the 1920s and whose tax rates are at an 80-year low, to contribute their fair share. The AFB also ends the federal government's failed corporate tax cut experiment. Corporate taxes fell from 29% in 2000 to 15% today but instead of putting extra profits into productive business investments as they promised, Canadian corporations have stockpiled over \$500 billion in cash.

4 | Create a National Accessible Child Care Program

THREE-QUARTERS OF CANADIANS consider the lack of affordable child care a serious problem and support the creation of a national early childhood education and child care program. An accessible, well-designed, high quality child care system can more than pay for itself; it creates jobs, promotes health, advances women's equality, addresses poverty, and grows the economy.

The Alternative Federal Budget establishes a policy framework for federal leadership in collaboration with provinces and territories, beginning to create an accessible child care program nationwide.

5 | Expand Our Public Health Care System and Create a National Pharmacare Plan

CANADA'S UNIVERSAL HEALTH care system is our most cherished social program. The federal government plays an important role in making sure that Canadians across the country have to access similar services. Federal initiatives can also encourage positive changes nationwide, as has happened in wait-time reductions.

The Alternative Federal Budget shows how we can improve our public health care system, and expand it in ways that will be cost-effective and sustainable. It puts a focus on primary health care reforms that will offset the strain of population aging and growing health inequities. It also proposes a national Pharmacare plan that ensures that no Canadian will have to pay for prescription drugs.

6 | Repair Our Cities and Build Sustainable Communities

OVER 80% OF Canadians live in cities, which serve as centres of job creation, immigration, and innovation. But decades of cuts in infrastructure funding, coupled with the downloading of programs and services to municipal governments, have led to a municipal infrastructure deficit of over \$120 billion.

The health of urban communities is of national concern, and federal investment is crucial to ensuring that cities continue to play their vital role in maintaining economic well-being and our quality of life. The Alternative Federal Budget addresses this neglect, laying out a massive, long-term physical infrastructure program to help our cities with climate change, national transportation infrastructure, and housing.

7 | Protect and Improve Public Pensions

CANADA'S CURRENT PUBLIC pension system isn't robust enough to provide decent retirement income for Canadians. More than two-thirds of Canadian workers don't have a workplace pension plan and only about 26% of those eligible to contribute to an RRSP actually do so.

The Alternative Federal Budget proposes doubling the Canada Pension Plan (CPP) and augmenting Guaranteed Income Supplement (GIS) and Old Age Security (OAS). These measures would help eliminate poverty among the elderly, particularly for women. The AFB also shows how Canada can improve its public pension system in a fiscally sustainable way without raising the retirement age.

8 | Invest in First Nations

FIRST NATIONS CITIZENS continue to lag significantly behind other Canadians on socio-economic indicators. Close to half of the Aboriginal population is comprised of children and young adults; without immediate action, Canada risks abandoning an entire generation to poverty at a time when we have the resources to eliminate poverty in our lifetime.

This year's AFB proposes sweeping changes to improve support for First Nations governments and invests in community infrastructure, health services, and education systems. It also invests in a national strategic framework to end violence against Aboriginal women.

9 | Invest in Post-Secondary Education

SINCE THE FEDERAL funding cuts of the mid-1990s, the financing of post-secondary education has been increasingly downloaded onto students and their families. Tuition fees have increased at more than double the rate of inflation since the early-1990s, with the largest increases occurring in professional programs. As a result, low-income Canadians are now half as likely to get a post-secondary education.

The Alternative Federal Budget significantly reduces university tuition fees while increasing access for low-income students in order to ensure that everyone in Canada can benefit from higher education.

10 | Address Our Environmental Challenges

CANADA'S ENVIRONMENT IS central to our national prosperity and health. Delaying action on solving Canada's environmental problems will result in missed business opportunities, increased financial and economic costs for future environmental protection, and greater risks to Canadians' collective health and climate. Increased tar sands development, fracking, and environmentally destructive pipelines are not the path to a more sustainable future.

The Alternative Federal Budget will take several steps to address Canada's complex environmental challenges, such as protecting our freshwater resources and species at risk; investing in energy efficiency; supporting climate action in developing countries; and ending tax subsidies for fossil fuel development.

