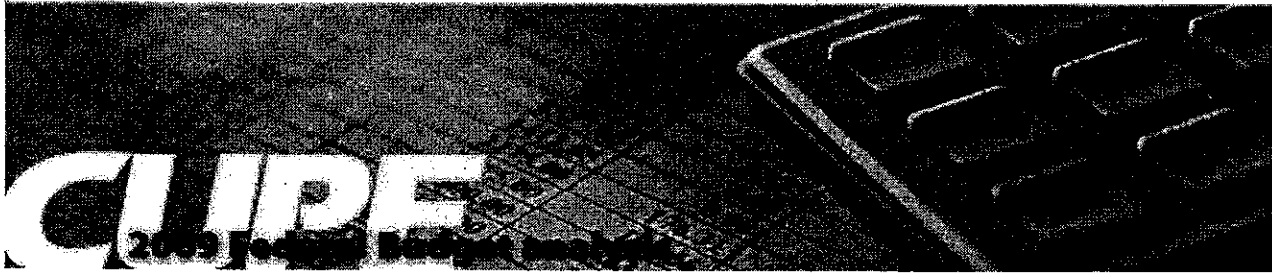


CUPE Ontario
Bargaining Conference

CUPE's Federal Budget Analysis 2009

Sector by Sector

Part 1



Budget 2009 CUPE Analysis

Harper “stimulus” budget falls far short

Summary

Faced with the prospect of losing their grip on power, the Harper government has made a big show of taking action to address the economic and financial crisis, but it still falls far short of what is needed to revive the economy, create jobs and protect the vulnerable. In particular, the budget fails with any substantial measures to improve public services, help the poor, set a positive new course for the economy, or provide relief for the hundreds of thousands who are expected to become jobless over the next few years.

The budget includes dozens of new spending announcements targeted at every part of the country and different sectors of the economy and over a dozen new tax cuts. Some of these measures are positive, respond to real needs and to what CUPE and others have pushed for. In particular, this includes promises of increased funding for infrastructure, for training and for Aboriginal Canadians.

But the promised funding for almost all of these measures is temporary—for only two years—conditional on other funding, and much less than what is required. This will become a major problem because the impact of this economic crisis on workers and communities will last much longer than two years. Many communities are under severe budget pressures and, under the Harper government’s “use it or lose it” rules, the funding for these programs may not flow before the expiry date.

While the budget proposes to extend benefits for those who qualify for Employment Insurance (EI), it doesn’t include any measures to increase access to EI, nor to increase benefit levels. There is also nothing to strengthen public pensions, no

funding for a national anti-poverty plan, and no significant increased investments in social needs such as early learning and child care, social services or health care.

At the same time, ignoring the advice of virtually every economist in the country, the Harper government is charging ahead with broad-based personal income tax cuts that will cost about \$2 billion a year and provide the greatest benefit to those with the highest incomes.

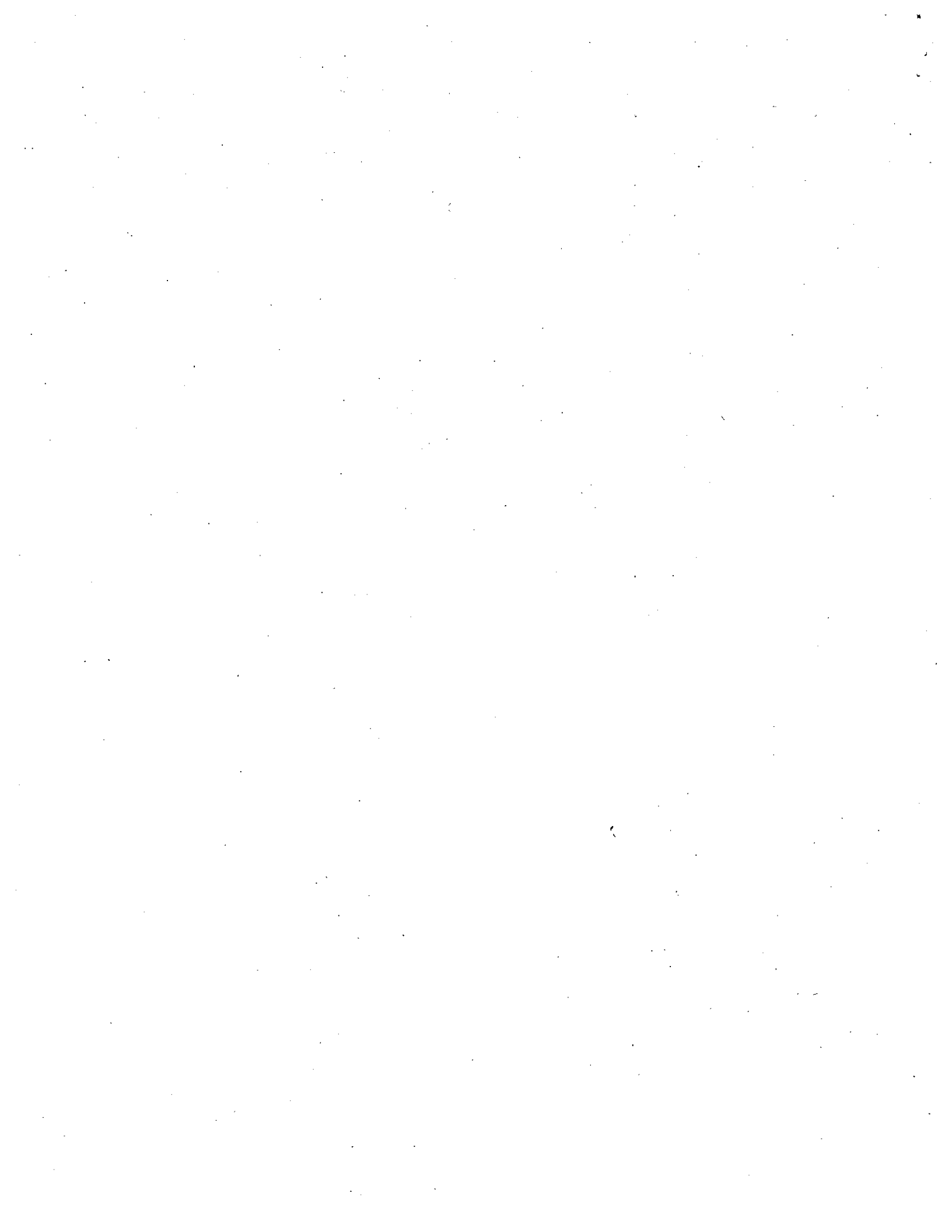
Hidden, but still included in this budget are the cuts to transfers, controls on program spending, weakening pay equity for federal employees and the privatization plans announced in Harper’s disastrous November Economic and Fiscal Update. This includes limiting growth of transfers under the Equalization program and selling off over \$10 billion in federal public assets over the next five years.

