

Think-tank says government priorities wrong ^[1]

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EXCERPTS

It's a budget that could give Finance Minister Jim Flaherty nightmares, but a left-leaning think tank says it's one that would serve the country well coming out of recession.

The Canadian Centre for Policy Alternatives is unveiling its annual "alternative federal budget" in Ottawa on Tuesday, a 38-page document that shows what fiscal policy may look like if Canada were governed from the left.

The think-tank would roll back corporate tax cuts, create two new tax brackets for high-income Canadians, and cancel the F-35 fighter jet program.

It would also establish a national carbon tax and a 28-per-cent tax rate for the oil patch.

The money saved and generated could go into programs that would create new jobs, reduce income disparity, rebuild infrastructure, improve pension benefits and help the environment, it says.

Officials with the think-tank have long conceded they have few illusions any of their key proposals would wind up in a Conservative budget, but they say it is worth reminding Canadians there is an alternative way to govern.

"With the prospect of an election this spring, let's use this moment to have a real debate about the problems facing most Canadians -- and the many solutions available to us, such as calling on corporations and the rich to play their part," said the policy centre's senior economist Armine Yalnizyan.

"It might be controversial, but that debate is getting lost in the political fray."

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Some of these proposals are supported by the Liberals, the NDP and Bloc Quebecois, but none of the opposition parties have put forth proposals to raise taxes to such an extent.

Flaherty is tabling his budget on March 22, which could trigger an election if it does not receive the support of at least one of the opposition parties.

In recent statements, the minister has steadfastly refused to deviate from his plan to reduce corporate taxes to 15 per cent next year, and ruled out any tax increases. The government has also shown no flexibility on the jet purchase.

Flaherty has hinted, however, that he is prepared to improve support for seniors who do not qualify for Canada Pension Plan benefits.

Ottawa is also committed to ending the two-year, \$46-billion stimulus package when it expires on March 31, with the exception of construction projects lagging behind schedule.

The policy alternatives centre says the government is making a mistake in assuming the economy is strong enough to go it alone without government assistance.

"It's time to get real," it says. "Canada's gross domestic product growth is tepid, kept alive by government and consumer spending while business investors remain skittish bystanders."

It notes there are still about 1.4 million Canadians officially unemployed, about 300,000 more than was the case prior to the recession.

- reprinted from the Canadian Press

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