

# This budget misses the mark <sup>[1]</sup>

**Author:** Yarema, Megan

**Source:** Huffington Post

**Format:** Article

**Publication Date:** 30 Mar 2012

## EXCERPTS:

Imagine a Canada with a publicly funded childcare system, accessible support for students facing rising post-secondary tuition, a prescription drug program and affordable housing for everyone. Reducing poverty, protecting retirement programs and creating new jobs are goals shared by many Canadians, but unfortunately the 2012 federal budget ignores the need for investments in people and employment creation. It is a step in the wrong direction.

The new austerity budget focuses on reduced spending by \$5.2 billion, cutting jobs, and forcing low-income seniors to wait longer for support. These spending cuts were touted as "moderate" by Finance Minister Flaherty in the weeks prior to the budget release, but in the end thousands of jobs were lost (some estimates are up to 70,000 including previous public service 'downsizing'), and no new money was set aside for such critical services as housing support. Housing is a known determinant of good health, but over three million Canadians are insecurely housed which can ultimately increase the need for expensive health services. Addressing this issue would have been the smart choice.

Small spending allotments are trampled by spending cuts to health and essential service agencies. A mention of money being set aside for Aboriginal education is accompanied by a cut of two per cent to Aboriginal Affairs, and 5.7 per cent cut to Health Canada. This seems like a "take from Peter to give to Paul" kind of game, with no one being the clear winner.

Fears around changes to the Old Age Security (OAS) age of eligibility have become a reality, with applicants being forced to wait an extra two years for benefits. Moving the age from 65 to 67 will have a detrimental effect on seniors with low-income, who rely on these benefits. The Guaranteed Income Supplement and OAS have been heralded as programs that have successfully reduced senior poverty to approximately five per cent. To reverse this trend would be to fail a vulnerable population in desperate need of support, and also out of step with the 2011 Conservative election pledge to assist seniors and increase the OAS.

Fortunately, there is a way forward, toward prosperity.

The Canada that "could be" is found within the Alternative Federal Budget (AFB), the brainchild of the Canadian Centre for Policy Alternatives. Released earlier this month, the 2012 AFB offers optimism in a time of scheduled spending cuts, and demonstrates how the government could reach their goal of deficit reduction while creating a more prosperous, fair society.

Government programs will require adequate funding, and to do this we need to consider the billions lost to the federal treasury in recent years. The AFB reports that \$220 billion in government revenue from taxes has been sacrificed since 2006, with the cost to society being higher rates of poverty, strained health care systems and increased unemployment.

What the Alternative Federal Budget proposes is to reinvigorate government revenues while investing in infrastructure, which will create an estimated 300,000 good-paying jobs. The record low tax rates that many corporations currently enjoy will be modestly increased to reach this goal, along with a new tax for incomes over \$250,000, and the establishment of a financial transaction tax.

It comes down to choices.

Investing in people and programs that support low and middle income families is not only a moral choice, but an economical one as well. Recent reports by both government agencies and organizations (see [here](#) and [here](#)) have demonstrated that maintaining poverty is much more expensive than eliminating it. In contrast, a Canadian public health report estimated that for every \$1 spent on children in their early years saves between \$3 and \$9 on health care, criminal justice, and social assistance costs later on.

In the weeks leading up to the federal budget, the government went into high-gear in an effort to brand any changes as part of "growth" plan. The idea was to move attention away from the negative opinions associated with an "austerity budget" - one that would greatly restrict spending on programs and services. This re-branding exercise is more about a marketing ploy than actual information on the effects the current budget choices will have on Canadians. When it comes down to it, spending cuts and low taxes equal less money in the public purse, fewer jobs and increased poverty no matter how you phrase it.

-reprinted from the Huffington Post

**Related link:** [Federal budget March 2012 and responses](#) <sup>[2]</sup>

**Region:** Canada <sup>[3]</sup>

**Tags:** budget <sup>[4]</sup>

**Source URL (modified on 27 Jan 2022):** <https://childcarecanada.org/documents/child-care-news/12/04/budget-misses-mark>

**Links**

[1] <https://childcarecanada.org/documents/child-care-news/12/04/budget-misses-mark> [2] <https://childcarecanada.org/documents/research-policy-practice/12/03/federal-budget-march-2012-and-responses> [3] <https://childcarecanada.org/taxonomy/term/7864> [4] <https://childcarecanada.org/category/tags/budget> [5] <https://childcarecanada.org/category/tags/federal-programs>