

THE ALTERNATIVE FEDERAL BUDGET

A Case Example of Policy Practice

By

Shauna MacKinnon

**A Practicum Report Submitted to the Faculty of Graduate Studies
in Partial Fulfilment of the Requirements for the Degree of**

MASTER OF SOCIAL WORK

**Faculty of Social Work
University of Manitoba
Winnipeg, Manitoba**

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Abstract

The goal of social justice differentiates social work from other helping professions but is often overshadowed by the clinical role. A challenge for social work, in the current environment of ever decreasing services, is to find ways to engage in methods of policy practice which recognize the mandated social justice goal of social work.

The Alternative Federal Budget is an example of how academics, political scientists, social policy experts and community activists worked together to develop an alternative to current government policy. The Alternative Federal Budget model utilizes participatory methods in an attempt to educate and inspire thought and discussion at the community level about the current direction of public policy in Canada. The Alternative Federal Budget builds an alternative vision based on social justice which is especially relevant for social workers practicing within the confines of the current political reality.

This practicum report describes the Alternative Federal Budget model and process. It emphasizes the role of social work as being particularly well placed as a liaison between “experts” and “community” to maximize participation, cooperation and community mobilization in social change efforts. The report closes with a critique of the Alternative Federal Budget and recommends changes for the future.

Acknowledgments

I would like to thank the following people for their support and encouragement throughout my graduate work. Pete Hudson, Shirley Lord and Greg Selinger, my committee members, for their patience, support and encouragement. Thanks to participants of the Alternative Federal Budget, particularly Esyllt Jones and John Loxley, for their vision of a more just and equitable society.

I would like to thank Colin Kinsella for his confidence in my ability to overcome the obstacles along the way and for putting up with all the clutter.

I would like to thank my sister Heather Bendell for her unconditional support. Her husband Leonard for putting up with me during all my ups and downs, and my niece Hailee Bendell for helping me to keep it all in perspective. I thank Malcolm Mackinnon and Morag MacKinnon. Their memory encouraged me to reflect on my choices and change what I could.

Most of all, I would like to thank my mother, Cecile MacKinnon, who has been my inspiration through it all. For it was her struggles, determination, and courage through life which helped me to understand that we never know when we will need the help of our neighbors and that we will all benefit from a more just and equitable society. Thanks Mom! You are truly amazing!

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I

INTRODUCTION

Josefina Figueira-McDonough (1993) argues that:

although the two fundamental goals of social work practice are self-determination and social justice, social work as a profession has been "more devoted to the implementation of the former than the latter."

The social justice goal begins with a commitment to self-determination and equal access to basic social goods. Self-determination is based on a belief in human dignity and is an essential element of the broader social justice goal. However, self-determination is less concerned with social change than with self-determination within the existing social order. The broader social justice goal calls for change at the societal level which will improve the balance of fairness in the world.

Recent developments in Canadian social policy are inconsistent with the goal of social justice. It is therefore impossible to ignore the direction in which all levels of government are moving in with regards to social and economic policy in Canada. Examples of the dismantling of the Canadian social safety net abound. At the federal level, changes such as the introduction of Bill C-76, The Canada Health and Social Transfer, have radically altered the relationship between the federal government and the provinces and have been

described by the National Council of Welfare to be "the worst social policy initiative undertaken by the federal government in more than a generation." (National Council of Welfare, 1995). The CHST replaces the Canada Assistance Plan which ensured that funding to provinces was provided upon the condition that nobody in need would be denied social assistance. Provincial governments across the country, continue to echo the federal governments preoccupation with reducing the public deficit at all cost and continue to cut and slash health and social programs. Through the loss of federal standards through the elimination of C.A.P., provinces have been able to reduce their responsibilities further, justifying their actions by arguing that the federal government has left them with few choices.

Canadians are experiencing a revolution in social policy which is altering the very fabric of our society. This "dismantling of social Canada" is clearly a reality yet it appears that Canadians are not as concerned as would be expected. Public outcry is seen in small pockets around the country and appears to be increasing somewhat. However it would seem that the tragedy of what is happening to public policy in Canada should have Canadians on the streets in outrage. It appears that the agenda of the political right, has succeeded in convincing the public that nothing is as important as reducing the public debt. The perception that poverty is the fault of the impoverished is widespread and the focus on individual abuse of services is prevalent. Solutions to poverty are being placed in the hands of the volunteer community and a return to a charity model of assistance is the current reality.

Social workers have traditionally played a fundamental role in the implementation of social welfare policy. Current realities call for social work as a profession, to re-examine that traditional role and to evaluate the impact government policy has on social work practice. Perhaps it is time for social work to critically revisit their contribution to social justice past, present and future by considering the following questions.

- *What is the role of social work, as the implementers of social policy?*
- *How do we implement the social justice goal that makes social work fundamentally different from the other helping professions?*
- *How can we win the hearts and minds of Canadians and begin to redevelop the welfare state to reflect a vision of equity and justice?*

Questions such as these require attention as it appears that we have lost sight of the bigger picture. If the value of social justice means a commitment to ensure equal access for all to basic social goods, then the typical role of social workers as case managers and therapists falls short of that goal. (Figueira-McDonough, 1993). Although there is much merit in the clinical role, the absence of social workers from social policy practice is damaging to the identity of the profession and to the clients whose interests are to be represented. (Figueira-McDonough, 1993).

The challenge for social work, in the current environment of ever decreasing services, is to find ways to engage in methods of policy practice which recognize the mandated social justice goal of social work. It is essential to participate in advancing social security, equity and strong central government back to a prominent place on the political agenda. For

those who envision Canada as a society based in values of equity and justice, the following is of particular importance.

"In a time such as ours, when inherited myth systems are in disrepair and no great political leader has as yet emerged, historians, political scientists and other academics who are paid to educate the young and think about matters of public importance ought to feel a special responsibility for proposing alternatives to accepted ideas. Only so can they hope to trigger a successful reorganization of public myths that could command the support of informed or critical minds. To leave the field to ignorant and agitated extremists is dangerous. (Valpy, 1994)

The following pages describe an example of how one group of academics, political scientists, social policy experts and community activists, worked together to develop an alternative to "accepted ideas" in an attempt to "educate and inspire thought and discussion about matters of public importance", and to mobilize the community to participate in change efforts. The development of the Canadian welfare state is described within an historical and contemporary context and the role for social workers in public policy development is explored. This practicum provides an account of the process and development of the Alternative Federal Budget as an example of a participatory method in policy development, and closes with an evaluation and critique of the effectiveness and merit of such an exercise.

This paper was written as partial fulfillment of the requirements for the degree of Master of Social Work, therefore I will at this point introduce the role of this student. My involvement with the AFB was as a member of the Winnipeg Working Group. My role as part of the research team was that of coordinator of community consultations, forums,

budget schools, public education and media events across Canada. The commitment of the AFB to ensure a participatory process was my primary concern and facilitating community involvement was my main focus. My role included liaising and providing support to community participants with the purpose of ensuring inclusion and expansion of involvement at the community level. I acted as a participant in the Communication and Political Action Committee which functions as the body which develops outreach, education and political strategy for the AFB. A description of my role is further elaborated in Chapter VIII. I will now return to a description of the context which was a precursor to the Alternative Federal Budget project.

Part 1

THE SOCIO-POLITICAL CONTEXT

Past, Present and Future

II

The Development of Social Policy in Canada and the Role of Collective Action and Social Movements in the Evolution of the Canadian Welfare State

The federal governments role in social policy evolved into that to which Canadians have become accustomed, after several years of struggle and lobbying by individuals committed to a more just and equitable society. The growing need for national health and welfare provisions, which accompanied the growth in population and increasing industrialization in the early 1900's, became apparent early on. An increase in social and economic disparity called for a government response to a fragmented delivery system of assistance based on a residual model of social service provision, which emphasized individual and charitable responsibility. (Guest, 1985)

The emergence of government intervention with regard to social policy began to appear early in the 20th century. The Royal Commission on Industrial Relations in 1919 followed by a parliamentary committee report in 1928, urged the federal government to develop a federal response to the unemployment relief problem. The response of government, however, was one of great resistance. This was partially due to

constitutional barriers but more so, to the ideological beliefs of the prevailing government which supported a residual approach to social welfare policy (Guest, 1985).

The development of a nation's method of addressing the social needs of its members does not suddenly emerge. Such was the reality for the development of social policy in Canada. This chapter offers the argument that the ascension of collective action in post war Canada had a definite impact on political choices and influenced government policy makers to place priority on the social needs of Canadians. The development of Canada's social safety net did not occur without struggle. Political leaders did not prioritize social policy out of benevolence but as a result of public demand. In fact, collective action, in part, precipitated the development of the welfare state.

The Historical Role of Collective Action and Social Movements - The Canadian Experience

Popular movements have played a significant role in the development of social policy in Canada. That involvement provides a model for the Alternative Federal Budget. In fact, history demonstrates that collective social action has been fundamental to the elimination of structural inequality. Social action involves the mobilization of significant numbers of people. Although social action in and of itself will not likely result in change, it allows participants to "break the silence, name our experiences, explore group action and become empowered." (Carniol, 1990) It demonstrates opposition to the traditional top down flow of power and expands critical consciousness about societal injustice.

Carniol identifies the need for "Coalitions and Social Change Movements" in the effort for societal change. He states that "This is why coalitions that strengthen social movements are so relevant. Due to their independent, grassroots responses to undemocratic institutions, social movements are able to translate an individual's desire for change into collective action."(Carniol, 1990).

Historically, many social scientists have persuasively argued that collective protest actions by masses of aggrieved individuals have had profound effects on the outcomes of a number of major political struggles (Rose, 1982). For example, workers movements have been instrumental throughout industrialization in bringing about economic, political and social changes. Social reform has led to considerable increases in state intervention which have been the result of social struggle and collective bargaining. (Touraine, 1985)

In Canada, the efforts of the Social Gospel Movement and the Cooperative Commonwealth Confederation (CCF) were instrumental in the early shaping of social policy. The settlement movement and the charity organization societies were of particular significance in the development of social work and actively participated in the fight for social change. (Wharf, 1990)

Wharf, (1990) refers to the role of organized labour and the political left as being instrumental in the development of Canada's social safety net. Labour and other social activists struggled and eventually won the fight for a socially administered health care

program, old age pensions, unemployment insurance, social assistance and social services.

These groups have continued to urge governments to further develop social programs.

Prior to post war policy development, the early 1900's saw the rise of organizations actively calling for political, social, and economic reform. (Moscovitch & Albert, 1987).

