Will there ever be a *Right-wing* time to Rebuild Strong Communities? Hardly.

CUPE's view on the post- Budget/pre- Election Debate 2005

Introduction

Day after day, the papers report this minority government will soon face a vote of non-confidence and Canadians will be sent back to the polls a year after the last election.

If the Conservatives are successful in ending Paul Martin's minority government this spring, it will be to take advantage of widespread anger about the sponsorship scandal, not because they oppose the Budget.

In fact, the Liberals have spent the past year governing from the right, and have closely followed the Conservative's economic agenda.

As a minority government, the Liberals continued their practice of under-reporting the amount of money available for spending. In 2003-04, for the seventh year in a row, the Federal government announced a budgetary surplus.[1] In the first ten months of the fiscal year 2004-05, the surplus reached $13.40 billion. This is up from $8.14 billion from the same time last year.[2]

Economists agree that the federal surpluses over the next three years will be almost double what Ottawa forecast in the Budget.[3] While the government announces a projected surplus of $12 billion, economists appearing before the House of Commons finance committee project a surplus in the realm of $22 billion over the next three years. Since 1997, the gap between government-projected surpluses and actual surpluses has been $80 billion. These surpluses were applied to the debt, without debate.

The Federal Budget 2005

Once again, the federal government rejected the opportunity to use the massive Canadian Budget surplus to address the country's large social and physical infrastructure deficit. When Canadians voted in a Liberal minority government, we were looking for a progressive budget. Instead what we got was a budget only a conservative could love.

The Martin government asked families and cities to wait five more years before they receive the federal resources for their communities. There are no strings attached to the federal payments to the provinces and territories for programs like child care, health care and urban infrastructure renewal. This means there is nothing to stop for-profit services from expanding in these critical areas of public service.

For the past ten years, federal choices have done little to improve women's economic security. (Armine Yalnizyan, "Canada's Commitment to Equality: A Gender Analysis of the Last Ten Federal Budgets", February 2005). This Budget continues the pattern.

The Budget once again gives more money to the wealthy and the corporate sector, instead of supporting the poor and working people. As a result of this Budget, program spending will level off at 11.9 per cent of GDP. Andrew Jackson of the CLC points out that the government is, in effect, informally freezing program spending at this rate from now until 2010. ("Labour's Analysis of the 2005 Federal Budget", February 23, 2005. p.3) This is much less than the rate of almost 16 per cent of GDP when the Liberals were elected in 1993. (Marc Lee, *CCPA Monitor*, April 2005, p.18).

Despite historically large surpluses, the government continues its "expenditure review" with a goal of imposing $11 billion in cuts to programs, procurement and property management budgets. This will mean selling public buildings, the contracting-out of services, electronically delivered services, and job cuts of over 3,000 over the next five years. The government has planned to set aside funds for "contingency" and "economic prudence", but, as Hugh Mackenzie argues, the real priority of this budget is to "reduce Ottawa's capacity to raise revenue." (CCPA *Monitor,* p.17).

The elimination of limits on foreign investment for pension plans and RRSPs has huge implications. It kicks open the gates for capital flight out of the country and undermines the potential use of pension funds for public investment in infrastructure. It makes pension investments in public bonds for infrastructure development even less attractive in comparison to larger returns from investment in low-wage countries.

There are no fixed targets to implement Canada's obligations under the Kyoto agreement on the environment. There is little support for post secondary education and housing and a disappointing allocation of resources for Aboriginal peoples.

Early childhood education and care

2004 Election Promises:

In the 2004 spring election, the Liberals promised to bring about a pan-Canadian child care plan that would enshrine four key principles in legislation - Quality, Universality, Accessibility, and Developmental programming. Paul Martin promised to spend $5 billion additional money over the next five years to create 250,000 new high-quality, government-regulated childcare spaces at an affordable cost to parents. The Liberals promised a pan-Canadian system building on what Quebec already has – regulated, high quality, publicly funded child care at a maximum cost of $7 a day per child. The Liberals expected provinces to deliver regulated (but not necessarily public or not for profit) services at affordable rates. The Liberals made the same promise in the infamous Red Book of 1993.

