

> FACT SHEETS

ON THE FEDERAL BUDGET 2008



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ALTERNATIVE FEDERAL BUDGET 2008

LEADERSHIP | BALANCE | RICH AND
REST OF US | SAVING | POVERTY | DEBT
| EMPLOYMENT INSURANCE | FIRST
NATIONS | CHILD CARE | DEFICIT |
AFFORDABLE HOUSING | EDUCATION

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What is Responsible Leadership?

THE FEDERAL GOVERNMENT is calling its 2008 budget *Responsible Leadership*. But is it?

Responsible leadership means taking a firm hand at the wheel to tackle the tough issues of our time: Climate change, the growing gap between the rich and the rest of us, stubborn poverty and homelessness, our cities' crumbling infrastructure, support for working and vulnerable families — a plan to prepare Canada for an economic downturn.

Budget 2008 does nothing significant to address climate change. It ignores poverty, homelessness, and child care. It has no plan for infrastructure renewal, an economic slowdown, for job losses, for families who may hit hard times.

A truly responsible government can, and should, do better.



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What ever happened to balance?

THE CONSERVATIVE MINORITY government, through Budget 2008 alone, throws \$23.9 billion at new tax cuts over the next three years.

It devotes an aggressive \$13.8 billion to debt reduction.

Yet new spending measures only amount to \$5.4 billion, despite the need to address crumbling infrastructure, climate change, persistent poverty, homelessness, and a growing gap between the rich and the rest of us.

For every seven dollars it blows in tax cuts and debt reduction, the Conservative minority government squeezes out a measley dollar in new spending.

That is not a balanced approach.



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A budget for
the **rich**—not the
rest of us

THE MINORITY CONSERVATIVE government has only been in office for just over two short years.

In that brief space of time, it has scheduled \$200 billion in tax cuts (by 2012–13).

The majority of these tax cuts go to the highest income earners in Canada.

Between 1990 and 2005 — the height of tax cut mania in Canada — the richest one percent of taxpayers enjoyed a four-percentage point drop in their tax rate.

Middle-income Canadian families pay about six percentage points *more* in total taxes than a family in the richest one percent.

That's why a tax cut budget is just another budget for the rich... and not the rest of us. There is so much more our government can, and should, be doing for *all* Canadians.



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Saying the “D” word

IT IS UNTHINKABLE to many, but Canadians may soon be talking about the “D” word: Deficit.

The minority Conservative federal government came into power in January 2006 but has wiped out a steady double-digit surplus with its astonishing \$200 billion in tax cuts (by 2012–13).

Canada is the only nation in the entire OECD that has been able to boast a decade-long string of back-to-back fiscal surpluses at the federal level. And the nation is poised to lose this surplus in a dizzyingly brief space of time.

Budget 2008 predicts surpluses will be razor thin in the next two years — a stunning development; unthinkable, given Canada’s robust performance economically.

And Canadians have little to show for it.

Our government can, and should, do so much more for Canadians.



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Saving for a rainy day

PRIME MINISTER STEPHEN Harper has told Canadians there will be no 'bailout' if the national economy takes a turn for the worse.

Instead, he wants you to save your money. Budget 2008 features a Tax-Free Savings Account (TSFA) that encourages Canadians over 18 to contribute up to \$5,000 a year.

Problem is, most Canadians are having trouble saving, so a new tax shelter is useless.

Canadians' personal savings fell from \$7,500 in 1990 to about \$1,000 today.

Real average incomes have been stagnant for 30 long years, so it is no surprise that savings have dropped and debt has grown. Canadians' average household debt grew by a stunning 54% between 1990 and 2007.

Save for a rainy day? Most Canadians are working harder just to keep what they have.

The message from the minority Conservative government to Canadians? You're on your own. Our government can, and should, do so much more for Canadians.



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Canada needs a plan to **reduce** poverty

THE FEDERAL GOVERNMENT has no plan to reduce poverty in Canada. In fact, the Conservatives are the only federal party with nothing to say about poverty reduction.