The general dissatisfaction of some Canadians with certain social institutions was rooted at the turn of the century, with large-scale changes in the nature of society. (Clark, Grayson, Grayson, 1975). One major change was the growth in populations between 1890 - 1920. At this time, the nation's population increased by 32%, largely due to the massive immigration from Europe and the U.S.

Promises of prosperity were actualized by many, however, growth was accompanied by a degree of misery with great discrepancy in affluence between the business class and labour. Social activists such as J.S. Woodsworth from the Social Gospel Movement, began to speak out against the injustices that prevailed. The philosophy of the Reform Movement of the early 1900's held common the philosophy of the Social Gospel movement. Active social and political movements ranged from Women's organizations such as the Women's Christian Temperance Union, the Dominion Enfranchisement association, and the National Council of Women. Other early organizations actively working for change included the Social Service Council of Canada, the Canadian Conference on Charities and Corrections, as well as community based organizations who

provided education and charity to poor neighbourhoods through settlement houses, farm protest groups and politically active immigrant groups. (Moscovitch and Albert, 1987).

The role of labour as an active leader in protesting social injustice increased immensely early in the century. Membership in the trade union movement tripled between 1911 and 1915. Participation in radical political organizations also increased dramatically at this time. Although the growing demand for social reform did not make immediate gains, the increase in political activity by these groups as well as the success of the Womens' movement in their fight for eligibility to vote, were a constant pressure on political leaders and would later impact social policy direction.(Wharf, 1990)

Economic depressions and a major crisis in unemployment in the 1930's drew further attention to the need for a social safety mechanism. Initial government response to the growing demands from the trade union movement and social activists was avoidance of social reform. An increase in militant means of controlling strikers, demonstrators and sympathizers as well as silencing activists by deportation was a common strategy. The federal government was also able to stall social policy implementation by quarrelling with the provinces over jurisdiction. (Guest, 1985)

As a result of growing state activity with the onset of WWII, the public became increasingly accepting of government intervention. Popularity for the CCF also grew at this time. The CCF's political platform held social and economic reform as a priority.

The CCF gained status as the official opposition in Ontario, won important federal bi-elections and was elected in Saskatchewan in 1944, making them a growing concern for the liberal government under the leadership of MacKenzie King. The labour movement continued to grow in membership and militance during WWII. The result of increasing support for both the CCF and the labour movement as well as the continued pressure from women's, church and political groups resulted in the Liberal governments renewed willingness to put social reform back on the agenda. Although their ideological perspectives differed, and they disagreed on the level of government intervention (Guest, 1985), social workers such as Charlotte Whitton, Harry Cassidy and Leonard Marsh were the architects of much of the existing social security system in Canada. (Wharf, 1990).

Canada's social safety net went through significant changes from 1941 - 1974. By 1940, the federal government had introduced various welfare legislation which would begin to address the social needs of Canadians. The weaving of Canada's social safety net continued through to the early 1970's (Valpy, 1994). During those thirty some years Canada moved away from a residual model of welfare toward the institutionalization of several programs. Federally administered programs such as Unemployment Insurance, Canada Pension Plan, Old Age Security, Family Allowance, and Medicare had emerged. Social expenditures on health, education, social assistance and social services increased from 4 % of GNP in 1946 to 15%, by the mid 70's. Although the political right argued that public spending had gone to far, supporters of social spending maintained that even significant increases in social expenditures left Canada ranked behind several European

countries including the Netherlands, Sweden, Norway, Denmark, Germany, Belgium and France. The debate continues, however, and most recently, increased pressure from the right has had a major impact on the essence of social policy in Canada (Moscovitch and Drover, 1987).

The Decline of Social Progress in Canada

Most recent changes in social policy at all levels of government reflect the continued trend toward a non interventionist state as is fundamental to the corporate agenda and the anti welfare state ideology of neo-conservatives. The new proponents for social reform have a very different vision than that of those who struggled for the development of the social programs that developed to the mid seventies. They have organized to create a new social vision which will be the focus of the succeeding chapter.

III

The Current Socio-political Environment

The rise of the neo-conservative state. How did we get here?

Unfortunately, the welfare state did not reach full development before the neo-conservative ideology came to dominate and shifted public policy back in the direction of a residual model of social welfare. Subsequently, social welfare programs which developed after WWII have experienced decline. Universal programs which were once sacred Canadian institutions are no longer safe from the chopping block. (Refer to the appendix for a description of policy changes from 1985 to 1996 which demonstrate an ideological shift away from government intervention.)

Analysis also indicates a general attack on the poor prevails in social policy reforms. We continue to see tightening of administrative controls in public assistance with the continued operation of welfare fraud snitch lines and the growth in workfare programs for welfare recipients. Mothers on public assistance are being expected to return to work when their children reach ages as low as 6 months old as is current policy in Alberta. (Swanson, 1996)

General government action in recent years demonstrates an ideological shift with the abandonment of a strong government role in the provision of social policy. The role of the

federal government is increasingly being diminished as their financial contributions to the regions slowly disappear. The loss of strong federal standards and support for social provision have resulted in a return to fragmented service delivery. The determination of social service provision has become increasingly dependent on the ideology of provincial governments of the day.

The federal government's 1995 budget reduced program spending and transfers by \$4.3 billion in that year, by \$6.1 billion in the following year and by \$11.8 billion in 1997-98, a total of 22.5\$ billion or 16% of expenditure levels in 1994-1995. (Loxley, 1996) Cuts this deep have been without precedent since WWII and have resulted in a direct loss of more than 45,000 public service jobs. Over 500,000 private sector jobs have also been lost as a result of government "downsizing." The government has chosen to ignore any significant attempt at direct job creation, the alleviation of poverty, and the expansion of child care programming . They chose to further reduce the role of government in social policy by eliminating existing transfer programs and replacing them with the CHST.

Canada is currently become deeply entrenched in a neo-conservative mind set, embracing the ideological vision of a free market society. Neo-conservative analysts targeted overspending on public services as the major cause of Canada's economic problems. All levels of government have abandoned post-war belief in keynesian monetary policy and the principle components of the welfare state. What was once viewed as a sacred role of government, the commitment of public responsibility for the health and social service

needs of Canadians has become passé. Social policy has become " a matter of regulation and exhortation" (Guest, 1985).

The growing economic difficulties in the 1970's lead to a resurgence of conservative solutions. Neo-conservatives took advantage of the struggling economy by pointing to the failures of the mixed economy and attacking the very essence of the post war welfare state. The solution offered by those subscribing to the "New Right" was in essence nothing new at all. Their solution was derived from classical laissez-faire economic theory. This recommended new direction for government was to be the prescription for all that ailed Canadian society. (Mishra, 1989). Essentially, that solution focuses on small government, a decrease in public spending on increasingly targeted services, reduced taxes and a less regulated market.

The resurgence in conservative thinking was further helped along by the birth of the right wing populist movement. The Reform Party has emerged as a leading voice of dissent and a cheerleader for neo-conservative ideals. In the spirit of populism, the Reform Party has managed to capture the support of disgruntled Canadians from all walks of life. Results of the 1997 federal election confirm the Reform Party maintains 18% popularity and that popularity has been instrumental in pushing the political agenda further to the right.

Populist movements have historically played a significant role in Canadian politics. The appearance of populism in Canadian history can generally be identified as growing out of a

series of historically situated economic, political and ideological crises. Just as the "New Left" challenged the failures of liberal democracy in the 60's and 70's, the "New Right" has been the response of the 80's and 90's.

Harrison (1995) and Sinclair (1975) describe a populist movement as stressing the worth of the common people and advocates their political supremacy, it rejects intermediate associations between the mass and leaders and directs its protests against some group which lies outside the local society.

"Populism constitutes an attempt to create a mass political movement, mobilized around symbols and traditions congruent with the popular culture, which expresses a group's sense of threat, arising from presumably powerful outside elements and directed at its perceived peoplehood." (Harrison, 1995)

Embracing the neo-conservative ideals which had gained in popularity in the early 80's, the Reform Party offered an alternative for those who had become dissatisfied with the Conservative government that held leadership. Many Conservative supporters, primarily in Western Canada, came to reject Prime Minister Mulroney largely due to their perception of his favouritism of Quebec. A Liberal government was not considered as an alternative for many and therefore there became room for the emergence of a new right wing political party. The Reform Party reached popularity in time for the 1994 federal election which brought them from obscurity to occupying 52 seats in the House of Commons.

The political left has experienced many obstacles in an attempt to counter the current movement to the right. The popularity of the current world view of conservatism is a real dilemma for those on the political left in Canada, however, the other dilemma is that the New Democratic Party, which has historically put forward the vision of the left is no longer viewed by many as representing socialist ideals. For others, the reality that the NDP does not have a chance of holding power, has led many to re-evaluate their voting strategy. With no hope of an NDP Victory, the 1992 election saw many New Democrats move their vote to the Liberals with the hope that they would do the least damage if elected. Many even abandoned the NDP and voted for the Reform Party out of anger and frustration and in some part identifying with the populist message of Reform. (Harrison, 1995). The increase in support for the NDP in the 1997 federal election indicates that many may have returned to their NDP roots.

With a federal government dominated by the political right, the Neo conservative message prevails. The populace is bombarded with the virtues of competition and we are urged to blindly trust that free enterprise and the profit motive will keep the economy in a state of equilibrium. (Mishra, 1989)

There appears to be little place for the provision of social services in the current political economy. On the contrary, the reduction in commitment to social programs is part of the political reorganizing in which the needs and rights of the majority of Canadians are being abandoned in favour of corporate demands which are central to the dominant ideology.

What is often referred to as the "Corporate Agenda" is a central component of another reality which complicates matters further and that is the "globalization" of the world economy. An understanding of the impact of globalization is essential to understanding the complexity of the issues we currently face.

GLOBALIZATION AND THE CORPORATE AGENDA

Harris(1993) describes globalization as "the increasing internationalization of the production, distribution and marketing of goods and services." Essentially, "globalization" gives an old idea (world trade) a new name and is being used to sell the vision of business. (McQuaig, 1991)

Consistent with neo-conservatism, the "*corporate agenda*" includes:

- *deregulation of services
 - *privatization of publicly owned and managed companies and services
 - *the free movement of capital to where labour and resources are cheapest
 - *governments that serve corporations rather than people and communities and legislation that meets corporate needs
 - *an ideology that stresses competition and efficiency as a priority
 - *a transfer of social service provision to the voluntary sector
 - *reduced public spending
- (Woman to Woman, 1993)

McQuaig describes an agenda as "a coherent plan of action, a set of things to be done to achieve certain results. At present the course of action we are experiencing is that of the corporate world.