The Conservatives promised nothing on child care. They would allow provinces to opt out from new national social programs. Stephen Harper's party believes the "responsibility for the well being of citizens rests first and foremost with the individual and family." This is code for 'no public child care program'.

In the Throne Speech, the government said it would develop foundations for a national framework and work with provinces and territories, focus on best practices, require progress reports, and ensure flexibility in the system.

What we needed:

- For the government to keep its promise by ensuring sufficient and sustainable funding delivering accountable, high-quality not-for-profit child care.
- A commitment to provide the stability and increased long-term funding through a dedicated child care transfer.
- Funding to go only to provinces that have concrete plans to deliver on the QUAD principles of quality, universality, accessibility and developmental programming.
- Accountability ensured through reporting to legislatures and Parliament.
- No new spending to expand for-profit child care. Not only is it an unwise investment of our resources, it also opens the entire system up to trade challenges from foreign child care corporations under international trade agreements.

- Support for a human resources strategy for child care workers that leads to improved wages and working conditions including assisting the development of better bargaining structures for unionized workers, training and fair compensation.

What's in Budget 2005:

Early Learning and Child Care (ELCC) Initiative

- $700 million to be paid immediately into a third-party trust ($200 million to be spent in 2004-05 budget year).

- Provinces and territories will get the funds on a per capita basis up to the end of 2005-06.

- Provinces and territories will have $650 in 2006-07 and $1.15 billion for each of the following three years until 2009-2010.

- The total new commitment is $5 billion but out of this funding $100 million will go to First Nations on-reserve child care and $100 million will go to research, benchmarks, and indicators.

What it means:

The "trust" takes away the ability of the federal government to ensure the provinces and territories meet the principles of quality, universality, accessibility and developmental programming. Funding without strong accountability won't transform a substandard service into a system. Moreover, until the federal government comes to an agreement with the provinces on child care, the program will not be a stable one.

The funding commitment is disappointing, and moves too slowly in the first few years. The commitment of $650 million in 2006-07 is much less than what Canada's children and parents need. The annual commitment to child care, eventually will be $1.2 billion, or less than half of what is promised in corporate tax cuts. (CCPA Monitor, p.18).

There is no true accountability in how child care is delivered. We need legislation, as well as reporting to Parliament on how federal money is being spent. CUPE will continue to press for measures that assure accountability, including a dedicated transfer for child care funds, legislation, and a commitment to fund only public and non-profit delivery.

Municipal Infrastructure and the New Deal for Cities

2004 Election Promises

In the Election 2004, the Liberals promised to phase-in over five years 5 cents per litre transfer of federal fuel tax to municipalities, generating $2 billion annually by the fifth year. No new infrastructure funding was promised.

The Liberals supported Kyoto but had no implementation plan during the election campaign. They continued to subsidize the oil and gas industries. Liberals promised to use money from the privatization of Petro-Canada for environmental technologies. The Liberals supported trade agreements that open up local water resources to corporations.

The Conservatives made a promise to transfer “at least” 3 cents of fuel tax to cities, but phase-out current infrastructure program. Conservatives would drastically cut government spending, making private service delivery appear the only solution.

The Conservatives reject Kyoto, calling the accord “irrelevant”. They push integration with the US. Climate change under a Harper government would only increase, as he supports US President George Bush’s call for a continental energy strategy. This further implicates Canada in environmental damage. The Conservative platform was vague on water, making no mention of federal standards or adequate funding.

Paul Martin’s “New Deal” for cities, outlined in the Throne Speech, was a weak response to the urgent needs of our communities. Cities are promised $2.5 billion spread over 5 years. This barely covers the $2 billion annual cost cities face for deferred maintenance, let alone the accumulated $60 billion cost the Federation of Canadian Municipalities estimates cities need to deal with the infrastructure deficit.

What we needed

- At least $5 billion a year for the next 3 years in new debt financing for large infrastructure projects, to be matched by other levels of government (50/50).

