

BULLETIN

## **Federal budget will increase income inequality; hurt families and the economy**

March 30, 2012

The federal budget will increase income inequality, decrease the quality of life for Canadians and slow economic recovery.

Ottawa (29 March 2012) - The Harper government's budget fails the Fairness Test [1] because it will increase income inequality and make life harder for vulnerable Canadians, said James Clancy, National President of the National Union of Public and General Employees (NUPGE).

"Income inequality is the greatest social and economic challenge facing Canada today," said Clancy. "The test of any federal budget should be whether it will reduce income inequality and make life better for vulnerable Canadians. This budget fails that test miserably."

Clancy said the budget is an attack on public services and the deep spending cuts in the budget will slow the economic recovery.

"The global economic recovery is in a fragile state," explains Clancy. "Our economy is not as strong as the Harper government wants us to believe. Cuts to jobs and program spending are going to further weaken our economic outlook at a time when Canadians need increased public investment."

Clancy said the government had an alternative to deep spending cuts: it could have examined and implemented options on the revenue side of the ledger.

"The Harper government has spent billions on corporate tax cuts while crying about the size of the deficit," said Clancy. "They don't understand the old adage that when you're in a hole the first thing you should do is stop digging."

The National Union President argued that the Harper government should have taken steps to improve the revenue side and ensure greater tax fairness in Canada. This could have included:

- maximizing revenue from existing government enterprises;
- reversing recent corporate tax cuts;
- ensuring the wealthiest pay their fair share;
- ending the preferential treatment for capital gains and stock options;
- implementing a financial transactions tax (a Robin Hood Tax);
- closing loopholes; and
- getting tough on offshore tax havens.

Clancy said vulnerable families will be hurt the most by this budget as badly needed public services are cut and local economies suffer as job losses grow and public spending drops.

One item in the budget that received particular criticism from the NUPGE National President was the changing of the age requirements for Old Age Security (OAS).

"This is definitely bad public policy," said Clancy. "Over 60 per cent of Canadians don't have access to a pension plan. Its reasonable to expect our federal government to step up and help these Canadians - just as the government has done for banks and financial institutions. Instead, they are making life even more difficult for retired Canadians."

"These measures, like the changes the Harper government introduced to the CPP in 2009, are simply designed to keep older workers shackled to their jobs until the age of 70. Rather than increasing the retirement eligibility age for public pension benefits, the federal government should be looking at expanding the system, including the CPP and Guaranteed Income Supplement, to ensure that everyone has greater retirement security."

Clancy said the budget is also an attack on unionized workers in the federal government.

"NUPGE pledges our full support to our sisters and brothers in the federal public service. We will stand with them to defend their rights against this government's anti-union actions."

The National Union's members across the country are campaigning to defend quality public services and tax fairness as part of the All Together Now! [2] campaign and Clancy urges people to get involved in the campaign.

**More information:**

[All Together Now! campaign](#)

The National Union of Public and General Employees (NUPGE) is one of Canada's largest labour organizations with over 340,000 members. Our mission is to improve the lives of working families and to build a stronger Canada by ensuring our common wealth is used for the common good. NUPGE

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