If corporate interests do in fact dominate current government policy direction, then how did this come to be?

- What is the context in which reduced federal government responsibility is occurring?**
- How has the market driven model of globalization been responsible?**
- How has the corporate agenda come to take precedence over the social needs of Canadians?**
- How did we arrive at the current political and economic environment?**
- Can we respond and if so, how?**

If an alternative response is our aim, then an historical overview of the emergence of the globalization of the world economy can provide a context for the development of a response to the current ideological vision. Many factors have contributed to our current state and those factors have an impact on our ability to respond.

After two decades of post-war economic boom in the 1950's and 1960's in the west, the world economic system entered into a period of crisis in the mid 70's known as "The Recession". Signs of the crisis included high rates of inflation, increasing national debts, declining rates of economic growth and trade deficits. (Woman to Woman, 1993)

Moscovitch and Drover (1987) attribute the experience of the 1970's to "a crises in profitability resulting from conflict between labour and capital". The general down turn in investment led business to pressure the government to cut social spending and reduce their borrowing from the money market to allow the private sector to "regain its position." The reality of increased social expenditure due to increasing unemployment along with the decrease in revenue added to the fiscal crises of the 70's. (Moscovitch and Drover, 1987)

The U.S., which has been the dominant player in the world economy, was itself in economic chaos in the 70's. They faced increasing competition from Western Europe and Japan. Post Vietnam war debt and escalating oil prices, coinciding with the creation of OPEC (Organization of Petroleum Exporting Countries), added to international inflation and financial instability.

The impact of the economic hardships of the west spread to less developed countries. With the aim of reducing their dependence on expensive imports from North America and Europe, many previously colonized countries in Africa, Asia and Latin America had been attempting to strengthen national industries to produce for domestic consumption during the 1960's. However, by the end of the 1970's banks had to find borrowers for the US dollars that had flowed in as a result of the dramatic rise in oil prices. Developing countries were encouraged to borrow massive amounts of money and then needed to increase export to earn dollars to pay interest on their loans. Prices for their commodities however, fluctuated and over time "terms of trade" declined. Countries soon had to export more and more in order to earn enough dollars to import (Woman to Woman, 1993). By the early 1980's, International interest rates had jumped substantially and it became impossible for developing countries to pay their debts. By 1982, banks reported that this was the cause of a crisis in the international financial system. From another perspective however, the resources that are continually being applied against foreign debt rather than used for local sustenance have resulted in a spiral of poverty and despair for debtor countries.

Technological changes also contributed to the change in the way business was conducted in the 1970's. Computers brought dramatic changes allowing money to be moved internationally with ease, allowing companies to centralize their operations. International tariffs and trade barriers began to be lowered through GATT. (General Agreement on Tariffs and Trade), driven by increased corporate competition for profit. This contributed to the growth of transnational corporations which came to dominate and reshape national economies. It soon became no longer necessary for companies to locate their factories in countries where their products were sold. Corporations were able to locate where labour was the cheapest and standards low. "There was no shortage of desperate countries willing to bid, offering corporate giants low wages, weak pollution standards and no taxes. The global market place was full of poor people who, in their hunger and misery, would settle for less...and less... and less. Multinationals no longer had to threaten to move elsewhere, it was simply understood that they now had the power." (McQuaig, 1987)

In Canada, the economic crises of the 1970's and 80's resulted in an escalation in unemployment, increased domestic and foreign debt, high interest rates and an increase the national debt. Personal debts also became insupportable for many. Canada's dependence on the export of raw materials and semi processed goods made us particularly vulnerable. US corporations closed branch plants which were largely situated in central Canada. By the early 80's, Canada found itself in the midst of a deep recession.

The framework for Canada's response to the economic crises described was born from the MacDonald Report released in 1984. The MacDonald Commission was launched by the Liberals in 1982 and continued with the conservative government when they were elected to office in 1984. The mandate was essentially to propose a new economic policy for Canada. Although there was much public distrust of the process and intent of the commission, it was fully embraced by the business community. (The Real Macdonald Report, 1985).

The only labour representative (Gerard Docquier) on the commission condemned the final report "for having endorsed market based fantasies as a solution to unemployment" and an "obsession with competition". The final report reflected the vision of the business community. They presented the MacDonald Commission with a powerfully argued program for revitalizing the economy. These recommendations are recognizable in current policy direction. Essentially, the underlying theme of their presentations was that private enterprise alone produces wealth and Canada's political institution should continue to promote the interests of business. This, it was suggested, should be governments role.

Business essentially presented three policy arguments to the commission. (Real MacDonald Report, 1985).

1. Public policy is insufficiently attuned to the need for efficiency and increased national productivity. This means that the market must be allowed to decide which firms will be winners and which will be losers.

2. **Since Canada's international competitive position is being eroded by the massive global changes in trade and production relations, Canada needs to seek not only new markets but also a new trade relationship with its major trading partner, the U.S.**
3. **The size of the public sector deficit is choking private initiative and enterprise. This calls for a fundamental re-examination of the role of the state in the economy.**

Led by the Business Council on National Issues, the agenda advocated for a deregulated economy. Free Trade became the suggested solution to Canada's problems. Government spending on social programs was blamed for the nations ills and a picture of a social safety net out of control was painted. "The commission made no secret of the fact that one of the key aspects of this redesigned version of Canada was the transfer of power from government to private hands and that these private hands were those of the economic elite. (McQuaig, 1987).

As is apparent in 1997, the wishes of neo-conservative supporters were granted and the corporate agenda moves forward. The Free Trade Agreement (FTA) and the North American Free Trade Agreement (NAFTA) are now a reality, foreign control of Canada's economy has increased (Women to Women, 1993); thousands of public services jobs have been eliminated and the social safety net continues to weaken as decentralization forges ahead and government intervention is minimized. Neo-conservatism has successfully emerged and holds firm ground as the ideology which influences government policy. As a major role of social work is implementing public policy, it is essential to understand how the current reality influences social work practice.

IV

THE PUBLIC RESPONSE TO THE DISMANTLING OF THE SOCIAL SAFETY NET

The Role of Collective Action Continues

Social workers do not function outside of the evolving political context. Like everyone else, they are products of and participants in their environments. They are impacted by government policy in their personal lives in addition to their professional lives. A full understanding of the role of social workers is incomplete without an understanding of the public perceptions and responses to the prevailing political and economic landscape.

Only as increased numbers of Canadians feel the impact of new policies that are emerging, will we see broader public resistance to neo-conservatism and an expansion of the diminishing welfare state. As articulated by Radwanski and Luttrell in 1992:

"All the things that we took for granted about Canada have been disappearing before our eyes. In a nation where some 435,000 manufacturing jobs have disappeared in just two years, prosperity seems an irretrievable dream. When until so recently we prided ourselves on being a caring society, we see the safety net unravelling a seam. Unemployment insurance has been cut back, funding for welfare has been slashed, we see the homeless in our streets. Food banks - the soup lines of the 1990's- are proliferating. And now even medicare is threatened. Taxes keep rising, and we are getting less and less for our money.

National institutions that were symbolic of our identity are being abolished at every turn. Our railways, our air transportation network, the CBC, the Canada Council, Petro-Canada and other key elements of the Canadian foundation that were built up over decades have all come under relentless attack."

The reality described by Radwanski and Luttrell is most upsetting and calls for an introspective look at the response of the Canadian public.

•How is it that Canadians have come to accept current government directions which clearly dismantle the social safety net that has made Canada distinct from our neighbours to the south?

Historically, Canada has prided itself in being a socially just and compassionate society. Canadian society has maintained that sharing of the wealth of our country is a fundamental Canadian value. Despite this distinctive social compassion that Canada maintains holds us apart from the U.S., "In the context of their overall history, Canadian's thoughts on social compassion has seldom advanced beyond the ideology of the punitive English Poor Laws." (Valpy, 1994) It should then be no surprise that a country that clings to a belief that hard work and suffering are the means to success has so quickly changed from a compassionate society to one that accepts the notion that we all are responsible only for our own.

It should also be stated that the Americanization of Canada has intensified with the inception of the Canada-U.S. free trade agreement. More than ever, Canadians are inundated with American culture through the media. American society prides itself on reaching for the American dream through hard work and suffering. American heroes are excessively wealthy celebrities, sports icons and business leaders. They are placed on pedestals as testaments to the greatness of America and how the rest of society can realize their dreams of fame and fortune. These are the images that Canadians are increasingly

exposed to. Many have embraced this American dream and believe that we can all succeed if we only try hard enough. If the essence of the American dream is accepted, then those who fall short of realizing their dreams, and require societal assistance have done so as a result of their own inadequacy. A vision of the world such as this will include a policy for societal assistance that is punitive. Have Canadians really come to accept this less compassionate view of the world? Or are have they simply resigned themselves to the political message that there are no alternatives? Regardless of why and how, the harmonization of social policy with that of the U.S. is a growing reality that has not been publicly resisted in a significant way.

Other important factors which impact on the lack of public response is the success of the political right in capitalizing on the growing insecurity of the middle class which has resulted in a sense of desperation for solutions. Disillusioned, frustrated and searching for someone to blame, more and more latch on to the premise that government spending is out of control. They want public spending cut and the deficit reduced. However, when services are reduced, the public questions their level of tax contributions and so the spiral downward continues. Reducing the tax base limits societies ability to provide social welfare for its citizens. (McQuaig, 1992.) More and more services are accessible only for a fee therefore, previous tax dollars are now going directly from consumer to provider. Those without the means go without the service.

The political message reiterated through the media, that economic woes are a result of overspending, has contributed to the acceptance that we must sacrifice our social priorities to turn the economy around. The complexity of policy delivery and the division of powers permits proponents of neo-conservative policies to convince the public of their necessity and minimize the long term impact. Many believe this is a temporary measure. The reality however, is that once programs such as medicare are dissolved, restoration will be virtually impossible in the current global economy.

Essentially, the populace remains largely either uninformed or unorganized.

"The government-business alliance that presides over the transformation of the neo-liberal into a would be hyper-liberal form of state generates an imposing list of disadvantaged and excluded groups.....As long as the excluded groups lack strong organization and political cohesion, ideological mystification and an instinctive focus on personal survival rather than collective action suffice to maintain the momentum of the new policy orthodoxy. If a small majority, or even an articulate minority, of the population remains relatively satisfied, it can be politically mobilized to maintain these policies in place against the dissatisfaction of a large minority or a slim majority that is divided and incoherent." (Cox, 1995, page 343-346)

WHERE DO WE GO FROM HERE?