- A share of the fuel tax (including diesel) to fund infrastructure programs increasing to 5 cents a litre in 2007 ($2.5 billion).

- Renewal and expansion of the Canada Strategic Infrastructure Financing program and other existing infrastructure programs.

- Assurance that public infrastructure funds are not used to justify the contracting-out public sector work, and other forms of privatization.

- Public funds for infrastructure must be carefully administered by public bodies, keeping precious infrastructure resources from going to more expensive, for-profit schemes, or funding corporate profits through contracting out and public-private partnerships (P3s).

- A Kyoto Implementation Fund of $1.25 billion each year over the next seven years to finance public sector initiatives.

- The federal government to step up to the plate with respect to Canada's role in protecting the environment and helping to rejuvenate the health of our towns, cities, lakes, streams, land, air and sky.

What's in Budget 2005:

- $5 billion over five years out of federal gas tax revenues for sustainable infrastructure projects like transit, drinking water, wastewater treatment and community energy systems.

- In 2005, $600 million will be shared among Canada's cities and communities for all municipal infrastructure projects including infrastructure projects in aboriginal communities.

- Promises to renew existing infrastructure programs such as the Infrastructure Canada Program (ICP), Canada Strategic Infrastructure Fund (CSIF) and the Municipal Rural Infrastructure Fund (MRIF).

- An additional $300 million is going to support infrastructure in cities through the Green Municipal Funds (GMFs), a fund established by the government of Canada in 2000 and run by the Federation of Canadian Municipalities to support innovative green municipal projects.[4]

What it means:[5]

This is significantly less than what our cities need. Much of Canada's municipal infrastructure is nearing the end of its life. A massive re-investment is needed from all levels of government. Estimates of what this reinvestment will cost varies, but there is growing consensus that a global investment of at least $60 billion is needed, including "tens of billions" for water treatment alone; and $13 billion for urban transit.

The federal government is simply providing seed money to communities for privatization, which will result in fewer public sector jobs, reduced quality of services and higher costs to taxpayers.

While Budget 2005 did allocate some new funding for First Nations health and social infrastructure, there is no money for physical infrastructure in aboriginal communities.

Attaching green strings is a good start, but infrastructure funding should also come with a requirement for investment in public water and wastewater treatment, affordable housing, urban transit, and recreation facilities.

The government's plan for municipal infrastructure lays the foundation for massive privatization in 3 ways:

First, by leaving cities cash strapped, through continued under funding, the pressure is on for cities to rely on private financing.

Second, by establishing regulations that require contracting-out of public services and infrastructure work to receive federal funding, municipalities are being forced to privatize.

Third, the government of Canada is actively involved in the privatization of public infrastructure and services in the form of public-private partnerships.

Infrastructure is where communities and the environment meet but this Budget promotes privatization and P3s.

This Budget is bad for communities and dampens hope of leadership on environment and achieving Kyoto targets. It does not attach strings that tie public investment, ownership and operation to public funding.

Health Care

2004 Election promises:

Liberal health care spending promises were a mishmash of new and old funding commitments – some one-time, some contributing to the base. They made no guarantees that the money would go only to public health care.

The Conservatives made no commitment to assume a fixed share of public health care costs. Conservatives would open door to provinces that want to privatize delivery of services as long as the costs are paid through public insurance.

The Throne speech confirmed the first ministers' health care agreement reached in September 2004. The federal government will spend about $41 billion over the next 10 years to bring federal transfers up to about 25 per cent of total provincial/territorial spending on health care.

Despite the new funding, the federal government failed to require any meaningful commitments from the provinces on accountability or conditions that must be met to receive federal funding. Despite the health minister's promise to stem the tide of privatization, nothing has been done to ensure this.

