



What does Budget 2025 mean for Canada?

On November 4, the new Liberal government tabled its first budget in the House of Commons. The nearly 500-page document lays out Mark Carney's plan to supposedly "build Canada strong" in a time of profound political and economic transformation. Yet a closer look shows a short-sighted, inadequate and destructive plan that misses the mark in every area where it counts.

payments. These cuts will place further strain on the delivery of important government services.

The budget includes no plans or funding to further develop programs like pharmacare, dental care and child care. It leaves major funding and policy gaps in EI, health care, child care, and long-term care, and prioritizes the demands of corporate lobbyists. The budget

more." This catchphrase is exemplified by a new federal budgeting process called the "Capital Budgeting Framework." This new framework separates government spending into two categories: operational spending and capital investment.

Operational spending includes the kind of spending that most people would associate with the government: transfers to individuals, funding provided to provinces for health and social programs, and the costs of running government operations and services, including salaries and benefits.

The second category, capital investment, is a bit more complicated. In the broadest terms, it includes any government spending or initiatives that build Canada's "capital stock" – meaning assets such as roads and bridges, mines and pipelines, machinery, and buildings ranging from factories to hospitals; the kinds of investments that are expected to encourage economic growth.

In the current budget, capital investment also includes things like tax breaks aimed at attracting business investment in Canada, and other efforts to make Canada's economy more "competitive,"

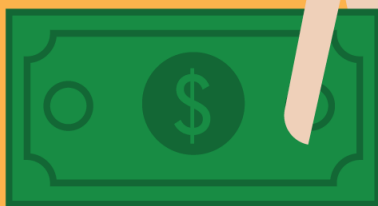
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Deepest cuts in a decade.

Layoffs, longer waits,
and **\$300M**
less for
health care.

CUPE

#Budget2025



Soon after Carney was elected, the government announced that almost all government departments would be required to cut 15% of their budgets by 2028/29. Budget 2025 outlines what that will look like: staff cuts that will put 40,000 public servants out of work over the next four years, as well as cuts to programs and departmental transfer

embraces artificial intelligence, fossil fuels and military spending in a way that gives huge benefits to American business interests. Carney promised transformative change, but gave us tweaks and half measures at best.

Since his election campaign, Carney has been repeating the slogan "spending less to invest

including by weakening our climate strategy or blindly embracing artificial intelligence.

Under the new capital budgeting framework, subsidies to fossil fuel executives, real estate developers and other big business owners are presented to the Canadian public as investments that will benefit the rest of us in the long run. However, the numbers just don't add up.

In the weeks leading up to budget day, Mark Carney promised that his government would “balance the operating budget in three years’ time”

— a misguided priority with a hidden cost that we exposed in the Fall 2025 edition of *Economy at Work*. The new capital investment distinction is how Carney plans to “balance the budget,” by balancing operational spending through cuts, and creating a capital investment deficit by subsidizing billionaires.

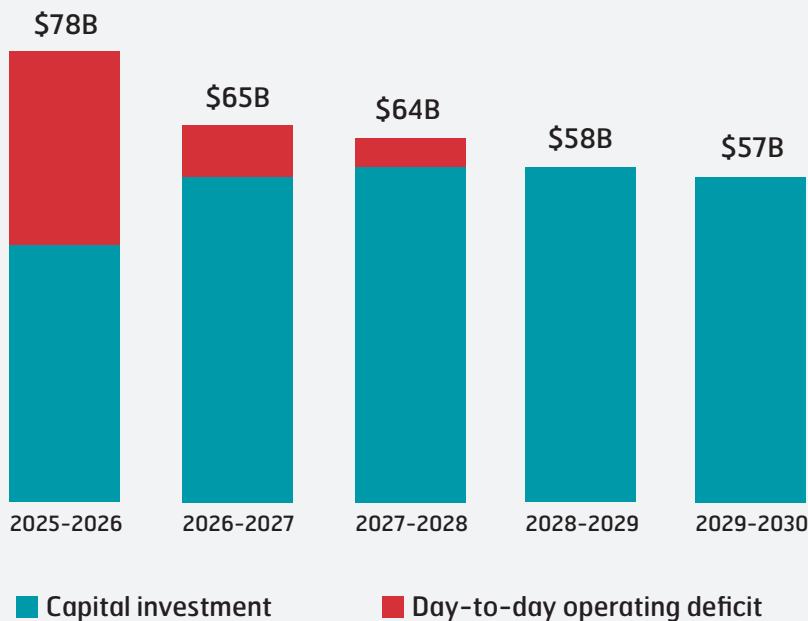
The problem with this plan is that it overlooks the importance of operational spending and overstates the economic benefits of capital investment for working people. By focusing its spending priorities on building infrastructure and