The enormity of this social crisis has left many Canadians personally demoralized and politically immobilised. (Barlowe and Campbell. 1995). Others are quite simply unaware of what they are losing. The complexity of economic and social policy and the unbalanced media interpretation of the issues have lead many to believe that we have no choices and that our leaders are doing what is best for all of us. Others may not have this blind trust

in leadership, but have chosen to opt out of the debate altogether, accepting that our fate is before us.

•If this is the case, how then can we change the direction back that which respects the principles of a more egalitarian society?

•How do we begin to build a movement which will challenge rather than complacently accept the current direction?

Changing direction must begin with the building of a common political purpose and a vision for a country that is not governed by the corporate community. Many alternatives to current social and economic policies are available. We need to build support for these alternatives from the ground up. Just as those before us fought to build a society that shared among its members, we now have to build support to move back in that direction. This challenge is not a simple one and will require long term commitment and perseverance. There is a need to work locally, nationally and internationally to adapt to the reality of the global economy but with a FAIR global trading system with international standards for the environment, human rights and social justice. (Barlowe and Campbell, 1995) We need to begin in our communities and work across sectors to build support for restoration of the just society others before us fought so diligently to create. Political leaders cannot be relied upon to represent public interests. The populace must take responsibility to fight for what is being lost and demand political direction that will build toward a more equitable society.

Just as collective grassroots efforts have been instrumental in the development of the welfare state and in more recent movement toward the right, they will also be imperative to any significant changes that will result in rebuilding of the welfare state. It may be helpful to better understand the basic elements of collective action and the future role of social movements in the continued evolution of the welfare state.

The Nature of Collective Behaviour

The concept of collective behaviour is central to social movement theory. In attempts to explain collective behaviour, social scientists begin with the assumption that "under certain conditions, people may be influenced by the behaviour of others without subjecting this influence to critical analysis. (Clark, Grayson, Grayson, 1975).

Social science generally concludes that conditions under which this is likely to occur are situations of stress, crises or dislocation. Collective behaviour is essentially a "response to a wide variety of situations in which the common feature is that people are discontented because they do not believe that there exists satisfactory "institutional guides" to direct their behaviour." (Clark, Grayson, Grayson, 1975). For some reason, people are unhappy with the way their society is operating and they blame it on the prevailing 'institutional' guides or some portion thereof. The example provided within this paper explores the dissatisfaction with evolving economic and social policy which is the 'institutional guide' that is central to a nations identity and provides the basis for what that society values. The response of collective action as the means to social change describes the behaviour of

the actors who aim to change their position in the social system. Collective action is "an effort to exert more influence on the functioning of societies as a whole, or on one of its subsystems." (Touraine, 1985) It is the effort of the actors involved to "try to increase their influence or their relative power within their society".

This was essentially the situation of post-war Canada which set the context for the development of social policy. More recent changes which have threatened social policy has again spurred collective efforts as a means of influencing social change. Such is the case of the Alternative Federal Budget as one strategy which is attempting to build a social movement centred on policy alternatives.

Theory of Social Movements

The term "Social movement" describes collective behaviour within the context of the culture in which the struggle is taking place. "Social movements evoke passions precisely because the actors are defined by their cultural orientations." (Touraine, 1985) A social movement is not synonymous with an interest group or with a total opposition or cultural revolt but rather deals with a social conflict that strives to "transform the control of a community's cultural orientations." Those on either side of the struggle do not necessarily hold differing values. They do however, hold differing views on the interpretation of what is valued. Early debate on social policy matters in Canada was not centred on "need" but rather on *how* the need should be addressed and *to what extent*.

The term social movement can be used to describe collective actions that "directly question the social control effects and uses of the main cultural models and resources, particularly knowledge, investment and ethical models, which together form the history and experience of a society"(Touraine, 1985). The societal realities in post-war Canada brought into question the effectiveness and appropriateness of the models which prevailed.

The notion of "Social Movement' emerged in post industrial society. Industrialization increased a society's capacity for self action due largely to progress in science and technology (Touraine, 1985). With the increased relevance of the role of workers in production came an increase in power and the ability to organize and effect change. Society is essentially "nothing but the unstable and rather incoherent result of social relations and social conflicts" (Touraine, 1985). As in the idea that 'men (sic) make their own history' (Touraine, 1985), a social movement is an "actor" shaping societal reality through conflict and struggle, creating a cultural orientation. (Touraine, 1985) As Canadians grew to find social institutions ineffective in meeting social needs they collectively acted to begin to reshape the societal response.

Having rejected existing institutional guides, a social movement is a community response to participate in the process of developing more acceptable, consistent and stable ones.

Setting the Stage for Collective Behaviour

Although the conditions that generate social movements are numerous and varied, at least two broad categories of conditions are necessary (Clark, Grayson, Grayson, 1975). These are summarized as follows.

1. The Perception of Institutional Deficiency

People are not content with existing values, norms and situations.

a) people may be opposed to some aspect of existing values, norms or leaders in their society

OR

b) they may perceive existing values, norms, leaders as inappropriate

2. Mobilization

In addition to recognising that there is a problem, people must be motivated to do something.

The following three elements are essential for the mobilization of a social movement and are present within the structure of the AFB. (AFB, Objectives, Principles and Structure, 1994)

1. **An ideology on which potential members can be united.**
The ideological vision of the AFB is clearly stated within the principles as discussed in chapter VIII.
2. **Willing and able leadership**
Leadership is provided by the co-chairs of the AFB and by the steering committee. These individuals have demonstrated a commitment to the development of the AFB and the growth in participation.
3. **Channels for communication and a network of cooperative relationships.**
The AFB has developed an infrastructure to coordinate communication, cooperation and participation as described in chapter VIII.

The birth of social movements in Canada and their role in the shaping of Canadian social policy, past and present demonstrates an example of a collective attempt to shape a societies social institutions. The shaping of a society is a continual process. Unsatisfied with current societal responses to social needs, participants in the Alternative Federal Budget, like their predecessors, have chosen to trust in the power of collective effort and have developed a model rooted in values of community participation, to contribute to the reshaping of public policy.

Social Work, Social Movements and the development of the Alternative Federal Budget. What is the connection?

The literature on policy practice as described in Chapter 5 emphasizes the role of social work in efforts to effect social change. As social workers are largely responsible for implementing social policy and are knowledgeable of existing limitations with policy, it fits that their participation in efforts to improve the existing order would be beneficial.

A critique of public policy however, is an incomplete response. Our role must move beyond to the development of policies which can be presented as alternatives to those that currently exist. It is imperative that we resist the temptation to develop such alternatives through the eyes of the experts. If we are to adopt a process more consistent with the values of social work, we need to build on the involvement of those affected by policy decisions. Service users are sceptical of the motives of politicians, professionals and academics. If we are to mobilize the community and gain public support for change then

we must include them at the onset. Often more in touch with the realities of service users than academics and 'experts', social workers can play an important role in ensuring community involvement remains a priority.

Finally, the development of an alternative will go nowhere without political support. Political support will only be realized if pressure from the constituency is evident. Albeit simplistic, a primary objective of elected officials is re-election. They are more likely to respond to public demand, which is inconsistent with the status quo, if the pressure is such that they perceive it to be in their benefit to react. As demonstrated historically, social movements and collective action can be a means to create such pressure. This is the connection between social work, social movements and the AFB. It is about including the community in an effort to create an alternative vision, to build a social movement around that vision, and to collectively pressure government to respond.

It is also essential that Canadians understand how the social safety net came to be. Social programs as we know them were not handed to us by a benevolent government. Our predecessors fought for what we take for granted today. Unfortunately most of us do not remember what it was like before U.I., Medicare, and C.A.P. Lack of knowledge of the history of social policy and the role of individuals, social movements, labour and religious groups in the struggle for social justice, is one element that has contributed to the lack of action in response to current reduction in social responsibility. A better understanding of

the role of the public in the shaping of Canadian society may contribute to a more proactive societal response to the current political debate.

If social policy is to be re-priorized on the political agenda, it will come from a well informed, diverse and organized public response which demands that our nation return to the values that we have boasted hold us apart from the U.S. Values that include a social responsibility to all citizens. A fundamental role of social work is to continue the legacy of social change efforts and to join forces with others in the fight for social justice.

Part 1 of this paper has addressed the past, present and future role of the populace in the development of social policy in Canada. Social workers have historically participated in the efforts of social movements. In more recent years the vision of social justice appears to have been lost as a central component that sets social work apart from other professions. A commitment to policy-practice as a method of social work intervention is an essential component of the social justice goal. Part 2 will further define that role and build a methodology within the framework of policy-practice. The case example of the Alternative Federal Budget will demonstrate how policy-practice can be actualized within the context of the current political milieu.

PART 2

METHOD OF PRACTICE

V

SOCIAL WORK IN THE CURRENT POLITICAL ENVIRONMENT

The Need For Policy-Practice

- What are the consequences of the current political reality for social workers?*
- Why should social work be concerned?*
- How does the current reality translate into practice?*
- What can social work do?*

For practicing social workers, the consequences of the current political reality are great.

The very essence of social works existence is contradicted by the ideals of neo-conservatism. Social workers need to be greatly concerned and pro-active in response to the current direction. It is an insufficient response to simply adjust to the new reality. Many in the field of Social Work have argued that it is not enough to work within the traditional social work milieu. In fact, many would argue that the traditional social work emphasis on the individual has made it easy for social workers to avoid larger issues and overall social change. (Carniol, 1990) Figueira-McDonough (1993) reminds us that fundamental to the profession of Social Work are the goals of self-determination and social justice and it is these two goals that distinguish Social Work from other helping professions. To fail to commit to broad social change is damaging to the identity of the profession and to the clients whose interests are to be represented.

Social Work's expressed commitment toward self determination and social justice requires a concerted effort to retaliate. Instead, individual social workers and the profession as a whole have responded by adjusting to the retrenchment of the welfare state rather than looking for (and fighting for) alternative measures.(Mullaly, 1993.)

The role responses of social workers have generally been one of three: (Mullaly, 1993)

- 1. the "neutral empiricist"who accepts the problems associated with the crisis as a given and only reacts when stringent cuts are made to popular but questionable programs dealing with the symptoms of cost containment - personal stress, family disorganization, and community breakdown - but that ignore the structural causes of these problems**
- 2. the "politically disengaged clinician" who responds by entering private practice to serve the middle class population that is able to pay for service.**
- 3. the "impersonal dogmatist" who denounces the injustice loudly but does not participate at a level of action.**

It must also be said that a fundamental problem is the absence of theory, strategy or critical analysis. This problem can be traced back to the education of social workers.