What we needed:

- Provincial and territorial commitments to the public delivery of health care in exchange for the significant increase in federal investment and be directive in the area of prevention, promotion and public health.
- Conditions on the use of the funds, and enforce the Canada Health Act should the provinces and territories not use the funds as intended.
- Refusal to allow provinces and territories from contracting health services to for-profit providers and licensing for-profit facilities.
- A national home care program under the Canada Health Act with guidelines and standards for all regardless of province of residence.
- Immediate measures to establish a national pharmacare program.
- A safe and thorough approval process for new drugs and ensure all clinical trials and evaluations of all drugs must be free from self-interested corporate influence.
- Enhancement of the $700 million plan for Aboriginal health with the necessary funding to address health care issues within aboriginal communities, including recruitment and training strategies.

- Integration of internationally trained health care graduates should not contribute to a “brain drain” from developing countries and should only be done as a partnership with developing countries such that both may benefit.

- Implementation of a Canadian Labour Congress proposal for a pilot project for health care workers to be retrained and/or upgraded through an EI training program.

- Review of the studies and recommendations of health human resources studies already on-going or recently completed and start a dialogue with provincial government about the results of these studies.

- Allocation of adequate funds to address the issues of care for the elderly into the next decade through a pan-Canadian and long-term plan.

- Promotion of the model of primary care on a 24/7 basis with interdisciplinary teams of caregivers.

- Accountability from the provinces for the privacy of health information.

- Assurance that the health needs of residents in the North are adequately funded and met.

What’s in Budget 2005:

$805 million over five years including:

- $75 million for the assessment of internationally educated health professionals.
- $15 million for research on wait time benchmarks.
- $110 million for the Canadian Institute for Health Information for data collection on performance.
- $210 million for healthy living.
- $34 for pandemic influenza preparedness.
- $170 for safety of drugs and therapeutic products.
- $90 million for environmental health.
- $90 for a diabetes strategy.
- $11 million in 2005 – 2006 for a hepatitis C program.

The Budget also extends the 83 per cent GST/HST rebate for hospitals to government funded non-profit entities that provide health care services traditionally performed in hospitals.

What it means:

The Liberals are content that they pulled the wool over Canadians eyes in September 2004 with the First Ministers' agreement on health care. They appear unconcerned about the growth of for-profit health care delivery. There are no accountability mechanisms to ensure that provinces and territories will use the money as intended. It will be very difficult to track how the money will be spent. The $805 million in new money is just $161 million per year for nine programs across 12 jurisdictions. This is a small and insignificant commitment in the face of growing Conservative demands for privatization of the health care system.

Taxes

2004 Election Promises:

The Liberals offered no new tax proposals in the election campaign. Martin, however, had already given tax breaks of $100 billion in 2000. This gift favoured the wealthy more than anyone else. The Liberals applied a full 44% of the surplus to debt reduction since 1997-98, with another 46% going to tax cuts. The Liberals congratulate themselves on the size of the federal surplus, but just 10% of surplus has gone to improving federal programs.

The Conservatives cut taxes, with highest income earners gaining most. The 7% of families with incomes of $150,000 or more would have received almost one-third of the total value of this tax cut. The 64% with family incomes of $70,000 and less would have received only 11.6%. The 32% of families with the lowest incomes (under $30,000) received less than 1%. Men would have seen their tax decline by $559 on average, while women would have gained on average only $201.

In the Speech from the Throne, Paul Martin made only one major commitment on taxes. He said he would give cities a portion of the gas tax to fund infrastructure projects. He said taxes would be “efficiently targeted to promote growth” and that the government would reduce taxes for caregivers of people with disabilities.

What’s in Budget 2005:

Tax cuts of $13.4 billion over three years

<u>Personal</u>

- Increase of the basic exemption from $8,012 to $10,000 by 2009.
- Increase the RRSP limit to $22,000, from $18,000 in 2005.
- Increase annual dollar limit on contributions to money purchase RPPs to $22,000.
- Increase the maximum defined benefit RPPs, to $2,444 per year of service by 2009.
- RPP and RRSP limits will be indexed to average wage growth starting in 2010 and 2011 respectively.
- Reduce federal revenues by $70 million for 05-06 and $180 million by 09-10.
- Increased coverage for the disability tax credit, as well as increased tax deductions for caregivers.