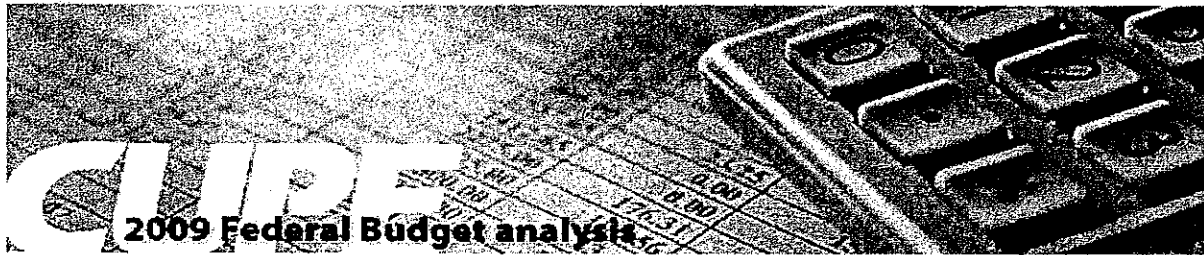
These limits on the growth of Equalization will mean reductions in transfers adding up to about \$7 billion over the next two years, reducing the ability of provinces to provide and deliver public services across the country.

The budget continues with the government’s misguided policies to force municipalities to consider public-private partnerships and other roadblocks to public investment in its flagship Building Canada Fund; and with its \$1.25 billion fund to subsidize public-private partnerships.

The amount of economic stimulus is less than what most other industrialized countries are doing; much of it is in areas that deliver little “bang for the buck”, do little to protect the vulnerable, or create jobs and build a more productive economy.

sl/cope491





The 2009 Budget: Initial Report Card

Key Measures for the Budget

With the Canadian and global economies going into a severe recession and the fate of the federal government hanging in the balance, the 2009 Federal Budget was highly anticipated. It was expected to focus on stimulating the economy, helping Canadians deal with the economic downturn by protecting the vulnerable and saving and creating jobs by rebuilding the economy.

So how well did the budget deliver on these three key areas of concern?

1. stimulating the economy,
2. protecting the vulnerable, and
3. saving and creating jobs by rebuilding the economy

Stimulating the Economy

To stimulate the economy, the budget was expected to provide fiscal stimulus of 2% of annual economic output (GDP, or Gross Domestic Product), as had been strongly recommended by the International Monetary Fund (IMF). The IMF, World Bank and most economists also called for the stimulus measures to focus on social protection, jobs, infrastructure investment, and support to lower incomes to have the maximum impact and benefit.

How well it delivers economic stimulus needs to be measured by both the size and the likely impact.

Size

The budget includes about \$18 billion in tax cuts, infrastructure spending and other spending commitments for 2009/10 and \$15.5 billion for these measures in 2010/11. This amounts to approximately 1% of Canada's

economic output of \$1.5 trillion a year, or only half the IMF's 2% target.¹

In contrast President Obama's recently announced \$825 billion *American Recovery and Reinvestment Plan* would provide almost 3% in stimulus, with a target of creating over 3 million jobs.

Impact

As expected, the budget includes a strong emphasis on investment in public infrastructure, accounting for 29% of the total value of new measures in the budget. This is positive because of the infrastructure's strong economic stimulus ("multiplier") effect, because of the large infrastructure deficits that remain in Canada, and the limited revenues of municipalities and other public sector bodies.