The current focus in social work education has been on Ecological Theory. This paradigm is insufficient in many ways. It does not adequately explain change and how it occurs. Inadequacy in this theory begins with the assumption that problems, will generate a demand for change once identified and change will naturally occur. This ignores the societal acceptance of problems such as poverty, abuse and violence. Ecological theory does not acknowledge the distribution of power and income and how this impacts on the individuals environment and the lack of ones control over changing this reality. Also

problematic is the failure to address the absence of any real ability of social workers to bring about change at the societal level within their professional milieu. Social workers in traditional settings are mandated to focus their attention on serving individuals not on changing the society within which they exist. Ecological theory does not emphasize a role for social change. There is little focus on the practitioner's ability to change policies of agencies and government which play a major role in the individuals ecology.

While policy analysis is introduced in schools of social work, "The inability of many social workers to act effectively derives in part from the fact that their analysis of the state and its welfare function remains at a relatively undeveloped level." (Mullaly, 1993) Social workers need to comprehend the nature and role of the state and the relationship between social work and the state to better understand the current crises in social welfare policy and how to respond in a manner consistent with social work beliefs and values.

Mckenzie and Wharf (1995) also point to the division of policy and practice in social work curriculum which leaves students with the "perception that policy and practice are separate and distinct. This perception is continuously reinforced by their work experience until it is no longer a perception but a reality." Social work educators are themselves at fault as they encourage the perception of separation by believing their particular focus is of utmost importance and requires the undivided attention of students. (Mckenzie and Wharf, 1995).

The lack of integration between policy and practice has been damaging in reality. It has contributed to the well-meaning, but less than adequate response which has led to the participation of social workers in the institutionalizing of residual responses such as soup kitchens and food banks rather than a participation in the mounting of large-scale campaigns to expand social assistance benefits and public housing. (Mullaly, 1993.)

If social work education is to be critically examined then there also needs to be a critical analysis and reformulation of social work theory. Mullaly suggests this would include

- I. an explication of social work's ideology as a necessary step in knowledge building;
- II. knowledge about the nature and role of the state and social work's relations to the state; and
- III. transformational knowledge of how social work practice can contribute to changing society from one that creates and perpetuates poverty, inequality, and humiliation to one more consistent with social work's fundamental values of humanism and egalitarianism.

Social Work educators with a structural view such as described by Mullaly, stress the need to link individual issues with larger problems, to contribute to building of social movements and ultimately structural change. In order to proceed in this direction, practitioners require a theoretical framework to guide them.

POLICY- PRACTICE AS A METHOD OF INTERVENTION

The theoretical framework subscribed to by this student is that of policy practice. Wyers (1991) defines policy-practice as "a direct social work practice mode with the potential to strengthen the social work professions's abilities to meet its century-long commitments of

providing policy-informed services to those in need of them." Policy practice advocates for and participates in policy implementation and change. Wyers identifies five roles of practice which are useful in the defining of policy-practice.

1. social worker as policy expert
2. social worker as change agent in external work environments
- 3 social worker as change agent in internal work environments
- 4 social worker as policy conduit
- 5 social worker as policy itself

Wyers describes policy-practice as an attempt to integrate direct social practice with a more technical, policy-oriented theory base. Policy-practice is not a field unto itself but a framework which can be operationalized by social workers at several levels. Figueira-McDonough(1993) argues that "policy-practice is an intrinsic part of social work identity that should be addressed not as an evolution of traditional methodologies but as an imperative for intervention mandated by the social justice goal in social work." Therefore, the social justice goal is the basis for policy-practice. In planning intervention at any level, practitioners will need to identify what problems are at the root of social injustice and direct policy practice in that direction. The literature identifies several such areas and outlines how policy-practice can be actualized. Most pertinent to this student is the notion of "social worker as policy itself". This is essentially a fundamental component of all levels of practice. Wyers suggests that the practitioner "becomes the embodiment of policy, the artery through which policy flows in its implementation." The values, principles and theoretical assumptions or "personal policies" are actualized by the service provided. The choice of the level of implementation of policy-practice is secondary to the personal policies. Figueira-McDonough provides a similar description of modes of policy-

practice which include legislative advocacy, reform through litigation, social action and social policy analysis. She also stresses the common thread that the fundamental goal of social justice is more important than the method chosen to move that goal forward.

Social policy is all about social purposes and the choices between them. The choices and the conflicts between them have continuously to be made at the governmental level, the community level and the individual level. At each level by acting or not acting, by opting in or contracting out, we can influence the direction in which choices are made. (Titmuss, 1974; Wharf, 1992)

Mullaly identifies the shortfalls of social work as a profession, given social works expressed "belief in the inherent dignity and worth of the person and the right for individuals to develop fully and be free from domination and exploitation." (Mullaly, 1993)

Given this value, it follows that an imperative aspect of Social Work is active participation in social change efforts. Carniol, Wharf, Mullaly, Wineman, Galper and others challenge social workers to participate in building social movements. Further, they stress that if we fail to do so we " fail to take seriously our analysis of the need for fundamental change." (Mullaly, Galper, 1993)

As demonstrated in the previous pages, we are at a crucial time in Canadian history as we witness the dismantling of the social safety net. Just as it was necessary for Canadians to actively press for the institutionalization of programs that would address the social needs of the populace, it is clear that we cannot sit idly by and assume that our leaders will place emphasis on our social needs in the future.

It is essential for Social Work as a profession to address public issues. Clients of the social welfare agencies within which we work, continue to be faced with poverty, poor housing and lack of amenities. The Canadian welfare state has not ensured an adequate income for families reliant on public assistance and this situation has most recently taken a turn for the worse. Any remaining positive aspects of the welfare state continue to be eroded.

Social Work as a profession, cannot remain on the periphery and simply continue to work with the tools government provides. If consistent with the principles that guide it, we must fight for better tools. We must make social justice and equity a priority. There is a need to continue to push for reform in policies governing taxation, social policy, housing and job creation. Leadership must come from social movements which include the participation of social workers. A failure to participate in social change efforts discredits social work as a profession identified by values which sets it apart from others. If not rooted in principles of social justice and equity, social work can be melded with any other helping profession which strives to assist clients to better fit into the world in which they live, however just or unjust that world might be. The literature on policy-practice acknowledges this and attempts to provide a framework for practice which considers the broader goals of social work.

This does not suggest that the response of social workers will be simple if social work knowledge is transformed. Although social workers as members of a profession centred

on self determination and social justice should be more active in the development of countervailing challenges to the current political environment, social workers are faced with the day to day realities of overwhelming caseloads, increasing poverty among their clients and the social problems that result. Social workers can however contribute to societal change in a variety of meaningful ways.

If policy-practice begins with a particular view of the world, then contribution to change begins with:

- an awareness of the limits of patriarchal, liberal capitalism as a satisfactory social system;**
- an awareness of an alternative vision of society where human need is the central value;**
- an awareness that social work is a political activity that either reinforces or opposes the status quo;**
- an awareness that social problems are not solvable with individual, family, or subcultural solutions alone;**
- an awareness that critical social analysis by itself is an important social work skill;**
- awareness that structural social work is much more than an approach to practice, it is a way of life.**
(Mullaly, 1993)

Although not the focus of this practicum, in order to move beyond theory, and as the majority of social workers practice at the level of policy delivery, it is essential that there be an understanding of how policy-practice can be actualized in within traditional environments: (Adapted from Mullaly, 1993)

1. **The Personal is Political**
An understanding of the political reasons for private troubles enables the worker to communicate this clients allowing for a broader perspective of their situation, reducing internalized guilt and blame.
2. **Oppression**
It is essential for social workers to have a clear understanding of the nature, dynamics, and social functions of oppression. It is also necessary to understand how oppression plays itself out in terms of internalization.
3. **Empowerment**
With an understanding of oppression, social workers are able to truly embrace the notion of empowerment that is so frequently discussed in social work literature. Empowerment is not a technique but a goal and a process. It will not be reached overnight. Fundamental to the notion of empowerment is that people are not objects to be exploited and controlled. Social workers need to remember that people need to be able to make their own choices and they need to guide wherever possible, the identification and solution to their problems.
4. **Consciousness-Raising**
Essentially, social workers can assist in the consciousness-raising or politicization of clients by helping them to understand their situations in context of the social order; helping them to gain insights into their circumstances with the overall objective of changing them. This is not to say that personal changes are not in order however it is important for people to understand their situations in a larger context, again so self blame does not result in inaction and feelings of helplessness.
5. **Normalization**
Assisting clients in understanding that their situations and dilemmas are not unique will also reduce the occurrence of self blame. By identifying with others with similar situations, clients will gain self-esteem and will less likely see themselves as weak or inferior.
6. **Collectivization**
By drawing together individuals with similar situations, the process of empowerment is nurtured. Through consciousness-raising that can occur in mutual aid scenarios, a move toward mobilization and political action is possible.

7. **Redefining**
"Redefining is a consciousness-raising activity in which personal troubles are redefined in political terms , exposing the relationship between objective material conditions and subjective personal experiences." Helping clients understand the social, economic and political relationships to their situations will help them to a more accurate understanding rather than individualized blame.

8. **Dialogical Relationships**
"Dialogue is the vehicle for uncovering peoples' subjective reality and opening it to critical reflection." Fundamental is the need for a horizontal exchange rather than a vertical imposition. Worker and client participate in equal exchange where both can share and learn from each other.

Whether within the mainstream context or external to it, as in the practice of this student, policy practice is a method of social work intervention that is essential to the continued legacy of social work as a profession rooted in values of equity and justice. Although the term policy practice is somewhat new, social workers have participated in social movements throughout history. The Alternative Federal Budget is an example of an attempt to keep that legacy alive.

Given the current reality, it is a critical time for social workers to participate in a broader effort to change the political course? In keeping with the values and beliefs of the profession and to carry on the tradition of social work pioneers, social workers need to find a place to participate in social change efforts.

Utilizing participatory research methods within a policy-practice framework, in an effort to build movement around policy alternatives, is the model described within this paper.

Further elaboration on how the theoretical and philosophical basis for this method emerged into the work of this student will be explored further. Consistent with social work values, such a method focuses on working with the community to identify issues and solutions. This method is based on the notion that acting as a participant in creating solutions to problems rather than as an expert selling ready made solutions, will more likely propel the community to take ownership and feel empowered to have an impact on current political choices.