Corporate

- Eliminate the corporate surtax in 2008 and 2 percentage decrease in general corporate income tax to 19 percent from 21 per cent by 2010. This will cost $4.6 billion per year, by 2010.
- Reduce the general corporate income tax rate by two percentage points to 19 per cent.
- Accelerate the capital cost allowance deduction rates for combustion turbines used in electricity generation, transmission, distribution, oil and gas transmission pipelines, cables for communications infrastructure
- Tax cuts for small businesses in jewelry, beer and wine, agricultural cooperative sector
- Audit and enforcement resources to the Canada Revenue Agency

What it means:

The Budget continues the conservative tax cutting agenda of Paul Martin's government, despite the fact that tax-cuts were not high on the list of priorities of those who submitted briefs to the Finance Committee during the pre-budget hearings.

The tax relief for people with disabilities and their caregivers is welcome, although insufficient in light of the great need for workplace and community supports and services (CLC, "Labour's Analysis", p. 5). The increase in the basis exemption does not target people with lowest income. It applies to everyone, no matter what income the taxpayer has. The increase would have gone up to $9,000 with inflation indexing anyway. The real increase, therefore, is $1,200 over five years. Most Canadians will see a reduction in their taxes of $192. (Hugh Mackenzie, CCPA Monitor, p.17)

As Ellen Russell of the CCPA points out, by 2009, Canada's corporate tax rates will be 4.5 percentage points lower than rates in the United States. The last time Canada's corporate tax rates were this low, the welfare state hadn't been created yet. As a result of this budget, the federal government will have $7 billion per year less for much needed social programs.

When all the measures are fully implemented in 2009, tax cuts will account for $6.6 billion of the $14.4 billion in new spending. This means 47 per cent of the value of new commitments will be in the form of tax cuts. (CCPA *Monitor*, pp.16-18). Not only that, but the government plans to set aside $3 billion per year in a "contingency fund" that will, in all likelihood, be applied against the debt.

This Budget increases the tax benefits of a retirement income system that already favours high-income earners The increased contributions are a direct benefit to higher wage earners and will do nothing for the vast majority of CUPE members who will never see their way to saving $22,000 per year for retirement. Given other priorities, it is difficult to understand how greater tax benefits for the top three to four per cent of tax filers can be justified.[7]

The Budget proposes there be no limit on the amount of non-Canadian investments a pension fund can hold. Canadian workers' pension funds should support the Canadian economy. The federal government should have encouraged bond issue rather than encouraging our pension funds to put money outside of the Canadian economy. Rather than giving tax breaks and shelters to the very rich, improving the Canada Pension Plan, Old Age Security and GIS, and protecting pensions in bankruptcy situation would have been a much better use of tax dollars for retirement and seniors' issues.

Employment Insurance and Training

2004 Election Promises:

The Liberals promised to “correct anomalies” in the EI system but provide no further detail. The Conservatives said they would eliminate the EI surplus by cutting premiums.

The Throne speech raises plans to review the employment insurance system. This is long over due since roughly two-thirds of unemployed women do not receive EI, while more than half of unemployed men in Canada do not receive EI.

The government indicated its intention to develop a workplace skills strategy that would enhance apprenticeship systems and boost literacy and other skills; training facilities and labour market agreements developed in collaboration with provinces and territories, unions and sector councils. As well, the government planned a review of the Employment Insurance system and promised to recognise foreign credentials and prior work experience.

In 2004, the federal government continued to siphon the surplus from Employment Insurance away from unemployed workers. The government took in $17.5 billion in Employment Insurance premium revenues despite the $0.3 billion decline in EI revenue caused by the reduction in premium rates. It spent $15.1 billion on EI during 2003-04. The EI surplus amounted to almost $2.5 billion ($2,488 million) in just one year.

What we needed:

We needed qualifying hours to be lowered to 360 for all benefits throughout the country. The duration of benefits must be lengthened, and benefit levels should be set at two-thirds of a worker’s best twelve weeks. Benefits should be automatic if workers are laid off after a special leave, such as maternity leave.

We needed a Training Insurance system to be managed through the Employment Insurance system that would be similar to the apprenticeship system. E.I. would include a training benefit leave.