Budget 2008 continues the silence. Here's what the federal government *could* do:

- > Invest in a plan to make housing more affordable to Canadians.
- > Help more low- and middle-income Canadians get a post-secondary education.
- > Create a national child care strategy, to open up new quality child care spaces.
- > Tackle persistent poverty among our First Nations.
- > Improve Employment Insurance, so that it's there when Canadians fall on hard times.
- > Enhance the Canada Child Tax Benefit — it really helps families who are raising kids.

Reducing poverty isn't rocket science. But it does take the political will to make it happen. Our government can, and should, do so much more for Canadians.



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More than one way to bring down debt

BUDGET 2008 CONTINUES the Conservative minority government's aggressive approach to paying down Canada's debt — using \$13.8 billion in forecast surpluses over the next three years to speed up debt repayment.

That could have been used to fund major investments in our communities, in our working families, in our most vulnerable.

Even economically orthodox sources, like the International Monetary Fund and *The Economist* magazine, have been questioning aggressive debt payment strategies, "urging countries to draw up their own fiscal plans in case the global outlook darkens."

Between 1997–98 and 2007–08 Canadians will have devoted a whopping \$105 billion toward debt repayment. The government has set an arbitrary debt load target of 25% of GDP by 2011.

Here's the thing: Canada could reach the 25% target by 2017 without paying a penny, simply by virtue of projected economic growth (estimated at 4% a year).

Our government can, and should, be doing so much more with our fiscal surpluses.



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Employment Insurance

THE MINORITY CONSERVATIVE government used Budget 2008 to announce a shift in Employment Insurance management — but no improvements to EI itself.

Canada's EI fund will now be run by a new crown corporation. But the EI surplus — \$54 billion — will disappear in the move. Instead, the new Canada Employment Insurance Financing Board will start with a \$2 billion reserve. Where the rest of the \$54 billion went, nobody knows.

What the government should have done is enhance EI so that more Canadians are eligible for benefits, especially women. Only about 40% of unemployed workers collect regular EI benefits, down from 80% in 1990.

Budget 2008, delivered in the shadow of fears over a possible economic downturn, was an opportunity for the federal minority government to make a plan for Canadians, to make sure the EI fund is there for them in hard times.

Instead, Budget 2008 continues to ignore this issue. Our government can, and should, be doing so much more.



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A plan for our First Nations

THE GROWING INCOME gap between the rich and poor is at an extreme for First Nations.

After many years of negotiations, the First Nations secured from the previous Liberal minority government an agreement in 2005 known as the Kelowna Accord.

The Kelowna Accord promised a \$5 billion investment in First Nations communities over a five-year period.

But one of the first actions of this Conservative minority government was to strike down the Kelowna Accord, and ignore the struggles of Aboriginal peoples.

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Canadians need real child care options

OVER THE PAST generation, Canadian women have flooded the paid workforce in revolutionary numbers.

In 2004, 73% of all women with children under 16 worked for pay. In 2004, 65% of women with children under three worked for pay.

Yet Canada ranks last out of 14 OECD nations in terms of public spending on early learning and child care programs.

The previous Liberal minority government promised \$1.2 billion a year in funding to create a national child care system.

The Conservative minority government broke that agreement.

Three budgets into their minority reign, the Conservative government has refused to invest in creating new and expanded child care spaces — so that working parents have real options for quality, affordable child care no matter where they live.

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It starts with
affordable
housing

IN 1998 THE mayors of Canada's major cities declared homelessness a national disaster.

Almost 10 years later, their call for urgent action has gone unanswered.

Soaring housing markets are making housing affordability grow out of reach for an increasing number of Canadians.

Budget 2008 continues to ignore the issue. Our government can, and should, be doing so much more.



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Everyone deserves a good education

AMONG OECD NATIONS, Canadians rank as the best educated. Canada has the highest proportion of workers with a university or college degree — 60%.

Women and new Canadians are leading the way in post-secondary education enrolment. But many low- and middle-income Canadians can't afford the dream of a higher education.

Average tuition fees for undergraduate arts programs reached \$5,447 in Fall 2007 — more than tripling since 1990.

The impact of high tuition fees on low- and middle-income families is straightforward: There is a 20% gap in university participation rates between students from well-off and lower-income families.

Budget 2008 ignored these issues, relying instead on inadequate student grants and loans programs.

Great for the rich, but what about the rest of us?

Our government can, and should, be doing so much more.



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