VI

PARTICIPATORY ACTION RESEARCH AS A METHODOLOGY FOR COMMUNITY MOBILIZATION AND SOCIAL CHANGE

Part I Defining Participatory Action Research

Social work as a profession has acknowledged the value of participatory methods in research as a means of empowering and mobilizing communities. Relative to social work practice, Herr (1994) argues that progressive social work requires research practice to be an extension of and compliment to other radical social work interventions. Herr reminds us of social work's "values of social change and justice. She supports Wagner (1991) in his argument that:

“Research that links professional expertise to social movements or groups of indigenous clients can have a powerful impact. Research can draw on social work values to embrace causes and populations that the profession is committed to and assist them by using a wide range of interventions. Such an approach also reduces the tendency of issues to be ghettoized into academic and technical dialogues or to be viewed as private troubles to be addressed by direct practice alone, rather than as public issues to be addressed by society.”

The research methods described within the following pages are grounded in principles which strive toward independence, equality, cooperation and change in policy. They are rooted in values of social justice with an aim to link research with action for social change.

Participatory and Action Research methods are a means of qualitative research which deviates from more traditional models. The Alternative Federal Budget incorporates a

variation of Participatory Action Research methods in an attempt to utilize the knowledge of academics and policy experts in combination with the knowledge and experience of the community. As a "research team", this group has developed an alternative budget which is to be used as a tool for community education and mobilization in attempt to change the political course. Details of this process are the focus of Chapter VII. As an exercise in participation, the AFB model is a derivation of the participatory research models which are the purpose of discussion of the current chapter.

Participatory Research versus Action Research

The literature provides a rationale for participatory methods of research as a means of empowering communities and affecting social change. Although a continuum of participation is apparent, those methods that are most intent on inclusive participation of the grass roots have synthesised two models. From this synthesis emerges a third model known as **Participatory Action Research (PAR)**.

The literature uses the terms Action Research, Participatory Research and Participatory Action Research inter-changeably, however they are essentially different approaches.

Participatory research is rooted in the belief that communities need to be active participants in the research process. Action research also seeks active involvement however the *level* of participation is not necessarily of primary concern. PAR is essentially a combination of the two.

The melding of participatory methods, which can be historically traced back to community development work done in Latin America, with action research models that have evolved from Eastern Europe, appear to allow for research to be conducted in a participatory manner while satisfying more traditional social scientists by acknowledging the need to be able to measure and evaluate (McTaggart, 1994) . Participatory research methods gained popularity in the rise of social movements in the west. The civil rights movement, women's movement and anti-war activism in the U.S., community organizations, housing and health care coalitions, self help groups, environmental activists, and international development activists, have all found great value in participatory methods of investigation . The research and action of these groups have "disrupted the status quo of social science inquiry and top-down social policy." The literature provides a description of participatory methods which are consistent with the goals of social work and central to the AFB.

Participatory approaches have at least two advantages over traditional methods (Mitlin and Thompson (1995).

1. They offer better, more comprehensive information faster than conventional research methods and at lower cost.
2. Information collection has been shown to be one means by which local residents realize and fully appreciate the value of their own knowledge and gain increasing confidence in their capacity to be important agents in development.

The question asked by participatory methods is not:

"How can the researcher learn about the knowledge and capacities of local People? Rather, the question is "How can local people learn about their own knowledge and capacities, and communicate their ideas and priorities to themselves and to supportive external facilitators?"

The information then stays *in* the community and can be used *by* the community. Participatory research methods not only assists development practitioners in helping communities identify and recognize their skills needs and priorities, they can also become part of a mobilization strategy to effect change at the policy level. The increase in frequency with which participatory methods are being used throughout the world has resulted in a strengthened process of local decision-making and has led to local people being:

- ◆Increasingly aware of their knowledge and capacities.**
- ◆Able to negotiate as equals with government and other agencies.**
- ◆Capable of devising and initiating strategies to improve their situation.**

The model which forms the basis of the AFB is based on the notion that these elements are imperative if policy development is to move beyond an academic exercise toward community mobilization and political change.

Action Research

Action research became fashionable in the 1960's and 70's in North America and Europe (Room, 1986). Early on, action research had difficulty meeting the objective of synthesizing scientific enquiry, political commitment and local participation. Although innovative ideas resulted from this method, the lack of a political will and commitment to

social reform constrained the ability to implement those ideas. Room (1986) defines

action- research as :

"a method of exploration, a process of learning by doing, and an attempt to illuminate these anomalies in existing understanding and practice. Its goal is to generate a new diagnosis of the problem which is being addressed and to offer new methods which can deal with that problem, as now redefined."

Action research is ongoing developmental work (Lees 1975). Many models of action research are identified within the literature (Lees, 1975) however, most indicative of the AFB model and most intent on encouraging participation at the onset is the model described as the Social Reform Model:

"This approach would seek to integrate research and action in an effort to produce change in a particular area and direction through social action programmes. For this system to be effective it would be necessary for participants to share a common view on the nature of a problem and the way that it should be resolved. Given this consensus, research and action can be brought together to persuade others of their view point. Research therefore becomes committed to a shared value position and helps to build up support for a particular line of action. "

The AFB model differs from action research as described in the literature in that it is based on the notion of participation from the onset. Action research, although encouraging participation, believes that participation can and will occur on a continuum and at various points. It is not necessarily required at the onset but rather at varying degrees throughout. At one end of the continuum, the researcher formulates the research question without community input. Participation only occurs at the level of application. Action research becomes more participatory as the community is involved more directly in all aspects of the research process, including formulation of the research tools.

Participatory Research

Participatory research goes further than action research in its focus on involving the community in all levels of the research process. The social justice goal inherent to social work demands that we face current challenges with change oriented value based models of knowledge which are built around “people, power and praxis”. (Finn, 1994) Participatory research can be the means for such a vision. This mode of investigation is described as being characterized in terms of “three key words: people, power and praxis.” The fundamental difference between Participatory research and action research is the level and commitment to community participation. Consistent within the literature is the emphasis on the *meaningful* involvement of People in “addressing the concerns that affect their lives; recognition of knowledge as power; and commitment to a process of critical action and reflection” Participatory research is “an alternative approach to research that integrates scientific investigation with education and political action.” Participatory research promotes sustained collective action in the struggles over power and resources and it is ideally an “empowering process that contributes to improved quality of life and change-oriented social theory. “ Participatory research removes the separation of the researcher from the researched and creates a process of “co-learning”. For example, the AFB is a collective effort which involves the collaboration of the primary research group (AFB organizers and policy group members) and the community who has provided input through community consultation, educational forums and political action.

Essential to participatory research as a methodology is the critical understanding of the imbalance of Power. There needs to be an awareness of the current sociopolitical environment and the historical conditions in which it was created. In the case of the AFB, workshop participants are engaged in discussion about current government policies, how they have evolved and who they best serve.

The third key component of participatory research is Praxis. That being the dialectical interaction of reflection and action that guides critical inquiry.(Friere, 1970, 1973; Gramsci, 1987; Lather, 1986, 1988, Finn, 1994). Praxis based research involves a continuous process of "engagement, education, communication, action and reflection. " Participatory research combines the objective and subjective. It is political in its nature as it links personal experience to political context through critical reflection and action, it generates knowledge for action, contributes to building organizations and supports sustainable social change. (Finn, 1994)

This component is of key importance for the AFB. Workshop participants are encouraged to look at how political decisions have impacted on their lives. They are then encouraged to think about what would better meet their needs. This input is fundamental to AFB policy development. Participation and mobilisation will be enhanced if the community can see policy as somehow relevant to their personal reality.

In reality, the quality and scope of participation is often limited with varying degrees of meaningful participation in and control of the research process and outcome. The Alternative Federal Budget exercise also found this to be true as will be described in greater detail later in this paper.

Participatory Action Research

Participatory Action Research (PAR) seeks to combine Action Research and Participatory Research to satisfy both the need for meaningful community involvement and meeting the needs of researchers. PAR is essentially comprised of two key components. First, the participatory intent and second, the degree of participation that evolves. Because you cannot impose participation, it is not possible to determine in advance the degree to which a project will be a fully developed participatory process. Researchers treat participatory action research as an emergent process in all cases, placing it on a continuum ranging from "expert research to participatory action research". (Greenwood, Foote-Whyte, Harkavy, 1993) There must be an active attempt to maximize local participation. Researchers must continually evaluate their role in encouraging participation. Participants need not be homogenous but they are brought together by a common thematic concern.

The implications of government cutbacks on social cohesion are clearly evident. Social research, must find "better forms of understanding and improved forms of collaborative action" to address the current reality as other modes of research have failed (Banks and Mangan, 1995). There is a need for engaged social research " which seeks to narrow the

gap between scientists and other social actors, and to bring everyday knowledge and scientific knowledge into a constructive, dialogical relationship." A form of research which "confronts its own context as directly as possible, and which attempts to involve subjects as active participants in the formulation of a theoretical analysis, as well as a plan for concrete action." The emphasis is on "action as much as deliberation"(Banks and Mangan, 1995)

The tradition of intellectuals' "stimulation of and assisting in popular struggles " appears to be gaining momentum"(Rahman, 1994).

"Whatever the successes, or failures, underlying all such work is the idea that a self-conscious people, those who are currently poor and oppressed, will progressively transform their environment by their own praxis. In this process others may play a catalytic and supportive role, but will not dominate." (Rahman, 1994)

Participatory action research is a "search for ways of promoting the dual transformation process by generating and assisting processes of peoples's own praxis. It starts at the grass roots as a micro level activity, and seeks to stimulate and assist grass-roots processes to develop into a wider movement." (Rahman, 1994)

The Alternative Federal Budget attempts to develop a process consistent with this notion. Academics, professionals, labour and community activists attempt to be the catalysts to develop an alternative vision however great effort is given to ensure dialogue and input from those most effected by policy decisions.

Although participation at the community level is of key importance, PAR identifies the need for research as well. The AFB allows policy experts to collaborate with and solicit ideas and priorities from the community. It also allows them to inject their own contributions derived from more traditional research methods.

The literature reveals that Participatory Action Research models, while sharing basic traits, are not homogenous. As stated, there is a continuum of the level of community participation in any given project. The values and beliefs of those conducting the research, as well as the nature of the community and of the project itself, will prescribe the level of participation. The AFB also experienced differing levels of participation at different times. The AFB model was not without flaw as will be further elaborated in the evaluation.