We need the labour movement to be consulted thoroughly in the upcoming review process in order to ensure that unemployment insurance and training funds exist to support workers when they need them.

A program to recognise the international credentials of immigrant workers should be implemented. Appropriate assessment tools, including prior learning, should be used with immigrant workers and all workers in Canada, including aboriginal workers.

What's in Budget 2005:

- New rate setting mechanism.
- The limit on rate increases will be $0.15 per year.
- New benefits will be announced soon by Minister of Human Resources and Skills Development.
- Ongoing negotiations between the federal government and Quebec on new rates as well as transition money to implement the new parental insurance plan in Quebec.
- $300 million allocated for benefit improvements in regions of high unemployment.
- $125 million over three years for Workplace Skills Strategy, including funding for pilot projects requiring private funding.
- $30 million over three years for the National Literacy Secretariat.

What it means:

Limiting the EI rate increases means employers will not have to pay higher EI premiums if the need for benefits rises with more joblessness because of a weak economy. It also means thousands of workers, mainly women, will continue to be denied EI benefits when unemployed or seeking paid parental leave. They won't have enough hours worked to qualify.

Post-secondary Education

2004 Election Campaign

The Liberals made no specific promises beyond those in the 2003 budget. In that budget, the Liberals did nothing to reduce student fees or increase funding to post-secondary education. All they did was to introduce measures encouraging students to borrow more.

The Conservatives said they would allow even higher tuition and student debt, while speeding corporate involvement and privatization in post-secondary education.

The Throne Speech failed to mention increased funding for post-secondary institutions. Instead the government promised to increase access to post-secondary education by establishing learning bonds as a savings vehicle to help low-income families.

What we needed

We needed the government to restore the billions of dollars that have been cut from post-secondary education since 1993. The federal government must increase the transparency of its funding commitments to the provinces by establishing a separate accounting of cash transfers for post-secondary education. The federal government should establish a national system of grants based solely on need. The federal government should pass a federal Post-secondary Education Act that prohibits the establishment of private, for-profit educational institutions and ends public-private partnerships.

What's in Budget 2005:

- $3 million per year to extend eligibility for loan forgiveness for Canada Student Loans in cases where students are permanently disabled, or if a borrower dies.
- $125 new money over three years for training.
- $30 million new money over three years for literacy.
- $810 million over 6 years for University based research councils.

What it means:

There is nothing to prohibit the establishment of private, for-profit educational institutions and end public-private partnerships. There is no significant support for indebted students. Rather, the government chooses to funnel money into foundations and granting councils for the commercialization of university research.

War, Peace, Global Development

2004 Election Promises:

Martin said he supported the decision to stay out of Iraq, but named a pro-invasion hawk, David Pratt, as his defence minister. The Liberals committed to spend billions more in defence budgets and called for offensive hardware. The Liberal argued foreign policy should be more "compatible" with the US. Martin suggested he would bring Canada into the dangerous Star Wars missile defence system. Martin pushed P3s as the way to solve the problem of global poverty.

Stephen Harper would have taken us into Iraq. He wants to boost military spending by $7 billion over five years, to buy aircraft carriers rather than increase wages for soldiers. He would increase Canada's offensive capabilities and bring our policies more into line with the US. Part of bigger "security agenda": locking us into Star Wars missile defence as well as economic and military integration with the US. Harper made no commitment to funding international development. Instead, Conservatives tie development policy to free trade agreements, free markets and so-called war against terrorism.

In the Throne Speech, the Liberals promised to release an International Policy Statement. The government promised to implement the new security measures and deepen cooperation with the United States, to increase the number of troops, and to increase military spending.