The budget also has a strong emphasis on housing construction. This can have a relatively strong stimulus effect and help the vulnerable if the funds are provided to social housing. The budget includes \$1 billion a year for social housing, with half devoted to the renovation and retrofit of existing units. This is welcome, but is less than the \$2 billion a year for new affordable housing that housing advocates called for. In contrast, the budget provides almost twice as much (\$3.7 billion over two years) through tax credits for home renovation, home purchase and retrofits. It is questionable how much these tax credits will

¹ To pump up its numbers, the budget document adds "leverage" from additional spending by other levels of government and through loans to get a stimulus level of 1.9% in 2009 and 1.4% in 2010, even though there is no guarantee that this will be incremental spending, or spent at all. It compares these figures with other countries stimulus packages without adding similar types of leverage to them.

stimulate additional activity or whether they will just provide a tax benefit for work that would be done anyways.

There is limited support for social protection and for those on lower incomes in this budget (see below) and what is provided is counteracted by reductions to planned transfers for the Equalization program.

The budget is also disappointing in its focus on saving or creating jobs (see below).

Instead, it includes over \$5 billion in personal and corporate income tax cuts for 2009/10 and almost \$3 billion for 2010/11.² These tax cuts add up to 25% of the value of the stimulus in the budget and provide the greatest benefit to those with the highest incomes.

For instance, the changes to the personal amounts and income tax brackets will only reduce the taxes by \$66 a year for a typical two earner family with two children and an income of less than \$60,000 a year. Meanwhile a similar family with an income of over \$200,000 will get a tax cut of \$634 a year. Since those with higher incomes save more of their money, income and corporate tax cuts don't provide much stimulus compared to direct public investment and spending, or compared to support targeted at lower income families.

Public spending and investment generates two to three times as much economic impact and jobs as personal income tax cuts, and an even greater ratio corporate tax cuts.

A \$1 billion investment in early learning and childcare would create 40,000 jobs, \$1 billion in healthcare 18,000 jobs, \$1 billion in infrastructure about 15,000 jobs, and \$1 billion in personal income tax cuts only 6,000 jobs.

Canada's economy is now expected to decline by 1.2% this year, according to the Bank of Canada. This compares to last year's budget which said it would grow by 2.4% in 2009. Both

² Not including increases to the Working Income Tax Benefit for the working poor.

the Bank of Canada and the federal government are forecasting a short and sharp recession, with the economy recovering strongly in 2010 and in future years. Most other economic forecasters believe that the recovery will take longer and be slower. For instance, the IMF expects Canada's economy to grow by 1.6% in 2010 compared to the 2.4% expected by the finance minister and 3.8% by the Bank of Canada.

The budget's estimate of its direct economic impact is relatively modest. It estimates that it will boost Canada's GDP by 1.2% this year and by 0.1% in 2010, with an overall increase of 1.4% in two years. Adding in "leverage" from increased spending by provinces and municipalities increases it to 1.6% in 2009 and 0.2% in 2010. However, it is questionable how much of this spending by other levels of government will be additional, especially when municipalities are severely cash strapped.

It will be impossible to tell whether the measures in this budget have the stimulus impact that the government says they will: the budget includes a planning assumption for economic growth that is even more pessimistic and in a way that makes it difficult to compare.

Grade: D- for size of stimulus (direct spending equal to 52% of IMF target)
D+ for type of stimulus (good on infrastructure, but support to EI, low incomes and social protection is very limited)

Protecting the Vulnerable

The second most important objective for this budget should have been to protect the vulnerable during the economic downturn. Canada's social safety supports have become increasingly tattered.

Cutbacks to the EI program, stricter entrance requirements and reduced benefits mean that only 40% of the unemployed now receive EI benefits and the benefits only provide a maximum of \$435 a week. Social assistance is even further below poverty levels. Social,

community and other public services will become even more strained during an economic downturn.

The financial crisis led to enormous losses and rising economic insecurity for retirees and those saving for their retirement through workplace or individual pensions. This will lead to increased reliance on public pensions, which should be improved.

Unfortunately, there is limited support in the budget for measures to protect the vulnerable from the economic downturn.

The support is limited to an increase in the Working Income Tax Benefit for the working poor, an extension in the weeks provided by Employment Insurance (EI) benefits, increased funds for retraining, and increased support for Aboriginal Canadians and First Nations, although most of this is through infrastructure.

There are no changes to make EI more accessible or to increase benefit levels, nothing to improve public pensions for low income seniors or to protect workplace pensions, no increases to the national child benefit for low income families, nothing to support anti-poverty efforts, no support for child care and no increases in transfers to provinces for social or public services. Most of the unemployed on low incomes with no access to EI will get no benefit from this budget.

At the same time, federal transfers for the Equalization program, which provides funding to the poorest provinces to provide public services, will be limited to grow at the same rate as the economy, as was first proposed in the November Economic and Fiscal Update. Over the next two years, this means about \$7 billion less in transfers going to the poorest provinces to maintain the quality of their public services.

Grade: F+

Saving and Creating Jobs by Rebuilding the Economy

The other major priority for the budget should have been to save and create jobs by rebuilding our economy for the future. We have benefited from low unemployment rates in recent years because our economy has been surfing a housing, resource and financial sector boom. But underneath, Canada's manufacturing and forestry industries have been in crisis, economic growth has become increasingly unequal, and our productivity has been stagnant.

Now that these bubbles have burst, people are losing their jobs, losing their savings, and communities are suffering. Unemployment rates are expected to increase towards 8% next year. This will mean about 350,000 more people out of work compared to 2008. In addition to the human suffering and lost opportunities, higher unemployment will also mean more bankruptcies, less economic activity for businesses, and for governments, lower revenues and higher costs.

