



NDP Finance Critic Peggy Nash in the House of Commons. She writes that “Jobs, prosperity and long-term economic growth were all put on hold for the sake of one artificial goal— budgetary balance in 2015.” House of Commons photo.

A Balancing Act on the Backs of Canadians

Peggy Nash

NDP Finance Critic Peggy Nash says Budget 2014 wasn't all bad news. The Conservatives took action on a few issues proposed by the NDP, including closing the funding gap for First Nations schools and expanding access to rural broadband. But these initiatives were too little, too late, Nash claims, in a budget defined by what was left out, and by its status as a pre-election tactical tool.

Conservatives promised it would be a do-nothing budget, and they certainly kept their word. On budget day 2014, Finance Minister Jim Flaherty stuck to his script—driving home the same carefully crafted lines he'd been dutifully repeating for weeks. It was a marvel of consistency that lasted just under 18 hours.

For weeks, for months, indeed for over two years, Conservatives had insisted that they were focused on a singular goal—income splitting. They would balance the budget by 2015 and create the fiscal space necessary to remake Canada's tax code in their own image—an image resembling more “Leave it to Beaver” than “Modern Family”.

Over the last three budget cycles, no effort has been spared to set the stage for this year's budget—and with it, the

next pre-electoral one. Flaherty's last three budgets hit our economy hard with stifling austerity measures and harmful cuts to infrastructure projects. Jobs, prosperity and long-term economic growth were all put on hold all for the sake of one artificial goal—budgetary balance.

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Today, there are still nearly 300,000 more Canadians unemployed than before the 2008 recession. The unemployment rate still hovers around 7 per cent, and double that for youth. Our economy continues to underperform.

Statistics Canada reports that our current account trade deficit and household debt are at record highs. The IMF has warned that Conservative policies have done “structural damage” to our economy and downgraded its economic projections for Canada. And even the Conference Board of Canada has identified the growing inequality as a pressing issue facing our economy.

But it hasn't just been our economy that's suffered. Conservatives have cut vital services that Canadians rely on as well. Thirty-six billion dollars removed from health care over the next ten years. The retirement age for Old Age Security raised to 67—despite the Parliamentary Budget Officer confirming that the cut was unnecessary to achieve fiscal sustainability.

Cutting public services to Canadians: undermining food inspection, rail safety, veterans benefits and home mail delivery—just to name a few of this government's austerity measures.

Balancing the budget is a laudable goal, but it is self-defeating when it comes at the expense of prosperity and growth. Yet, through it all, Stephen Harper and Flaherty were clear: this year's budget was about next year's budget. They had made a promise to the Conservative Party base and

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that promise would be kept, no matter the cost.

Yes, the Conservatives' income splitting plan would give literally *no help* to a staggering 86 per cent of Canadian families. Yes, it would increase inequality, rather than reduce it. And, yes, what little benefits it brings to Canadians would be overwhelmingly skewed towards the wealthiest 1 per cent. But this was a promise made by the prime minister. Whatever needed to be done, would be. The PM's plan for income splitting was that important. Right up until it wasn't.

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Yet, the day—the morning—after Flaherty delivered his budget, he suddenly said it was merely an “idea” to be “looked at”.

Surely, the finance minister must have been speaking out of turn. The Conservatives wouldn't spend weeks justifying the need to deny help to struggling Canadian families, only to throw their own justification out the door. But that's exactly what they did.

In the hours that followed, minister after minister—and finally, under questioning by NDP Leader Tom Mulcair, the prime minister himself—made it abundantly clear.

For three years, Canadians had been told to accept cuts, accept austerity, accept stagnation and unemployment and lagging economic growth. They were told that the prime minister would make life more affordable—except, it turns out, that plan would leave the vast majority of Canadians behind. So they hesitated. A priority

so important one day that it justified harsh austerity was gone the next.

We live in an age of unparalleled innovation and technology. With the right choices, we can rise to meet any challenge and seize any opportunity. But to do that, we have to start by taking an honest look at where we stand and at the road ahead.

Last month, the Governor of the Bank of Canada, Stephen Poloz, told Canadians that our economy will very likely continue to struggle for at least another two years.

Governor Poloz suggested that our economy is caught between a rock and hard place. The Harper government has presided over largest expansion of household debt in Canadian history—166 per cent of disposable income. So, even with inflation low, Poloz warned, there may be little the Bank can do to stimulate our economy and create jobs without further stoking household debt.

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With monetary policy in a virtual straightjacket, the role of fiscal policy has become that much more important. There's a common sense role for government to play, making productivity enhancing investments in infrastructure, education and innovation. Government fiscal policy can foster a climate that promotes competi-

tion and encourages investment and growth while at the same time protecting consumers and creating high-quality, middle-class jobs—in every region and in every sector.

Canada is one of the most entrepreneurial countries in the world. Even during the recession, Canadian small businesses thrived and multiplied, but under the Conservatives, the number of medium-sized businesses has actually shrunk. A decade of across-the-board tax breaks for the largest corporations has failed to spur investment, job creation and economic growth.

That's why, in the lead up to this year's budget, New Democrats called for targeted tax cuts that encourage investment in clean technology and help manufacturers retool for the 21st century. That's why we called for Conservatives to restore the \$5.8 billion in local infrastructure funding cancelled in 2013. And that's why we'd called for doubling the \$1,000 hiring credit for small business and adding an additional credit for businesses that hire and train young people.

Yet, rather than focus on helping small businesses expand and manage their growth, the Conservatives' budget will actually eliminate the existing small business hiring credit introduced three years ago. Not only have Conservatives failed to move forward, but they're moving

backwards—and not just where small business is concerned.

While last fall's speech from the throne promised to put consumers first, the Conservatives' new budget falls far short.

Conservatives have promised regulations to create greater homegrown competition and rein in high wireless costs. They've promised to ban unfair pay-pay billing practices. But Canadians have heard these promises before, and we're still waiting for action.

Harper's own throne speech promised to rein in basic banking fees. Yet in February, Conservatives defeated an NDP motion to cap ATM fees at 50 cents—40 per cent higher than the estimate cost of a transaction. Conservatives have rejected other common sense measures to protect consumers like requiring banks offer at least one “no-frills” credit card with an interest rate capped at prime plus 5 per cent and cracking down on the abusive practices of payday lenders. Again, no action.

In the last two years, Conservatives have broken faith not only with their own promises, but with Canadian seniors as well.

Stephen Harper campaigned on a promise to not only protect public pensions like Old Age Security and the Canada Pension Plan, but also to protect “all projected future increases

to these programs.”

In 2012, in Davos, Switzerland, he announced that he would slash Old Age Security, that he would raise the retirement age for OAS to 67. A year later, his finance minister scuttled plans proposed by the provinces to expand CPP. All this, while millions of Canadians are desperate to find a better way to save and invest for their future.

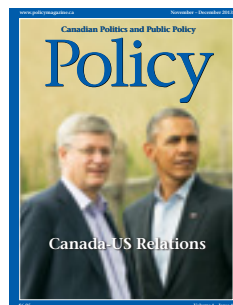
It's true that Budget 2014 wasn't all bad news. Conservatives have taken action on a few issues proposed by the NDP—moving towards closing the funding gap for First Nations schools and expanding access to rural broadband. We're always happy when other parties steal good NDP ideas. But these initiatives are few and far between—too little, too late.

Canadians deserve a government that's on their side—each and every day. They deserve leaders that are focused on them, not on cynical political games. And that's exactly what New Democrats are offering: a government that will build a fairer, greener, more prosperous Canada—not just for some of us, but for each and every one of us. **P**

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