What we needed:

We needed Canada to make a significant contribution to global justice, not neo-liberal globalization. Canada promised many years ago to allocate 0.7% of Gross National Income to foreign aid, but continues to fail miserably. Given the huge surplus, the Alternative Federal Budget showed how it would be possible to raise spending for overseas development assistance to the target in three years. In December 2002, Canada promised to meet Millennium Development Goals by 2015. These include reducing the number of people living in absolute poverty by half; achieving universal primary education; reducing child and maternal mortality rates by two-thirds; promoting gender equality; ensuring the provision of clean water; combating HIV/AIDS, malaria and other diseases; and committing funds for economic development. We needed Canada to reject the call for "deeper integration" with the United States, as well as the pressure to increase Canada's "interoperability" with the US Armed Forces and security regime.

What's in Budget 2005:

Towards the end of February, the Canadian government announced it would not join the United States in its Ballistic Missile Defence program. The Budget committed Canada to an increase in military spending, and to allocate more resources to coastal and border issues. Defence spending was increased by $12 billion over 5 years while security for transportation and borders was increased by $1 billion. This massive increase in military spending was meant to appease the conservatives within and without our borders, even though Canada's military spending was already the sixth highest in NATO countries before this announcement. (Canadian Centre for Policy Alternatives, "Alternative Federal Budget 2005: It's Time" p.75)

As regards Canada's public commitment to the Millennium Development Goals, the government has "back-loaded" its financial commitments of $3.4 billion, with the largest expenditures committed for years four and five; well past the expected expiry date of this minority Liberal government. This money includes $500 million targeted to security expenditures, instead of poverty reduction and global justice.

What it means

Called the largest military budget increase in twenty years (Steven Staples Polaris Institute, *Hill Times*, February 28,2005), the billions of dollars allocated to military spending shows how far down the road to "deep integration" with the United States the Liberals are ready to go. Deep integration is the catch phrase chosen by the Canadian Council of Chief Executives (formerly the BCNI) to describe the many ways they see Canada's economic, political and social future tied to the United States.

The government has declined to make it's commitment to 0.7% GNI. Instead of focussing on broad development goals, the Liberals have decided to reduce the number of countries receiving aid from Canada. It intends to focus on free trade, international security and military power. The Liberals say they will increase the number of troops by 5,000 and reservists by 3,000. The government will institute new counter-terrorism command centres, instead of strengthening Canada's traditional role in peacekeeping.

Community Social Services

2004 Campaign promises

During the 2004 campaign, Martin called for more reliance on what he calls "entrepreneurial non-profits" to meet vital community needs. The Liberals promised to expand existing housing programs, by providing $1.5 billion in new funding for housing over five years. They promised 35,000 to 60,000 new units.

Conservatives promised increased spending in only two areas, health care and defence. The only way they could both cut taxes and raise spending is to make major cuts in other areas, or run deficits. For the Conservatives, affordable housing is not a priority. Conservatives do not believe federal government should help communities and provinces build social housing. The Conservative tax cut agenda threatens existing programs and social investments.

The Throne Speech reiterated Paul Martin's support for the "voluntary" sector. Paul Martin intended to introduce a new not-for-profit Corporations Act which is an idea that was part of the 2004 Budget Plan and grew out of an Industry Canada consultation in the year 2000. In the Throne speech, there was no mention of the federal program funding social assistance, housing and post-secondary education.

What we needed:

Liberal campaign promises did not come close to replacing the money taken out of social programs. Over the years, Martin cut spending by 40%, resulting in drastic cuts to health, education and social services. As a result of earlier budget decisions, the Canada Social Transfer is in need of fundamental restructuring. We need to have separate and dedicated transfers to promote accountability and build strong communities.

Welfare incomes are far below the poverty line in all provinces and territories (National Council of Welfare, "Welfare Incomes 2003). Many municipalities across the country fund social services at the community level through property taxes. Property taxes are not related to income, and as such, they are regressive and place a heavier burden on these with lower and middle incomes. This is an inadequate and flawed approach to funding municipal services. Furthermore, municipalities are faced with growing responsibilities for social assistance, as unemployment insurance covers fewer and fewer Canadians. This is inappropriate for the needs of unemployed Canadians and entirely unnecessary, given the huge surplus in Employment Insurance.