To summarize, PAR begins with an imperfectly understood felt concern and a desire to take action - a general idea that some kind of improvement or change is desirable is identified by the group. That group makes a commitment to work together through a process leading from problem identification toward a plan of action for change. This form of research is about groups of people learning from their own experience and making that experience accessible to others. It is "about knowledge production and about the improvement of practice in socially committed groups." Participatory action research is essentially "a form of self reflective enquiry undertaken by participants in social situations in order to improve the rationality, justice, coherence and satisfactoriness of:

(a) their own social practices,

- (b) their understanding of these practices,**
- (c) the institutions, programmes and ultimately the society in which these practices are carried out.**

Participatory action research is an emergent process that can "often be intensified" and that effectively links participation, social action and the generation of knowledge."(Greenwood, Foote-Whyte, Harkavy, 1993)

The literature provides the following guiding principles for PAR which are helpful in the development of a model for the AFB.

- 1. Social science exists to assist society in solving social problems.**
- 2. Good research is an ongoing learning process involving continual management and change throughout any project. Participatory action research strongly encourages continuous learning on the part of professional researchers and the members of the organizations involved.**
- 3. Participatory action research encourages integrative, interdisciplinary social science based on both local knowledge and social science expertise. This multidisciplinary synthesis has proved quite elusive in standard research approaches.**
- 4. Insofar as possible, research processes should be made more participatory because participation improves the quality of the research. Further, democracy in knowledge production gives the participants a stake in the quality of the result, increasing the reliability of information and the likelihood that results will be put into practice.**
- 5. Participation is also important because self-management is a moral and political value that we seek to promote. (Adapted from Greenwood, Foote-Whyte, Harkavy, 1993)**

Participatory Action Research and the Alternative Federal Budget

In an attempt to develop a research model which is compatible with egalitarian principles and social justice goals, The Alternative Federal Budget exercise meets the basic criteria of PAR by striving to include the community in the research and development of policy alternatives. Organizers of the AFB did not formally set out to engage in an exercise in PAR when developing the AFB model. None the less, the basic philosophy of the AFB is consistent with the basic values and assumptions of PAR. The result is a model which is comparable to that of PAR. Although the scope and geographical base of the AFB surpass the literatures definition of PAR and community, I maintain that the elements of PAR are applied in an altered form but are consistent with principles described within the literature. As stated, a central objective of the AFB was to include participation of community at all levels of AFB development. This objective continued to be central throughout the AFB process.

Not unlike PAR, the AFB is a systematic approach which favours participatory process which provide a “ collaborative approach to inquiry or investigation that provides people with the means to take systematic action to resolve specific problems. “ (Stringer, 1996)

It enables people to:

- a) investigate systematically their problems and issues
- b) formulate powerful and sophisticated accounts of their situations
- c) devise plans to deal with the problems at hand

and provides a means for people to better understand their situations and formulate effective solutions.

As with the AFB, PAR is concerned simultaneously with changing "institutions and the society within which individuals belong". (McTaggart, 1995) It is about "synthesising the goals of equality and justice, individualism and collectivism to develop solutions to modern day problems." (Newborough, 1995). Traditional research methods are rooted in the individualistic philosophy of modern society. In the attempt to remain value free and fact oriented, traditional methods have failed to consider the impact of violence, inequity, exploitation and oppression in the modern world. Newborough puts forward the premise that the reason communities are failing to sustain can be traced to the philosophy of a market economy which pursues community as an end to be reached by other than communitarian means. Community is expected to simply happen in a market economy. This has not been the case. The problem has been that with individualism as the central value of our society, communication is not built on a goal of consensus but on one of conflict and power. (Newborough, 1995) Without the central value of problem solving and overall community responsibility, community as the means to the end is unlikely, as is equity unlikely. The AFB attempts to address this dilemma by developing a community approach to policy development. Even though societal values of individualism are a reality, it is possible to build a better balance which places greater emphasis on the importance of community. Research methods must also acknowledge and include a role for the community in shaping future policies and solutions to social problems.

The focus on consultation, public education and inclusive participation in the AFB demonstrates a commitment to consensus and cooperation as described within the

literature and consistent with social work values. Central to the AFB exercise is the goal to involve people in examining current government policy and to engage them in dialogue about their priorities and expectations of the role of government. Combining PAR methods with policy practice, the AFB aims to encourage the involvement of relevant 'stakeholders', in the process of looking for solutions to the dilemma of government policies that are not meeting the needs of average Canadians. Participation in such a process can be empowering in that it provides the opportunity to look at alternatives which people have been told do not exist.

Stringer describes the role of the researcher as a resource person rather than expert. A facilitator who acts as a catalyst to assist in the definition of problems and to support the work toward solutions to issues identified by the community. The AFB participants such as consultation co-ordinators, those involved in the Political, Communication and Education Committee, as well as policy group chairs, are mandated to perform this role. It is their job as "researchers" to ensure community input is solicited wherever possible and is central to the AFB Process. The culmination of both qualitative research derived from community consultations as well as information resulting from more traditional means are expected to be incorporated into final AFB documents. Policy is to reflect both academic and community input.

Problems and Dilemmas

When used as a technique rather than a broad movement of activities, Participatory methods of research may be co-opted by the existing value system of an organization with no challenge to that value system. Total Quality Management is one example of how action research has been co-opted by the business world. Under the guise of involving staff in decision making, they are often led to believe that they are participating in organizational changes. Often management has consulted employees after they have chosen their path and structure consultation and 'team' work accordingly. In reality, direction is often pre-set and staff are used in the process to later justify changes were made with input from all levels. Consultation has essentially occurred after and the larger decisions have been made. Any decisions beyond are within the larger framework which was pre-determined at the management level. Government public consultations similarly lead people to believe their voices are being heard however often policy development is well underway at the point of consultation.

The literature acknowledges the limitations and dilemmas of PAR and responds to the concerns of critics. McTaggart (1995) defends participatory action research as a “diverse and thoroughly justified and preferred mode of educational and social enquiry, continuing to address the concerns of both its practitioners and its critics.” The argument put forward by critics points out that the empowerment, liberation and emancipation that is promised by participatory action research are false promises. McTaggart agrees that we cannot guarantee such grandiose outcomes however what we

can do is give people a sense of control of their own work and increase peoples avenues for action. She maintains that critics do not currently have a better solution to educational and social practice. It is important to acknowledge the flaws of participatory action research but it is also important to note that it remains the best method we currently have which addresses the problems of traditional methods and includes people in the identification and solutions of their own problems.

We can however work toward improvement with an increase in attention toward "ways in which the construction and reconstruction of individual identity and subjectivity intersects with change and reflection on work."

In reality, "we still know too little about how people make use of their own experience and the experience of others to inform their work, and still less about how tacit knowledge and the subconscious interact with interpretation of experience in real work situation" (McTaggart, 1995). This has less to do with theoretical perspectives than with establishing conditions for work that encourage reflection and nurture the supportive contexts which make reflection on action less risky and action more politically effective. Participatory action research does not pretend to be a panacea for all ills. However, it is an indispensable part of a process to help "develop social movements which can change the conditions of social life which maintain irrationality, injustice and incoherent and unsatisfying forms of existence." (McTaggart, 1995)

Earlier literature on participatory methods emphasized the gathering of accurate and detailed information efficiently and failed to involve local participation throughout the process as much as was possible. As will be further discussed, this was also a limitation with the AFB. More recently, there has been greater effort to include the community as active participants who have much to contribute from knowledge gained through experience. The aim of the AFB is to continue to build on the participatory nature of the project. With all its failings, the AFB is but one example of an effort to develop a model which draws on the expertise and experience of the community and integrates that with the research of academics and policy experts.

Part 2

The Practical Application of Participatory Research

As citizen involvement is central to PAR, it is essential to move beyond an academic discussion with regard to the virtues and limitations of PAR and provide a practical guide for practitioners as to how to achieve greater community participation. PAR is based on the notion that people have a right to a say and involvement in the: services they use, the neighbourhoods where they live, and the institutions that affect them. Therefore increased participation should be the goal of policy makers. This, however is not a simple task and requires further attention.

Participation must begin at the point of Information-Gathering and Consultation. Seeking the views and ideas of those for whom services are targetted, are central to the planning process. Beresford and Croft (1993) differentiate between information gathering and consultation. Consultation suggests:

"a more interactive process where people can introduce their own ideas and move the discussion along as well as respond to the issues raised for them. Information gathering tends to be a more passive exercise- essentially answering other peoples' questions."

Both methods can be useful for encouraging participation. Listening to participants is extremely important. Participants must feel that their ideas and perspectives are seriously considered as valuable input. Imaginative methods for consultation are helpful and often

necessary in maximizing involvement. Rather than using one standard method, consultation methods should be tailored to the needs of those being consulted. For example, the AFB used very different consultation methods when speaking with health professionals than was used in consultation with anti-poverty activists. Common methods such as focus groups, workshops, sharing circles are also useful consultation models which can be tailored to specific groups. Beresford and Croft (1993) offer the following guidelines for maximum effectiveness:

1. Make the experience positive
2. Focus discussion
3. Take nothing for granted
4. Incorporate both individual and collective discussion
5. Link listening with help
6. Work through people's personal agendas
7. Keep people posted
8. Don't exclude people
9. Access members of minority ethnic communities
10. Reach out to people.

The following phases for effective information gathering and consultation are provided as a guideline.

1. Identify who you want to involve
2. Reach them
3. Prepare an agenda/program
4. Organize suitable forms/forums which will encourage participation
5. Collect people's views
6. Feed them back to appropriate body or 'agency'
7. Report back to people
8. Initiate action
9. Monitor the process

Again the emphasis is on people as subjects rather than objects and it is essential to give serious thought to:

- ◆why do we want to do it?
- ◆who do we want to ask?
- ◆what do we want to find out about?
- ◆what's the best way of doing it?
- ◆how do we want to use it?

It is important to note that although the aim of PAR is to empower people by involving them in defining and resolving issues through policy planning, it can also be overwhelming and disabling for people when they are faced with the realities of financial limitations and internal politics. It is therefore essential that peoples ideas go somewhere; that they do not simply sit on a shelf.

This practicum focuses on one particular example of utilizing participatory methods in policy practice. The Alternative Federal Budget uses a variation of PAR methods to seek community input in the development of an alternative to current federal government policies. The following chapter will go on to provide a description of that process.