attracting business investment, the government reduces its capacity to invest in workers and high-quality public services. For example, the new budget focus on capital investment might allow a province to build a new hospital, in partnership with a private development company. But with cuts to operational spending, there might be no funding to hire more health care workers to staff it.

As previously mentioned, Carney’s Liberals do not consider the Canada Health Transfer and Canada Social Transfer, funding that is transferred to provinces and territories for health care and social programs, to be investments within their new framework. It’s not surprising, then, that Budget 2025 ignores repeated calls to address the strain on health care, social services and education by increasing transfer payments, which are not keeping up with inflation or population growth.

Perhaps the only impressive thing about Carney’s plan in Budget 2025 is that it finds a way to increase government spending in a way that has sent the Conservatives into a frenzy, while delivering massive cuts to government programs, and not investing any new money into areas where working families need it the most.

Budget 2025 projected deficits



Source: Budget 2025 - Canada Strong, p. 10.

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CUPE / Canadian Union of Public Employees

Mark Carney is not listening to workers — we have to make him

With every announcement from the new Liberal government, especially Budget 2025, it might be tempting to look back on the Justin Trudeau years with rose-coloured glasses. However, when we look at the progressive policies implemented by his government, it's important that we remember that policy measures that advance workers' rights or make society more equal don't stem from government goodwill alone. Wins like anti-scab legislation, pharma and dental care are the results of hard-fought battles led by unions and their allies. As workers, we can never take for granted that governments will look out for our best interests.

Because most people learn about government actions through announcements delivered via the news or social media, the struggles and efforts behind progressive policy developments are mostly invisible. This is in part because governments will always take credit for progressive policy moves, regardless of how big or small they are. For example, Carney's Budget 2025 is quick to take credit for the pharmacare, dental care, and child care programs launched under Trudeau. But it doesn't include any plans to allocate more funding or develop these life-changing programs to their full potential.

These programs were introduced under the Trudeau Liberals, but they became a reality because of sustained pressure from the NDP. That pressure did not emerge in a vacuum: it reflected years of advocacy and organizing by civil society

organizations and the labour movement — work that is deeply embedded within the NDP.

In many ways, it's fair to say that most government decisions are influenced by pressure and advocacy from various groups or organizations seeking to advance certain interests and policy goals, both good and bad. For example, Mark Carney met face-to-face with Goldy Hyder, CEO of the Business Council of Canada, just days after being elected. The Business Council of Canada represents the CEOs of over 170 of Canada's largest corporations, its board of directors is made up of people like Loblaw's billionaire Galen Weston, and CEOs from fossil fuel companies, and major banks.

The Business Council of Canada played a notable role in shaping economic policy in the 1980s and 1990s, particularly in advancing the pro-corporate agenda that informs our governments' priorities to this day. But it wasn't always like this. Before the 1980s, labour was more meaningfully consulted on industrial and labour policies. This role was not simply handed to us, it was won through the militancy and strength of organized labour.

And we are seeing a resurgence of that militancy and strength today. Over the past five years, there has been a renewed sense of urgency among CUPE members and labour activists across the country. We saw it most recently with Air Canada flight attendants, when the Liberal government used section 107 of the Canada Labour Code to

**Bay Street first,
working families last.
Liberals are fighting
for billionaires, not us.**

#Budget2025



end their strike. Our members stood their ground and refused to let the government trample on their right to bargain.

Across the country, every day, CUPE members are coming together and forcing governments reckon with our power. Municipal locals stand up for clean and safe drinking water, like CUPE 830 who held the line for over 100 days in Charlottetown, PEI. Education workers are fighting for quality public education, like the locals in Saskatchewan who are developing a plan for sector-wide coordinated bargaining, or the members in Alberta who stood up to Premier Danielle Smith. There are countless examples. Across every sector, in every province, CUPE members are making their voices heard.