This budget should have recognized this problem and developed a strategic plan to save and create jobs by rebuilding the Canadian economy. The plan should have focused on retooling key industry sectors that are suffering, such as manufacturing and forestry, and growing new industries. It should have also strengthened public services, recognizing the role they play in not just improving our quality of life, but also increasing our productivity and competitiveness.

Governments in other countries have very successfully done this by strategically looking ahead and planning public investments, support, training, R&D, government procurement and proactive regulations to grow the industries they want with the most potential. For instance there is much potential for governments to work with industry and labour to help develop green industries.

In contrast, the Harper government's approach to economic development has been very laissez-faire, focused on cutting taxes and reducing regulations, opposed to proactive government involvement (although they have provided substantial public support to a few favoured sectors, such as oil and gas, agriculture and defence).

The 2009 Budget doesn't change this much. There is some short-term support for forestry, agriculture, shipbuilding and the auto industry. However, the forestry money is devoted to marketing and the auto funding (which has been rejected by GM) was tied to wage cuts. There is very limited support for "green industry", but this is almost all focused on carbon capture and storage, rather than increasing efficiency. There are some funding increases for culture and tourism and increased funding and investment for research at colleges and universities.

There is funding for training, but this doesn't help if the jobs aren't there. The funding for job creation is limited to student summer jobs, Aboriginal Canadians and for technology and business graduates.

The budget includes extraordinary measures to provide credit and loan guarantees to businesses and also outlines plans for national regulation of the financial industry. However, the regulation is supposed to be "principles-based" instead of rules-based. In most cases, this amounts to more self-regulation and de-regulation for the financial industry: exactly what caused the financial and economic crisis.

The budget estimates that its actions in this budget will create 142,000 net new jobs, with an extra 47,000 through provincial and municipal "leverage". This suggests that unemployment will stay below 7% next year.

But the ability to generate these extra jobs is questionable with cash strapped municipalities and no guarantee that the jobs expected from loans and housing leverage will materialize.

Grade: Incomplete

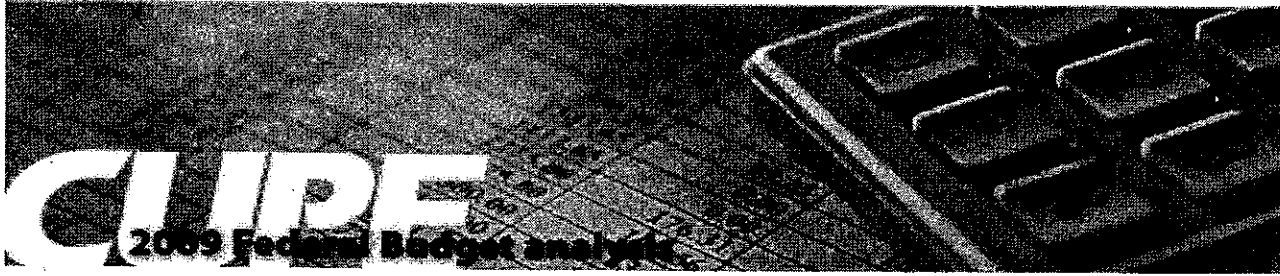
The 2009 Federal Budget was prepared with an exceptional amount of attention and expectation. It followed in the wake of a financial crisis that destabilized the world economy and triggered a fundamental shift in accepted economic policy.

The thirty year reign of supply-side tax cuts, fiscal discipline, deregulation, and privatization as economic orthodoxy ended. Instead, governments around the world embraced activist government, re-regulation and Keynesian fiscal stimulus as a solution to the economic and financial crisis.

The Harper government's first test in navigating these new waters, its November Economic and Fiscal Statement, was a failure on a number of different levels. It featured implausible forecasts, a cavalier approach to the economic crisis and crass political opportunism that backfired, almost causing the government downfall.

With a worsening economy, the 2009 Federal Budget was held up to another set of tests: 1) could it gain political support to pass and 2) could it deliver on key areas of economic concern: stimulating the economy, protecting the vulnerable, and helping to save and create jobs by rebuilding the economy.

The budget seems to have passed its first political test, having gained the support of the opposition Liberals. While the jury is still out on whether it can ultimately meet these key economic tests, this initial report card suggests that a lot more progress will be needed.



Federal budget 2009 and Aboriginal Issues Analysis

What's in the budget?

-\$2.075 billion for housing initiatives to address social housing problems and limited on-reserve Aboriginal housing issues

-\$515 million over 2 years for First Nations on-reserve community infrastructure projects such as schools, roads and other "critical infrastructure"

-\$165 million to complete water and wastewater projects already initiated in 18 First Nation communities

-\$200 million for skills training to help reduce unemployment rates of Aboriginal people

What does it mean for Aboriginal Peoples?

Once again, the federal budget falls short in providing the stimulus and financial backing needed to revive the economy, create jobs and provide the housing and infrastructure for the First Nations People of Canada.

The budget sets out \$2.075 billion for housing initiatives but this will only address some of the social housing problems and limited on-reserve Aboriginal housing as it falls significantly short of the \$2.5 billion target set out by housing experts and advocates across the country.

