

# Five Tests for Canada's next Federal Budget

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By [Canadian Centre for Policy Alternatives \(CCPA\)](#)

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OTTAWA— The January 27 federal budget will be one of the most important in Canada's history and should meet five key tests, says the Canadian Centre for Policy Alternatives (CCPA).

"What's in this budget matters, more than ever," says CCPA Senior Economist Marc Lee. "Canadians expect a budget that will stave off the worst of the current recession, keep and create jobs, and lay the groundwork for a fairer, greener, and more sustainable economy."

The five tests for next week's federal budget:

1. Help the hundreds of thousands of newly unemployed Canadians by increasing Employment Insurance (EI) benefits from 55% to 60% of insured earnings and extending the period for receiving those benefits to 50 weeks.
2. Support those who need it most, such as unemployed, low-income Canadians and hard hit communities, by making a commitment to reduce poverty in Canada by 25% in the next five years.
3. Implement an ambitious social, physical and green public infrastructure program, creating jobs in both male- and female-dominated professions.
4. Support key value-added sectors with restructuring criteria to ensure they become green and sustainable.
5. Emphasize spending over tax cuts.

"Broad-based tax cuts are a poor source of job creating stimulus compared to government spending," says David Macdonald, Coordinator of the Alternative Federal Budget (AFB). "Tax measures should be targeted at low-income Canadians who are more likely to spend the money locally."

A number of reports confirm that the job creation potential from tax cuts is dramatically lower than for other stimulus measures. For instance, \$1 billion in tax cuts only leads to 6,000 jobs whereas \$1 billion in infrastructure spending creates 16,000 jobs and for health care the figure is 18,000 jobs, as modeled by Informetrica Ltd.

The five tests are part of the CCPA's Alternative Federal Budget, a partner to the Alternative Federal Stimulus Plan released in early January. The AFB is coordinated by the CCPA and is the result of collaborative deliberations by representatives of a wide spectrum of civil

society organizations.

All Alternative Federal Budget 2009 materials are available on the CCPA web site:  
<http://www.policyalternatives.ca>

For more information contact Kerri-Anne Finn, CCPA Senior Communications Officer, at 613-563-1341 x306.

Download the Report/Study:

- [What Kind of Stimulus: Tests for Assessing the Federal Budget](#) – PDF File, 128 Kb
- [Alternative Federal Budget 2009: Beyond the Crisis](#) – PDF File, 1543 Kb
- [Alternative Federal Budget 2009: Budget in Brief](#) – PDF File, 210 Kb

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