

How to finance a new deal for families: Canadians unsure about reallocating health spending, but poll shows potential for trade-offs such as tax hikes ^[1]

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EXCERPTS:

Canadians increased public medical care spending by \$22.5 billion between 2007 and 2010, raising it from \$112.5 billion annually to \$135 billion. We did this over a recession, signalling that Canadians will find large sums of money for public priorities even in tough times.

The growth in medical care funding will continue. Federal Finance Minister Jim Flaherty announced the Canada Health Transfer will increase six per cent annually until 2017. By that time, Ottawa's contribution to medical care will grow by another \$9 billion per year. Premiers fear this federal increase will be insufficient, as citizens in their provinces aspire to use new medical treatments, technologies and drugs.

The fear among premiers is understandable. A dominant media discourse is that we're not satisfied with current spending. We're apparently unsatisfied even though public investment in medical care has increased from 5.4 per cent of our economy in the 1975-1980 time frame to over eight per cent in 2010. That means we are spending over \$40 billion more today than had we maintained spending at 1980 levels. It also means we're increasing government medical care spending faster than the economy is growing.

If we're still not satisfied with spending today, then we need to ask how can we do better with existing resources, or collect more revenue in order to keep pace with rising expectations. But let's be honest, we don't talk about raising taxes very often - either to pay for medical care, or to invest in other policy areas where Canada is not nearly as strong.

Given this context, I feel for politicians. Canadians want more medical care that we're not obviously willing to pay for, and then complain when the cupboards are bare to pay for other policy priorities. While we may make it a national pastime to joke about politicians, such logic gives far more reason to poke fun at ourselves. It just doesn't make sense.

Fortunately, a national poll by McAllister Opinion Research suggests such illogic may be a myth, not reality. According to the poll, more Canadians think it is a "good idea" than a "bad idea" to re-consider increases for medical care. Their point is not to reduce government spending, but to make room for other investments. For those unwilling to compromise on medical care, the poll also shows that more Canadians think it is a "good idea" rather than a "bad idea" to increase taxes to pay for new priorities.

One root of these poll results is widespread concern among Canadians about our commitments to family time and responsibility. Eighty-eight per cent of Canadians agree or some-what agree that "We need to put the family back into family values"; 85 per cent add that "Canadians should spend more time together and less money on stuff." The McAllister poll is accurate plus or minus 2.7 per cent 19 times in 20.

These responses reflect how the majority in Canada worry that the standard of living has declined for the generation raising young kids. Two-thirds reject the idea that today's families have it easier than in the past because of "all the amenities of modern life." Instead, they recognize that "Families are more squeezed for time and money today, because of increasing costs" and the far more common "need for both parents to work in order to maintain a decent standard of living."

The result? New priorities compete with our aspirations for medical care or tax cuts. These include funding increases for Generation Squeeze and their young children. The poll shows that 60 per cent of Canadians agree or somewhat agree that "Compared to what is spent in other areas, Canadian governments do not do enough for families raising young kids today." Accordingly, 62 per cent of Canadians think it's a good idea to invest in "New Mom and New Dad benefits, which would make it affordable for all moms and dads, including the self-employed, to split up to 18 months at home with newborns." Sixty-six per cent of Canadians think it's a good idea to "subsidize \$10-a-day quality child care," and 80 per cent indicate it's a good idea to change employment standards to pro-vide "parents with more flexibility and time at home."

It is not unusual for polls to show Canadians support new priorities - if they're not asked about their willingness to pay. But that is what is so fascinating about the McAllister survey. It did stimulate Canadians to consider tough trade-offs, including between sacred cows like medical care or much-hated tax increases.

What did the poll show? Many Canadians are ready to make tough choices to invest in a New Deal for Families. When asked specifically

about reallocating the \$22 billion recently added to medical care spending between 2007 and 2010, only 37 per cent of Canadians responded that this is a "bad idea." More (42 per cent) think it is a "good idea," and 21 per cent are unsure.

These results don't show overwhelming support for the trade-off. But the fact that more think it is a good idea than a bad one should give all political parties reason to pause as they contemplate the medical care increases announced for the future.

Clearly, reallocation from medical care isn't the only option for funding family policy. Spending less on military jets or jails is another option, as is postponing the retirement age to 67 for those under 50.

So too is raising taxes modestly. Notwithstanding the anti-tax attitude so often reported, the poll shows that 49 per cent of Canadians think it is a "good idea" to raise income taxes by "\$1.67 per day" to contribute to a New Deal for Families, including a slim majority under age 55. By contrast, 31 per cent of Canadians deemed it a bad idea; and 20 per cent were unsure. The poll shows similar patterns for increases to corporate and sales taxes.

There is no consensus yet in Canada about how to pay for a New Deal for Families. But the McAllister poll shows a definite interest in discussing it in terms of the funds absorbed by medical care, fighter jets, prisons and old-age security.

Because many Canadians are nervous about such trade-offs, the poll also reveals Canadians are ready for a politicians to talk more frankly about taxes if new revenue will help maintain the family unit.

-reprinted from the Vancouver Sun

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[1] <https://childcarecanada.org/documents/child-care-news/12/03/how-finance-new-deal-families-canadians-unsure-about-reallocating> [2]

<https://childcarecanada.org/taxonomy/term/7864> [3] <https://childcarecanada.org/category/tags/public-opinion> [4]

<https://childcarecanada.org/category/tags/funding>