The budget also provides \$515 million for on-reserve infrastructure. However it is not clear how quickly the money will be provided to First

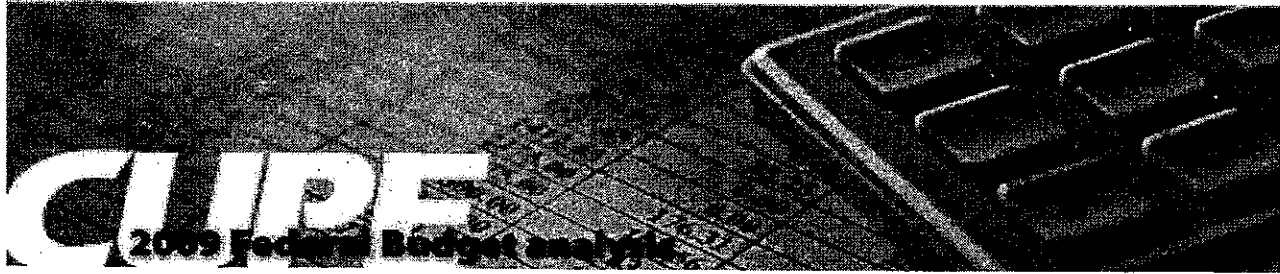
Nations or if the communities will be required to put up 20% of the project funding, as is currently the case for water and wastewater projects operating costs – an almost impossible amount for many communities.

The budget puts \$200 million for skills training. One has only to look at the unemployment rates of Aboriginal Peoples to see that this amount falls woefully short of what is actually needed.

What would be better choices?

The United Nations' Human Development Index shows that the majority of Canadians enjoys one of the highest qualities of life yet, measured against the same benchmarks, Canadian Aboriginals rank 63rd.

The Kelowna Accord (negotiations between Aboriginal Governments and Federal government to create an economic stimulus) focused on reconciliation, poverty reduction, and improving the standard of living for First Peoples. A better choice would be to deliver the promises of the Kelowna Accord through federal budget commitments rather than the "piecemeal" approach seen by the Conservatives 2009 federal budget. Through the Accord the commitments to infrastructure, education and skill development and loan funds would address schools, violence, employment, health care, safe drinking water and socio economic status issues.



Federal Budget 2009 - Early Learning and Child Care

What's in the Budget?

There is *nothing* in the 2009 Federal Budget to advance a progressive early learning and child care policy agenda.

What does it mean?

The Harper government's lack of vision for early learning and child care fails the millions of Canadian families who cannot afford or find quality, affordable child care spaces for their children. Fewer than 20% of children in Canada have access to regulated child care spaces – the vast majority of children have to do without.

Before the Conservative government came to power, Canadians were very close to achieving a national child care program. Instead, Stephen Harper gave us a pitiful monthly allowance – and no new child care spaces. Child Care centres are closing due to a lack of funding, and the profession is losing trained staff because of low wages and poor working conditions.

The Conservative government has turned its back on women and working families. The lack of affordable, quality child care has a direct impact on the ability of working mothers to remain in the paid labour force. Approximately 75% of young mothers with children work outside the home. Many Aboriginal children do not have access to early learning and child care programs. And outside of Quebec, Canadians pay some of the highest child care fees in the world.

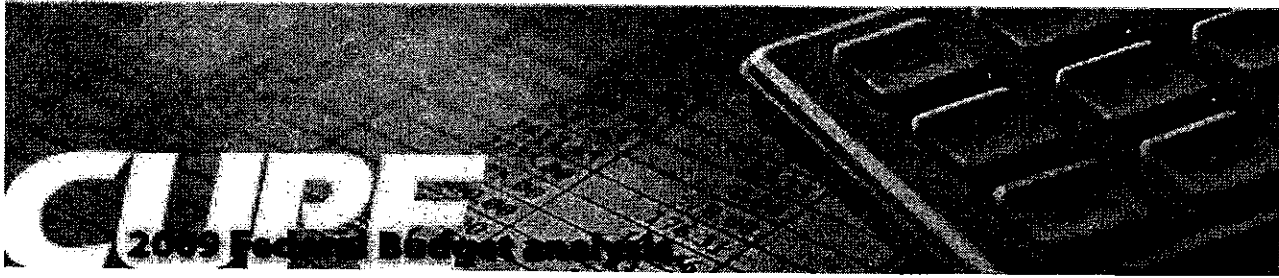
Without a cohesive framework and policy on early learning and child care, the Harper government has set out the welcome mat to large corporations to make profits from desperate parents while there is no plan to make programs accessible, available or affordable. Embarrassingly, Canada will remain at the bottom of the heap of all OECD

countries when it comes to investing in early learning and child care. We mustn't forget that the Harper government cut \$1 billion that was previously committed to early learning and child care.

What would be better choices?