It's undeniable that certain groups — specifically those representing the wealthy and powerful — have more privileged access to our government and elected leadership. But that is no reason to give in to hopelessness and despair. **Mark Carney may not want to listen to workers, but CUPE's 800,000 members will leave him no other choice.**



ECONOMIC DIRECTIONS

Inflation is hitting workers where it matters most

Inflation in Canada may be calming compared to the record highs in 2022 and 2023, but people are still struggling with the cost of living. While overall inflation increased by 2.1% on a year-over-year basis in September 2025, housing and grocery prices are rising at a significantly higher rate, the national averages being 4% for groceries and 4.8% for rent.

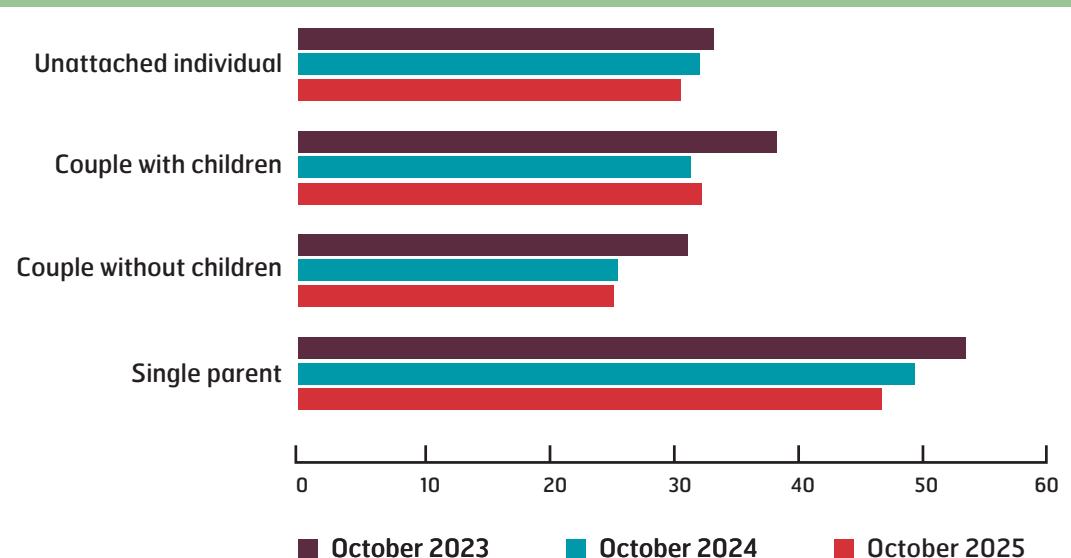
A recent national survey conducted by Nanos Research revealed that one in five people have skipped a bill payment in order to afford groceries over the past year. Younger people were four times more likely to have been in this situation than their older counterparts — 18% of people aged 18 to 34 versus 4% of people 55 and up.

In the October 2025 Labour Force Survey, Statistics Canada reported that over one in four people in Canada (27.7%) live in a household facing financial difficulties — meaning they were struggling to afford basic necessities like transportation, food, and clothing. While 27.7% is still far too high, this number has been on a downward trend since reaching a record high of 35.5% in 2022. Individuals who rent their homes were more likely to experience financial difficulties (37%) than those who live in a home they or somebody else in their household own (23.6%). Both of these numbers are trending downwards only slightly, while food and shelter costs continue to rise.

Perhaps unsurprisingly, who's in the household and whether they have a job have a big impact on the risk of financial hardship. Researchers at Statistics Canada found that more couples with children faced financial difficulties in October (32.4%) than couples without children (25.3%). This number is higher for single parents: 46.8% reported financial difficulties. Similarly, people living in a household with at least one unemployed person were much more likely to report challenges meeting their financial needs (46.1%) than those living in households with no unemployed people (25.8%).

Even if these numbers are trending downwards, they highlight the fact that far too many people in Canada are still struggling to make ends meet. We urgently need government action that will meaningfully address this economic insecurity. The government's 2025 budget misses the mark with respect to what people in Canada really need. Instead of focusing on big business and tax breaks, the Liberals should be expanding programs like pharmacare, dental care and \$10-a-day child care.

Share of Canadians aged 25–54 in households struggling financially, by family type.



Source: Labour Market Indicators (5375), custom tabulation