

Healthy Families: First Things First

Canada is about to issue its most important annual policy on ensuring the health of its citizens: the federal budget. Each year, the decisions about how the government should raise and spend its revenues bring us face to face with our basic values. We can choose a country that ensures access to health, education, and employment opportunities, or one where a survival-of-the-fittest approach prevails. We can build a country where opportunities become more dependent on wealth, or one that is more equitable. And we can identify opportunities to strengthen or weaken institutions that protect those in need, or opt to provide more to those who have already benefited most from Canada's fiscal policies.

Every year since 1995, the Alternative Federal Budget (AFB) has laid out a strategy to meet the fiscal objective of eliminating the deficit, while generating higher economic growth, creating more jobs and achieving greater social equality and justice. The AFB's priority this year is also the top priority for the vast majority of Canadians: ensuring healthy families.

Canadians want to know that the services that keep them and their families healthy will always be there for them. But, after years of government budget cuts, these services have deteriorated.

- The crisis in our health care system has meant over-crowded emergency rooms, more limited access to medical procedures, and increasing pressure to create a two-tiered medical system.
- Ten years after an all-party resolution in the House of Commons to eliminate child poverty by the year 2000, a fifth of Canada's children live below the poverty line. Between 1980 and 1997, the number of families in poverty jumped by 28.5 percent. The poverty rate for lone-parent mothers in Canada remains the second highest in the industrialized world, at 56 percent.
- An estimated 250,000 people are homeless in Canada. And this is just the tip of the iceberg. Between 1990 and 1995, the number of households paying more than 50 percent of their income on rent increased by 43 percent to 833,555.
- Unemployment insurance cutbacks mean that the number of people who qualify for benefits has dropped from more than 70 percent to 36 percent.

Clearly, the government's obsession with cost-cutting is causing a ballooning social deficit. And, while the social deficit may be more dif-

difficult to label with a price tag, it compromises our children's future nonetheless.

Rebuilding our cut-to-the-bone social safety net requires meaningful public reinvestment. Public-sector spending by all levels of government in Canada has fallen so sharply between 1992 and 1998 that, if current trends continue, by next year federal program spending will have fallen to 12 percent of gross domestic product—its lowest level in 50 years.

Predictably, with the decrease in public investment in health and education, costs to individual families for these services increases. Statistics Canada now reports that average Canadians are spending more on new user fees for public services than they are saving from much-vaunted tax cuts.

Experts have found that meaningful work opportunities, adequate incomes, decent and affordable housing, early childhood development, and social equality are the key factors in building healthy families and strong communities. These principles guide the 2000 Alternative Federal Budget.

In 2000 and 2001, the AFB would **invest new money** in the following priority areas:

- \$2 billion for National Child Care and Early Education Services,
- \$3 billion for health care (including \$2 billion for community and home care and \$0.5 billion for a National Drug Plan);
- \$5.5 billion to bolster family income security through the Child Tax Credit;
- \$2 billion for a national Housing Investment Fund;
- \$1.4 billion to support post-secondary education;

- \$6.0 billion to restore eligibility for Unemployment Insurance benefits;
- \$2.9 billion to restore funds cut from income support programs;
- \$1.5 billion for investments in infrastructure, with a particular emphasis on environmental infrastructure; and
- \$1 billion for an Atmospheric Fund

The AFB provides a blueprint for a fiscally responsible reinvestment that would reduce poverty and unemployment, provide affordable housing and child care, improve access to education and health care, and enhance environmental sustainability.

At the same time, this reinvestment would put money back into the economy, and into people's pockets, stabilizing domestic production and demand.

The AFB would make these investments while maintaining a balanced budget throughout its five-year planning horizon. The federal debt would also be reduced at a pace similar to the federal government's current projections.

While the AFB would not increase the overall rate of taxation, a tax fairness package would restore indexing of the personal income tax system, and apply higher tax rates on unearned incomes and on individuals who earn more than \$100,000 per year. Loopholes in the tax system would also be closed.

