

Without a Safety Net: What kind of country do Canadians want?

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EXCERPTS:

OTTAWA-After nearly eight years of Prime Minister Stephen Harper's government, the question of what kind of country Canadians want is gathering new urgency.

The Conservatives came to power with a commitment to right-wing, business-friendly policies meant to bring a more free-market focus to Canada, which before moving into 24 Sussex Drive Harper often derided as a tax-addicted welfare state.

In practice, this meant pro-growth economic policies, including billions of dollars in corporate income tax cuts, and an effort to hack away at Ottawa's often Liberal-created thicket of progressive programs. The government is cutting \$5 billion a year from its annual budget.

Spending reductions have to be made - now and in the future - to make social programs sustainable, Harper says. And the Conservatives repeatedly stress that Canada's economy is outperforming other advanced industrial countries.

But there is increasing concern that Canada's quality of life is not keeping pace.

The take-home pay of middle-class Canadians has been in a holding pattern for years and the deteriorating employment market is creating a lost generation of jobless youths. More than half of Canadians have no workplace pensions and government measures to narrow the gap between rich and poor - such as income tax policies - are no longer as effective. And doctors warn that, without more federal leadership, the country could wind up with a patchwork quilt of uneven medical services.

"Are governments truly responding to the needs and values of everyday Canadians?" the co-chairs of the University of Waterloo's Index of Wellbeing asked in an introduction to their 2012 report, which found Canada is falling behind in environmental sustainability, employment prospects and efforts to promote equality in society.

Declining standards of living in North America have shown that the low-tax, less-government-is-better approach that gained popularity in the Thatcher-Reagan era hasn't worked, says Steven Lewis, a public policy consultant.

"Canada is already more than competitive in terms of tax rates, so there's no need internationally for us to keep taxes as low as they currently are," he told the Star. "The question is: Have Canadians become so used to not having strong social programs and high-quality public service that they don't demand it any more. Have we dumbed down people's expectations so much that we were going to continue with this?"

But Canadians do seem increasingly inclined to question the wisdom of putting off spending on urban infrastructure, allowing post-secondary education to become very expensive and letting social problems deepen as a result of income inequality, Stevens commented.

"I think people are starting to realize there is no free lunch," he said.

In a recent national Nanos Research poll, 45 per cent of respondents said Ottawa should invest future budget surpluses in health care, compared to reducing the national debt (37 per cent) or tax cuts (16 per cent).

The survey for the Canadian Health Coalition also found a majority said they would pay higher taxes if it meant costs for home health care or pharmaceuticals would be covered by the government. And 65 per cent disagreed with Finance Minister Jim Flaherty's plan to tie increases in federal health-care transfers after 2016 to levels of economic growth rather than continue with a fixed funding formula.

"It is time for the federal government to step up, provide fixed funding and help meet the urgent health care needs of an aging population," Michael McBane, executive director of the Canadian Health Coalition, commented.

In another survey earlier this year, pollster Frank Graves of EKOS Research found that 70 per cent of those polled said more active government would lead to a better future.

In an analysis, Graves said, "There is growing skepticism to the notion that a minimal state and lower taxes would leave the invisible hand of the market to produce a better economy for all.

"The invisible hand seems to be offering a visible middle finger to frustrated citizens who have tired of these promises of prosperity while their situations have stagnated or declined," he stated. There is "a clear conviction that the state should have more - and not less - of a role

in designing and delivering a better future," Graves said.

Canadians are being saddled with a bigger bill for future retirement, health-care programs and urban infrastructure needs, said NDP Leader Thomas Mulcair. "Yet thanks to falling incomes, corporate tax giveaways and blatant mismanagement, Canadians are drowning in debt at the same time - household debt, student debt, government debt." Canadians are being asked to accept "less and less" from Ottawa, he said.

Mulcair said Canada needs to jettison current federal policies in favour of an approach that promotes job-creation, bolsters social programs and makes cleaning up the environment a priority.

"We need to strengthen programs like Employment Insurance that help people in a time of need, but we also need to help people across-the-board," Mulcair said. "Protect consumers, help people save for retirement and create high-quality jobs."

He said it's possible to "build an economy that's fairer, greener and more prosperous for all Canadians."

Liberal Leader Justin Trudeau says the country's most pressing problem is to re-establish the link between pro-growth economic policies and a better life for average Canadians.

"Governments of all political stripes have been elected and re-elected, here in Canada and elsewhere, on a similar economic platform: Openness to trade, fiscal discipline, tax competitiveness, investment in skills, research, and infrastructure."

But that formula currently is not translating into a better standard of living for most people in this country, he said.

"Canadians now feel it is more likely that they will fall out of the middle class into poverty, rather than rise out of poverty into the middle class," Trudeau said in a speech several months ago.

Canada needs a renewal of the belief that the country can co-operate on ambitious social and economic goals, he said.

He is calling for Ottawa to work more closely with the provinces on national issues and for the creation of Canadian energy strategy in which the provinces work together on energy regulation, developing new markets for Canadian resource sales and research and development. He also says the country needs a national drive to improve education.

"We should have an ambitious target that would lift our post-secondary education attainment rate from 50 per cent to 70 per cent," he said, adding that there should also be "more apprenticeships, more co-op placements and more resources for training."

The Conservatives continue to put great weight on reducing the \$17.9-billion federal deficit by trimming government spending while keeping taxes at the current level. "Canadians work hard for their money. And we know families are better placed to make spending decisions than governments," the Harper government declared in the Oct. 16 speech from the throne.

The government also intends to pursue international trade agreements, gain better access for natural resource exports and tailor job-training programs to eliminate what it says is the contradictory situation where many Canadians are out of work while businesses say they can't fill job vacancies.

"Canada has one of the best-educated workforces in the world, but there are too many people without jobs and too many jobs without people," the throne speech said.

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