A better choice would be to develop a pan-Canadian early learning and child care program. Such a program could deliver a framework and conditions that ensure quality, affordable, non-profit, accessible, and inclusive child care programs for parents and their children. Child care requires secure and adequate federal funding with legislation like Bill C303, the *Early Learning and Child Care Act*, to provide the framework for spending. Bill C303 lays the foundation for a high-quality, universal and accountable child care system. The Bill limits expansion of for-profit child care, a move that protects Canada from international trade disputes and ensures the highest quality care. A better choice for early learning and child care would include the following key elements:

- A national plan to make high quality, non-profit early childhood education and care a reality over the next decade.
- Increased federal funds, starting with an additional \$2.2 billion in transfers to provincial child care programs in 2009-10, and \$2.8 billion in 2010-11, with the goal of reaching \$5 billion by 2013.
- Federal legislation (recognizing Quebec's distinctiveness) to establish conditions, criteria and principles for the accountable use of federal funds in the provinces and territories.
- Improved maternity/parental leave policy to complement the child care program.



The Federal Budget and Employment Insurance (EI)

If you qualify for EI, then you will get five more weeks of benefits to try and find a job in this recession.

But right now, only 40% of the unemployed qualify for EI benefits.

This budget tweaked the system, but did nothing to solve the structural EI issues that would help cushion workers and their families in this recession. Labour and other groups have been lobbying for years to rejuvenate the EI system. Successive governments have allowed the system to deteriorate in the good economic times so it is no longer sufficient to meet the needs of Canada's unemployed in this crisis.

Recessions mean that more workers lose their jobs, and find it much harder to find a new one. In the last two recessions, the early 1980s and early 1990s, Canada's national unemployment rate rose sharply, from about 7.5% to over 11%. In December 2008, Canada's unemployment rate stood at 6.6 per cent and was close to a 30-year low. But it won't stay that way. That rate has been steadily rising since September when it was 6.1 per cent. New layoffs are announced every day. RBC Economics, for instance, predicts that the Canadian unemployment rate will rise 20 per cent in the year to 7.3 per cent from the 2008 average of 6.1 per cent.

Does this budget fix the EI system to help laid off workers cope with the recession? No.

1) What's in the Budget?

The Conservatives tweaked the EI system slightly to:

- Allow claimants 5 additional weeks of benefits for the next two years.

- On average, claimants qualify for just 32 weeks of benefits - much less than the theoretical maximum of 50 weeks. Some unemployed workers qualify for a maximum of just 14 weeks of benefits. So, the 5 weeks will be added on to, anywhere from 14 to 50 weeks, depending on where you live.
- The government's own numbers don't anticipate unemployment rates declining until 2011, so these 5 weeks will not get many workers through the recession.
- In recent months, before the recession, one in four claimants could not find jobs and exhausted their benefits.
- Contrast this with Barack Obama's stimulus package which extended benefits for up to two years to unemployed workers.

- Boost work sharing agreements where workers receive EI benefits and work fewer hours while their employers recover. Work Sharing Agreements will be extended to a maximum of 52 weeks.

- Right now the limit is 26 weeks, that can be extended by 12 weeks. This Budget adds a further extension of 14 weeks.
- The Budget assigns \$200 million over two years to Work Sharing projects. For perspective, in the last six weeks alone, applications for work sharing agreements totaled an anticipated \$30 million.

- Freeze EI premiums for the next two years.

- This effectively eliminates the job of the "Employment Insurance Financing Board", set up by the Conservatives in their February 2008 Budget. We'll have to wait

and see if the Conservatives use the money set aside for the EIFB to fund the Budget initiatives.

- Premiums will rise though, because of the recent increase to maximum insurable earnings by \$1,200 to \$42,300 so higher earners pay more.

- Set up an 'Expert Panel' to review ways to extend EI parental benefits to self employed workers. This follows up on a Harper election promise. His proposal could mean EI benefits are used to subsidize self-employed workers.

- Training:

- Increase of \$1B in EI Part II funds to go to the provinces and territories to expand training opportunities.
- An additional \$500M, over 2 years, to extend EI Part I benefits to workers participating in long-term training.
- Additional funding to help younger, older, aboriginal and immigrant workers find jobs.
- Canadian Graduate Scholarships will receive funding targeted at science, professional and business students excluding those pursuing education in social science and the arts.
- More funding for apprenticeship programs

2) What does it mean?

These things won't change:

- Today, only about 38% of unemployed workers receive EI benefits compared to 75% who qualified prior to the cutbacks of the '90s.
- The existing level of benefits paid is inadequate to support families and children. Average weekly benefits were \$315 compared to average weekly industrial earnings of \$728 in 2003.
- The current patchwork of qualifying hours required for different benefits and different situations that is inequitable and unreasonable, especially for new claimants and those re-entering the workforce after 12 months.

- The length of benefit period is roughly half what it was 15 years ago. On average, claimants received only 19.3 weeks of regular benefits. Women are more likely to exhaust their benefits because due the nature of their jobs, they generally have fewer hours of insurable earnings. Adding 5 weeks will not bring claims to levels claimants received during past recessions.

As claimants exhaust their EI benefits, the Social Assistance rolls will grow, shifting costs from the federal government to the provinces, and in Ontario to overextended municipalities, who administer welfare programs. Combined with the infrastructure requirement to match finding, Ontario municipalities will face even more costs added to their existing tax base.

Unemployed workers will continue to be trained but in a recession where will the jobs come from for these newly trained workers? And the age old question continues to daunt centrally administered training - "training for what?".

Without a repaired EI system, claimants who do qualify for EI will receive poverty level wages. We will see poverty grow and with it, violence, crime, increased health care and social assistance costs.

Five more weeks of benefits will not fix the EI system enough to cushion workers and their families from the impact of this recession.

