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Thomas Mulcair
Député d'Outremont

February 16, 2010

Minister of Finance
The Honourable James M. Flaherty
Department of Finance Canada
140 O'Connor Street
Ottawa, Ontario K1A 0G5

Dear Minister Flaherty,

As you prepare to deliver the federal budget for the next fiscal year, I'm writing to present the priorities of New Democrats based on pre-budget consultations conducted by our Members of Parliament over the last several months. Like all Canadians, we share the hope that the Canadian economy will move from recession toward a strong recovery, and we present our proposals in that context. Thank you in advance for taking the time to consider them.

While our fundamental political perspectives may differ, I think we agree that the federal government must play a central role in steering the economy in these difficult times. In this context, the government's priority must be the creation of quality, sustainable jobs for Canadians.

While the government often affirms that the recovery has begun, with too few jobs being created and tens of thousands of Employment Insurance exhaustees forced onto provincial welfare rolls, Canadian families can see that there has not yet been a real recovery. To spur job creation, the government must maintain the economic stimulus that began, belatedly, with Budget 2009. While we have heard your commitment to continuing stimulus measures, we are seeking assurances that previously budgeted investments will in fact be distributed, even if this entails extending deadlines.

Your government's ambiguous musings regarding infrastructure funding and the need "to use it or lose it" are disconcerting, and have led to uncertainty among economic actors. For communities across Canada, we repeat our call for the transfer to municipalities of one further cent per litre of the existing federal excise tax on gas.

To bolster the crucial housing and construction sectors, New Democrats have also called specifically for the extension of the Home Renovation Tax Credit, and for changes to this program to encourage renovations that improve energy efficiency. Further, we propose that the government provide tax credits for workers in the construction industry to offset travel costs when they are forced to seek work far from home.

In addition to job creation measures, the Government must address the looming structural deficit, as identified by Parliamentary Budget Officer Kevin Page. The deficit was caused, in part, by previous reckless reductions in corporate income tax rates. Like most Canadians, New Democrats recognize that in the long term, we cannot spend more than we collect. Yet your government has not only attempted to deny the existence of the structural deficit, it has aggravated the imbalance by reducing revenues despite the absence of any evidence that those tax savings have led to investments in jobs for Canadians. Your unbalanced corporate tax policy is exacerbating our overreliance on oil extraction, and contributing to a high dollar, which in turn hampers job creation and exports in the value-added sectors of manufacturing, forestry, aerospace and others. We propose that you announce the government will not proceed with additional cuts to the corporate tax rate in 2011 and 2012.

We call on the government to break with its past practice and provide a realistic, independently verifiable road map to fiscal balance. New Democrats call for movement toward a short-term target for a deficit-to-GDP ratio of 1% per year, far more ambitious than our partners in the European Union (3% target) or the United States, as well as a commitment to reaching a debt-to-GDP ratio of 30% by 2015.

In the short term, the government must invest in supporting those Canadians who have been hit the hardest by this recession. The EI program, which has suffered from wrong-headed government policies for over a decade, is in urgent need of reform to make it a real insurance policy in these difficult times. Specifically, benefits should be extended for those whose claims are being exhausted right now, and who continue to struggle in this tough job market. New Democrats supported the modest extension of benefits your government brought forward last fall but improvements must continue, for now and for the future. EI benefits, in which Canadians invest with the expectation that their money will be there when they need it, are among the most effective counter-recessionary stimulus measures available. The government must finally recognize that EI contributions belong to Canadian workers and employers. We call on your government to extend the current freeze on EI premium hikes until such time as the historical debt owed to Canadian employers and workers is paid.

We are also calling on the government to stop turning a deaf ear to the plight of seniors and pensioners in this country. New Democrats have been consistent in calling for the federal government to show leadership when it comes to ensuring retirement security for everyone. In the spring of 2009, all parties supported our legislative proposals to that effect. The government must act to address the pensions crisis by expanding the ability of Canadian individuals and businesses to invest in low-cost, secure, predictable public pensions through an enhanced CPP. In addition, amendments are needed in this budget to bankruptcy and creditor laws to finally ensure that pensioners are at the front of the line when businesses can't meet their financial obligations. Right now, such a situation is devastating anxious workers of Nortel and AbitibiBowater who have been waiting too long for your government's overdue support.

Finally, in accordance with our call to make the next session one in which Canada's Parliament puts women and children first, as well as the Prime Minister's stated intention to address maternal and child health at the upcoming summit of the G8 countries, we propose that you use Budget 2010 to invest in Canadian women and children. Working with the provinces, territories, First Nations and other partners, the federal government must act to ensure better child care policies, real action on homelessness, improved early childhood education, measures to address poverty amongst Canadian seniors (overwhelmingly women) through the investment of \$700 million in the Guaranteed Income Supplement, and effective investments in health and education in First Nations communities.

I look forward to the opportunity to discuss these proposals in greater detail.

Sincerely,

Thomas Mulcair, MP (Outremont)
Deputy Leader and Finance Critic
Canada's New Democrats