

We can afford to take better care of each other [CA-BC] ^[1]

OpEd

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EXCERPTS:

One year into the "New Era," here's a proposition not often heard: None of the B.C. government's reckless spending cuts needs to happen. All the cuts to welfare, health care, education, legal aid, child and youth programs, seniors' programs, long-term care, forestry and environmental programs. All the layoffs, contracting out and privatization, dismantling of programs, the rolling-back of gains by working people, much of which took generations to win and build. All the hardship and anxiety that have marked the Liberals' first year in government. None of it has to happen.

The central message out of Victoria since January -- the month dramatic spending cuts were announced -- has been: "We're sorry, this will be painful, but we have no choice."

Nonsense. Good public policy is always about choices. And, yes, Virginia, there is an alternative.

It wasn't supposed to be like this. True, the B.C. Liberals ran on a promise of "dramatic" tax cuts. No one can dispute that. But they also ran on two key associated promises: First, that tax cuts would generate so much economic growth they would pay for themselves; and, second, the tax cuts would be directed to the bottom two tax brackets (the first \$60,000 of income).

Before the May election, a majority of British Columbians came to believe the first of these claims -- that tax cuts would pay for themselves -- but not any more. The tax cuts have led to the largest deficits in B.C. history and are now driving an unprecedented agenda of program cuts. These spending cuts are merely the other shoe dropping.

The second of these assurances--that the tax cuts would be directed to the bottom two income brackets--evaporated when the government announced its \$1.5-billion personal income tax cut on its first full day in office. The three upper income tax brackets received a larger percentage cut than the bottom two brackets. As a result, upper income earners are not only saving more in absolute dollars, but also as a share of their income.

Fully 20 per cent of the income tax cut is going to the 1.1 per cent of taxpayers with incomes over \$150,000. Incredibly, the .4 per cent of taxpayers with incomes over \$250,000 will receive approximately the same share of the tax cut pie (in total dollars) as the 49 per cent of taxpayers with annual incomes under \$30,000.

The remaking of our province is being justified by the twin false claims that B.C.'s spending was out of control, and that our taxes were among the highest in the country. Neither assertion is supported by the facts.

The notion that we cannot afford our public programs is simply untrue. Before any of these latest cuts, B.C.'s government spending relative to GDP (the size of the economy) was already the third lowest in Canada, and peaked in 1991. B.C.'s public service was already the second smallest in the country, measured as the number of total public sector employees per capita.

The government insists it had no choice but to cut taxes, in order to keep B.C. "competitive." Again, the evidence does not support this view. Even before last summer's tax cut, the vast majority of British Columbians paid either the second or third lowest taxes in the country. Over-all government revenues relative to GDP were already the third lowest in the country.

In combination, the tax and spending cuts will surely result in greater inequality. We are witnessing a straight transfer of income from the poor (who disproportionately benefit from public programs) to the wealthy (who disproportionately benefited from the tax cuts). Moreover, most people's tax cuts are being quickly consumed by escalating medical premiums, pharmaceutical costs, child care costs, user fees and tuition.

Such is the ideological single-mindedness -- the economic fundamentalism -- of B.C.'s new government. The result of all this is a widespread feeling of betrayal -- people don't believe these cuts are what they voted for.

Another way is possible. The Canadian Centre for Policy Alternatives proposed one workable alternative strategy in a document released last February called *Towards a Solutions Budget for B.C.*

We called on the government to scale back its tax cuts, keeping the tax cut for the bottom two brackets (which the Liberals clearly ran on), but abandon the upper income and most of the corporate tax cuts delivered by surprise last summer. Some of this money could then be directed toward a modest increase in spending.

This would have a number of positive outcomes. First, it spares us all the unnecessary pain of the spending cuts. Second, it would allow the government to honour its contracts, and to help the most vulnerable with a \$200-million increase to the welfare budget (as one should expect during an economic downturn). Third, because public spending keeps more money in the B.C. economy than upper income tax cuts, this Solutions approach would provide four times the job and economic boost than would the Gordon Campbell/Gary Collins plan.

Don't believe the message track from Victoria. We can still afford to take better care of each other.

There is nothing inevitable about the spending cuts.

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