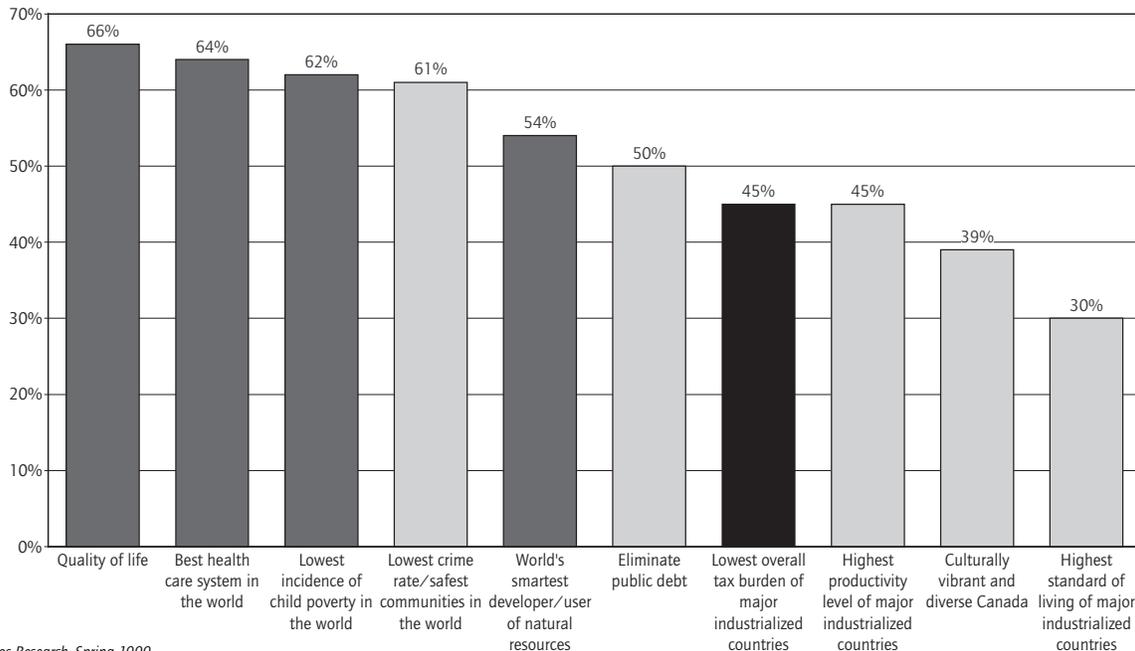
Over the past year, a well-financed lobby by some of the most powerful voices in the business community has been pushing for tax cuts. The tax cutters say Canadians want lower taxes. And indeed, if you ask people if they want to pay less in taxes, they will likely

say yes. But the question is highly misleading and not terribly relevant. In effect, it asks if you would like to pay less for a loaf of bread, without revealing that, depending on your answer, the loaf may have more or fewer

slices, or may not be available at all. Canadians understand quite well that tax cuts come at a cost. And polls consistently show that Canadians place a priority on a wide range of issues over tax cuts.

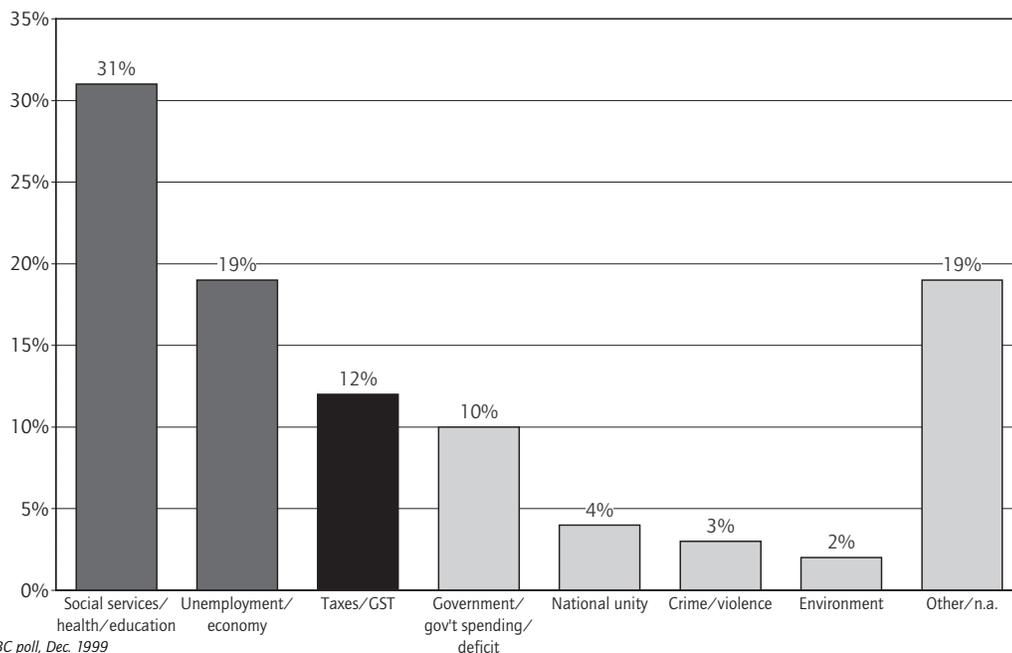
"In planning its budget for the next year, where should the Government of Canada put the most emphasis?"

(Survey based on random paired choices)



Source: Ekos Research, Spring 1999

"What is the most important problem facing Canada?"



Source: Maclean's/CBC poll, Dec. 1999

Tax cuts have been shown to increase income inequality by benefiting the rich disproportionately. More importantly, alternatives to tax cuts—such as public investment in health care, education and infrastructure—create more jobs. Higher levels of education, health and child care have a positive impact on productivity, not to mention the clear benefits to all Canadians of having a social safety net that assures the health of our families and our

communities. Tax cuts, however, erode the tax base, precluding these investments.

Tax cuts won't cut it. The money taken out of the programs needed to ensure healthy families must be put back in.

The AFB puts first things first—ensuring healthy families and healthy communities, while still meeting Canada's fiscal challenges.

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