

# Federal Budget 2012: It's time to address income inequality, think-tank says <sup>[1]</sup>

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**Source:** Toronto Star

**Format:** Article

**Publication Date:** 15 Mar 2012

## EXCERPTS:

The Harper government should use the March 29 budget to address growing income inequality, says an Ottawa think-tank in a pre-budget analysis being released Thursday.

"Income inequality in Canada is at a 30-year high, rising at a faster pace than in the U.S.," says the Canadian Centre for Policy Alternatives (CCPA) in a study entitled "A Budget for the Rest of Us."

"The richest 1 per cent of Canadians are now taking home a bigger share of income growth than since the 1920s, middle-income Canadians have seen their incomes stagnate and nearly one in 10 Canadians - including one in 10 children - still lives in poverty," the CCPA says.

The group urges the government to tackle this situation with wide-ranging reforms to the tax system.

"The federal government is enacting deep cuts to public programs, ostensibly to reduce the deficit, while also cutting tax rates for highly profitable corporations. There's a better way," the CCPA says.

"Federal revenues as a share of the economy are 3 per cent (or \$48 billion) lower than they were a decade ago. Much of this is due to lower corporate taxes and lower taxes on higher incomes."

The CCPA's proposals include raising the income tax rate for those making more than \$250,000 a year, repealing corporate income tax cuts, reducing capital gains tax breaks and similar measures it says tend to help upper-income Canadians and imposing a financial activities tax on all transactions in the banking-and-investment sector.

In its position paper, the group also calls on the government to address poverty through improved education, pension, affordable housing and pharmacare programs. It also urges Ottawa to adopt a national child care plan.

The group also calls for "a forward-looking" green strategy, including a carbon tax, and a long-term infrastructure program to repair Canada's cities and build "sustainable communities."

It's possible to invest in better public programs, job-creation and urban renewal and still balance Ottawa's books, said CCPA senior economist David Macdonald.

"The Harper government has been dodging the issues facing Canadians and has signalled it will table a budget short on details about its planned \$4-to-\$8 billion in spending cuts," Macdonald said. "We're calling on this government to deliver a transparent budget that protects the services Canadians rely on and scrap costly programs like new prisons and fighter jets that don't reflect the priorities of mainstream Canada."

The Conservatives have said the budget will reflect measures highlighted in the party's winning election campaign last year, including keeping taxes low, reducing crime, trimming Ottawa's spending and providing adequate equipment for the military.

-reprinted from the Toronto Star

**Related link:** [Alternative Federal Budget 2012: A budget for the rest of us](#) <sup>[2]</sup>

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