3) What would be better choices?

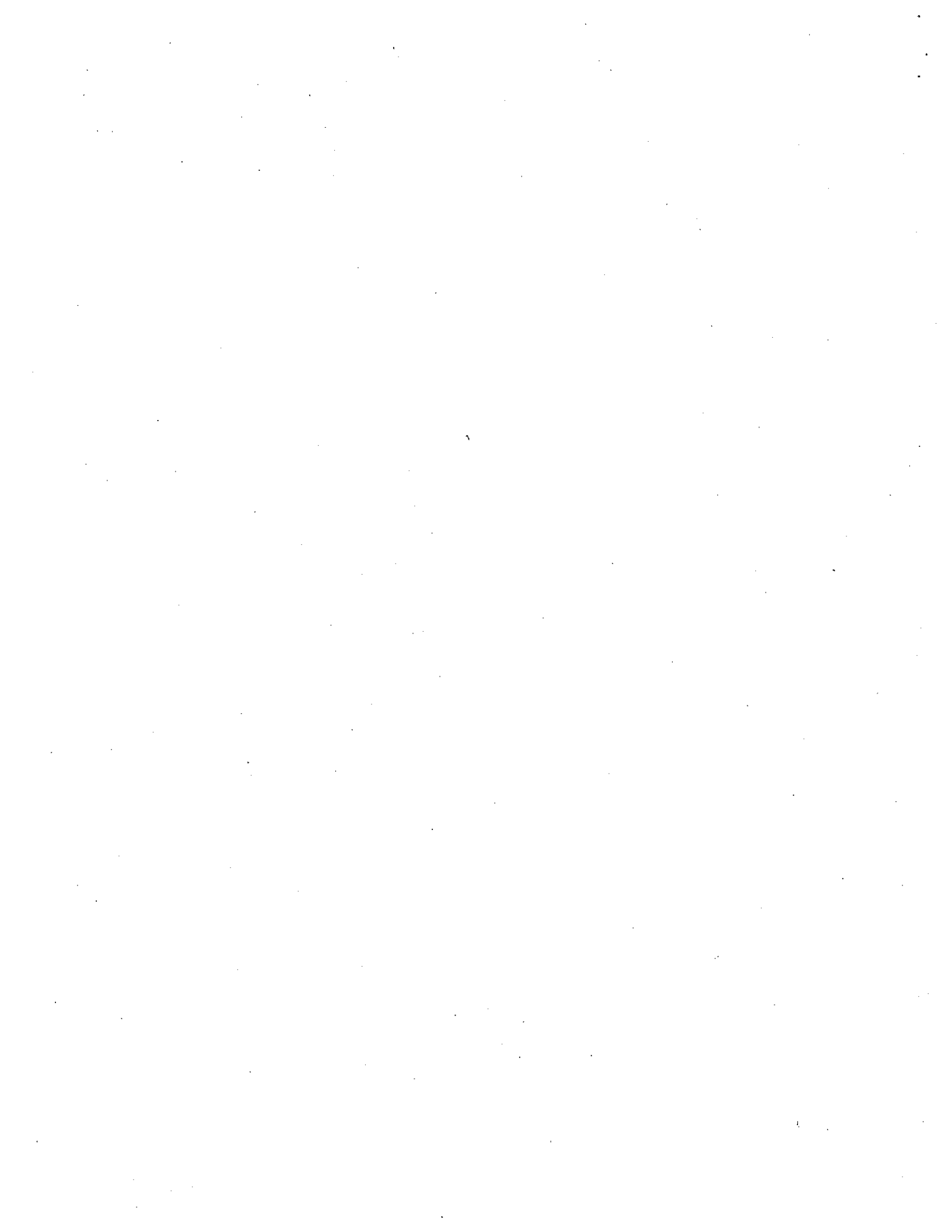
CUPE's agenda for economic recovery highlighted EI reform as key to re-establishing income security programmes. The National Executive Board passed a resolution advocating:

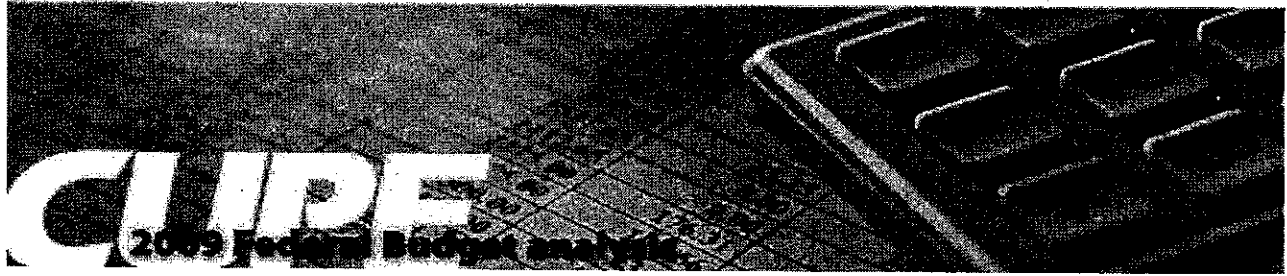
- Revise EI legislation such that all mandatory EI premiums are returned as benefits to workers.
- Basic entrance requirement of 360 hours.
- Benefits based on 60% of earnings over the best 12 weeks.
- Benefit coverage for 50 weeks.