CUPE asked for a guarantee that any new legislation concerning the not-for-profit sector would ensure volunteers do not replace public sector employees in providing community services. This commitment is essential for women's equality, and work of new immigrant women in particular. The work that women do in the paid workforce should not be returned to the private sphere where women are compelled to do the same work without pay. Voluntarism cannot be used to replace programs for which the government bears responsibility.

What's in Budget 2005

- $389 million over five years to support immigration settlement and integration programs in Ontario and British Columbia, of which only $20 million is to be spent in the first year.

- $75 million over five years to support the assessment and integration of internationally educated health care professionals and new immigrants.

- No additional funds for affordable housing.

What it means:

The disappearance of the "voluntary sector" as a central plank in the Liberal platform from the Federal budget indicates the influence of the right-wing conservatives. Even though we were quite leery of this initiative, it is obvious that the Liberal government left communities and low-income people with even less to go on than had been promised.

In 2002, 51.6 per cent of single mothers, 41.5 per cent of unattached women over sixty-five, and 35 per cent of unattached women under sixty-five were living below the poverty line. (Feminist Alliance for International Action, March 2005). The Federal Budget 2005 will not alter this reality.

Conclusion

We expected the minority government to introduce a more democratic impulse into Parliament. Certainly the Gomery Inquiry seems to be pointing to a serious lack of democratic practices in the Chrétien years. Unfortunately, the Liberal minority government chose to follow the path of the Conservatives, rather than strengthen social justice and equality in the country.

Stephen Harper might be successful in orchestrating the defeat of the government, but the very Conservative leader that criticises the Liberals also criticises the institutions of liberal democracy for being excessively intrusive.

Harper has said voters don't need to wait for the end of the Gomery inquiry before making up their minds on who is responsible for the sponsorship scandal. And, at a recent rally opposing the equal marriage bill, Stephen Harper said if he were Prime Minster, he would introduce a bill restricting the definition of marriage to heterosexuals. He has been told repeatedly this would not be possible without invoking the "notwithstanding clause" of the Constitution. His allies, Preston Manning and Mike Harris, have just called for the abolition of the Canada Health Act and privatization of health care. One of his MPs was just caught requiring new Canadians to post bonds of up to $100,000 in order to admit visitors to Canada.

The Liberals are no better on issues of accountability. They have refused to allow the Opposition its scheduled day in Parliament. Martin ignored votes in the House rejecting his appointee to a national environmental roundtable. Martin named an NDP senator, even though the NDP maintains there can be no such thing as an NDP senator in the un-elected house. The Liberal plan to implement the Kyoto accord will not meet the targets set by international agreement. Although Parliament opposed splitting up Foreign Affairs from International Trade, the Department was split anyway.

After experiencing the government's lack of regard for the needs of communities, Canadians declined to give the Liberal Party a majority government in the 2004 election. If and when this government is defeated, we will urgently need to elect enough progressive MPs so that there will be a meaningful left-wing presence holding the balance of power in Parliament. If the Conservative Party cannot support this Budget, a Budget that was written precisely for them, then what on earth do they have in store for us?

It is now time for a federal government that will re-invest in public services across this country, as the first step in rebuilding strong communities. It is time for our government to be made accountable to communities, not corporations, cronies, or right-wing conservatives in any party.

[1] Department of Finance Canada, Annual Financial Report of the Government of Canada Fiscal Year – 2003-2004 www.fin.gc.ca/afr/2004/afr04_1e.html October 13, 2004
[2] Tavia Grant, "Budget surplus triples" Globe and Mail, Thursday march 24, 2005.
[3] Simon Tuck, "Economists see surpluses doubling Ottawa's projections", Globe and Mail., April 4, 2005.
[4] Canadian Urban Transit Association
[5] For a more detailed analysis of the Federal Budget 2005 and the New Deal for Cities and Communities, see *The Facts on Municipal Infrastructure*, CUPE Research www.cupe.ca
[6] Federation of Canadian Municipalities, www.fcm.ca
[7] For a more detailed analysis of the Federal Budget 2005 concerning Pensions and Seniors, see *The Facts on Pensions and Seniors*, CUPE Research www.cupe.ca

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