- Training for laid-off workers to access the new jobs created through public investment.
- Cancel plans for EI office closures.

The EI system needs major investment of dollars and energy to help unemployed workers, their families, and their communities weather this recession. This Budget did not do that. By not fixing EI, the Harper government has again overlooked the vulnerable.

sl/cope491
January 28, 2009





Federal budget 2009 and the Environment

Where is the green stimulus?

Stephen Harper's budget will not lead Canada to a green future. Canadians need a budget that will boost the economy *and* fight climate change. We need a budget that will curb our dependence on fossil fuels and cut greenhouse gas emissions. We need a budget that will put us on a long-term path to a low-carbon economy bolstered by massive investments in renewable sources of energy and energy efficiency. That is what the green economic future looks like and Harper's plan will get Canada nowhere near this.

Shortly after US President Barack Obama rolled out a green stimulus Harper still doesn't get it, still doesn't understand the economy and the environment are directly linked. His plan will push Canada well back in the pack in the race to escape the global economic mire and secure a sustainable future. While so much of the rest of the world moves on to deal with the climate crisis and reshape their economies and societies, Canada will fall further behind if it clings to Harper's old-fashioned and short-sighted economics.

What's in the budget?

- \$1 billion over five years for a Green Infrastructure Fund.

- \$300 million over two years to the ecoENERGY retrofit program.
- \$500 million over two years for social housing renovation and energy retrofits.
- \$125 million for carbon capture and storage projects.
- \$ 1 billion over five years to support clean energy technologies, which includes \$150 million for research and \$850 million over five years for the development and demonstration of technologies, such as, again, carbon capture and storage.
- Accelerated capital cost allowances to promote investment in certain clean-energy technologies, with, again, carbon capture and storage centred out as a potential beneficiary.
- \$10 million for government annual reporting on environmental indicators.
- \$351 million for 2009-2010 to Atomic Energy of Canada to advance the development of nuclear reactors.

- “Regulatory efficiencies” may be applied to infrastructure projects subject to the Canadian Environmental Assessment Act.

What does it mean?

The 2009 budget is a missed opportunity to green the Canadian economy. The budget does not address climate change, does not shift Canada to renewable sources of energy, does not create sustainable and healthy communities, and will not stimulate job growth via green initiatives. Harper’s government continues to have zero environmental credibility.

What scant environmental provisions are in the budget are misdirected. For example, carbon capture and storage continues to be promoted by Harper as a solution for the climate crisis. This is nothing less than a wide of the mark allocation of resources to an unproven technological fix that will achieve little in terms of dealing seriously with climate change. Carbon capture and storage is a false solution to climate change.

The budget suggests environmental impact assessments will be “streamlined”, meaning thorough assessments may be leapfrogged to allow projects to go ahead without heeding their environmental impact.

The Green Infrastructure fund looks enticing but the money is spread over five years and there are no details on how the funds will be allocated. This vagueness suggests there is no plan and no willingness to see meaningful green infrastructure development through to fruition. What’s more, the Harper government is also allocating huge dollars to conventional infrastructure development, such as roads,

bridges, etc., that will exacerbate bad choices, namely more cars and trucks on the road. This will not improve air quality in and around our cities, or cut greenhouse gas emissions, or improve urban density, or move Canada toward a low-carbon infrastructure.

This budget fails to promote renewable energy, energy efficiency and climate change solutions. By comparison, Obama has pledged approximately \$55 billion in equivalent Canadian dollars for clean energy development, a ratio – based on population – that is four times higher than what is proposed in the Harper budget. What’s more, Obama’s plan aims to create green jobs and promote energy efficiency, renewable sources of energy and climate change solutions across a wide range of sectors (e.g., in federal buildings, schools, low-income housing and even the military). Harper’s budget comes nowhere near this level of financial commitment and vision.

The prime failure of this budget is that it does not link the environment to economic recovery. Harper continues to take an antiquated approach to the environment – to separate it out of his government’s thinking and actions by omitting it from the core of his economic recovery plan. Obama – and other world leaders – have not made the same mistake and are pushing well past neo-Con knuckle dragging on environmental issues. Harper, with this budget, continues to show that he is yesterday’s man and well out of step for what the world requires: progressive green economics for our future low-carbon society.

What are better choices?

- A green stimulus plan that would push Canada to finally merge the economy and the environment, steering the country to a low-carbon future. This is

where so much of the rest of the world is headed, including our neighbours to the south.

- An economic stimulus based on greening the economy for the long-term.
- Massive investments in genuinely renewable sources of energy, such as wind, solar and tidal power and assurances that these forms of power would be in public hands.
- An aggressive program to reduce carbon emissions.
- Long-term retrofitting and energy efficiency programs for government buildings, low-income housing and commercial buildings.

- To assign a price on carbon to help cut carbon emissions and to establish a national cap and trade systems now with measures to protect vulnerable Canadians and industries, with the money raised used for further actions to reduce greenhouse gas emissions.
- Investment in a green jobs development strategy.

Stephen Harper still has no environmental vision. He obstinately refuses to see the way forward. His government's central failure is that it continues to separate the environment from the economy, allowing short-term money matters to trump the planet that sustains us. Harper permits this to the detriment of all Canadians, particularly future generations.

sl/cope491
January 28, 2009