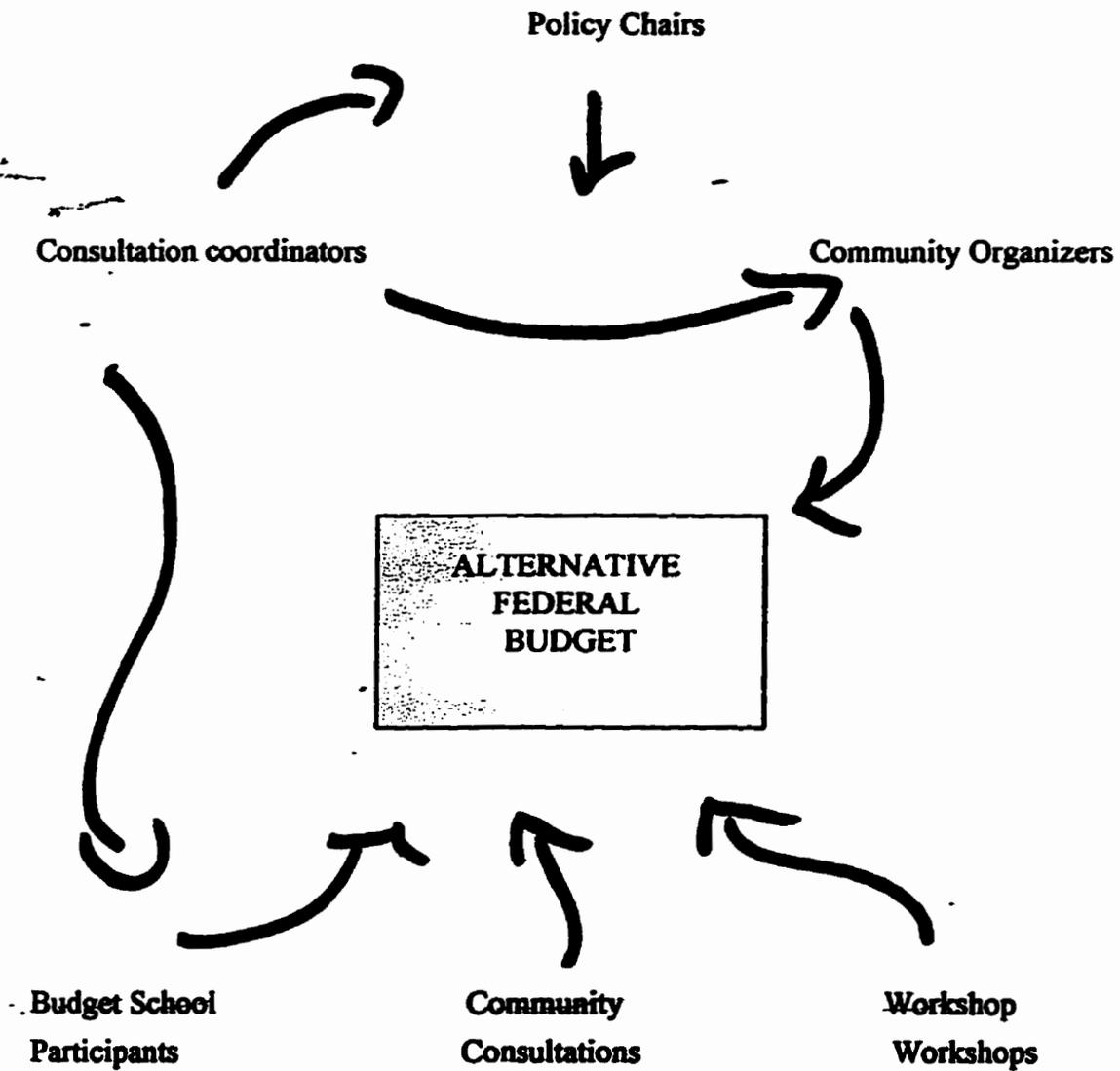
VII

THE ALTERNATIVE FEDERAL BUDGET A CASE EXAMPLE OF POLICY PRACTICE USING P.A.R METHODS

THE ALTERNATIVE FEDERAL BUDGET (AFB) is one example of participatory research as a means of building a movement around policy alternatives. The AFB research model involves participation at a variety of levels as illustrated below. Policy chairs, community organizers and consultation co-ordinators participated as research coordinators however those participating in budget schools, community consultations and workshops were partners in the research which eventually developed into the AFB.

THE ALTERNATIVE FEDERAL BUDGET RESEARCH MODEL

Participation in AFB development



AFB organizers are driving force and ultimately responsible for the written documents of the AFB. Those contributing at the community level of the AFB provide information which is valuable in setting the framework within which policy is developed.

Wyers (1991) provides a rationale for the role of social work in a project such as the AFB.

He defines policy-practice as:

"an approach in which social policy and direct social work practice are combined. It is practiced by front line social workers or supervisors in either public or private settings. Requisite to policy-practice behaviour is the requirement that direct service practitioners understand and analyze the effects of social policy on clients and participate in the modification of social policy that is harmful to clients and in the elimination of policy deficits by working for new policy. These behaviours are operationalized at several policy levels: the personal, the organizational, the community, and the legislative."

This combined with the values of social work which aim to involve people in defining their realities, and in identifying what needs to be changed and how it can be changed to make society more just and equitable are justification for the AFB as an appropriate vehicle for policy-practice. The role of social work in such an exercise is two fold. First, social workers have direct experience with policy development and implementation and can provide a valuable contribution. A second and equally important role is that of advocate for the utilization of participatory methods as a means of research in the development of policy alternatives. If the exercise described is a community effort as stated within the AFB principles, then it is essential to ensure that the principles of consultation and inclusion remain central to the process. This is consistent with social work values of social justice and self determination which are the essence of policy-practice.

Providing policy alternatives is one such endeavour that social work can participate in an attempt to reinforce the goal of social justice. The Alternative Federal Budget is an example of PAR in that it seeks to draw together people from a variety of communities with academics and policy experts, in an effort to developing policies which will better meet the needs of the general public and build opposition to current neo-conservative political and economic policies.

Limitations of the AFB as an exercise in PAR

It is imperative to point out the limitations of the AFB as an exercise in PAR. The AFB model consistently espouses the essential elements and values of PAR however it is not PAR in its' truest form.

In reality, researchers and policy experts put together the final budget document after sifting through community feedback and recommendations. Although the AFB reflects the views of those consulted, it is reflects only the views that policy chairs chose to present after reviewing a wide variety of feedback. Policy groups had final control of what was to be presented to the steering committee for approval. The direction that policy would take was set prior to community consultation and ultimately feedback was expected to fit within this particular view of the world. The expectation of the community was essentially to validate the views of policy writers. A more pure form of PAR would have begun with community consultation prior to policy development. Participation of the community would have driven policy direction with an end toward community mobilization. The AFB

model incorporated consultation into the overall plan but the community did not drive the vehicle; they simply went along for the ride. Although community consultation was acknowledged as an important piece, the objectives and principles were developed by the steering committee and working group prior to gathering the views of the broader community.

Given the above limitations and the reality that the AFB was broader in scope than most PAR projects, the AFB does attempt to involve people at the local level in identifying issues of federal jurisdiction which impact on their lives. A key component of the AFB is the aim to debunk the myth that the government alone has the expertise to decide what is best for the country. Central to the AFB is the notion that people know best how their lives are impacted by current policies and are instrumental in providing "the experts" with the necessary information to develop policies that will improve their lives. Unless a member of the economic elite, Canadians are the "objects" of policy makers. The AFB is an attempt to provide people with the opportunity to be "subjects" of the policy making process, albeit outside of the mainstream. The AFB adheres to the basic premise of social work, which seeks to develop policies that: attend to public issues and provide social and health programs; is concerned for the private troubles of individuals; and attempts to make the connections between public issues and private troubles (Wharf, 1992).

The Alternative Federal Budget (AFB) is the work of economists, social scientists, social workers, labour unions, and community groups throughout Canada. It demonstrates that

our country's financial goals can be met while strengthening our social programs, education and employment. The AFB places employment, community development and social responsibility at the heart of the budget process. Rooted in Keynesian economic theory, it takes the position that the debt problems of our nation are not caused by rampant overspending on our social programs but rather are the product of the federal governments' high interest, slow growth and zero inflation policies in combination with an unfair and ineffective tax system.

The CHOICES/CCPA Alternative Budget is a solid alternative that people can participate in building. Academics, professionals and community members have participated in the development of a tool that is being used to educate and mobilize the community in order to challenge the myth that we have no choices.

The AFB maintains that there are choices. The AFB would lower unemployment, increase growth, strengthen social programs, reduce the debt-to-GDP ratio below 60% and the deficit to zero by the year 2000. These are the same standards set by the European Community and are the deficit goals set by the Minister of Finance.

The following pages will provide a description of the Alternative Federal Budget exercise, its purpose, structure, goals and objectives. It will discuss both the process of the development of the AFB as well as the content of the final budget documents. How the policy was derived and where the numbers come from.

Central to the AFB process is the goal to build a social movement to bring forward the argument that alternatives are available. Chapter VI provided a summary of the historical role of social movements in social change efforts in Canada. This supports the argument that projects such as the AFB are important in the struggle for a different social order.

As the role of this student was concentrated in the consultation , education and political action component of the AFB process, the following pages will focus on a description of that process and an analyses and evaluation of the social work role in general, and more specifically, the role of this student.

Finally, a critique of the AFB exercise will be provided with an evaluation of how well the project has met its goals and objectives.

WHY ALTERNATIVE BUDGETS?

Budgets are not simply technical documents. Complete with both words and numbers, they are statements about the economic, social and political priorities of governments. At this particular time in history, the neo-conservative political agenda seeks to reduce the responsibility of government for the provision of services. It seeks to reduce public sector employment and reduce controls in the market to allow for more freedom of the private sector. The federal budget is central to the struggle to defend the living standards of ordinary Canadians.

Opposition of current government policy direction is not sufficient. There is a need for the demonstration that an alternative, responsible option is available. The AFB seeks to find a sustainable option that can address the debt/deficit concern while maintaining and improving the social standards that have held a central place in the identity of our nation.

The
CHO!CES & Canadian Centre
for Policy Alternatives
Alternative Federal Budget

HISTORY OF THE ALTERNATIVE FEDERAL BUDGET

In September 1994, CHO!CES and The Canadian Centre for Policy Alternatives (CCPA) initiated a process to create an Alternative Federal Budget (AFB). The goal was to release the AFB in February, 1995, at the same time the Federal government would be releasing their federal budget.

The concept was to draw on the insights and energies of social activists and the labour movement to develop a detailed budget document which would provide a viable alternative within a responsible fiscal framework.

The initial task for the AFB was the development of a structure within which the work would get done as well as guiding principles that all participants could agree on. After much debate, the following format was agreed upon.

As outlined in the original AFB Objectives, Principles and Structure, the main objective of the Alternative Federal Budget project was to:

"initiate a process which Canadians can have a say in what a federal Budget might look like if their interests were to be served. Part of that process will be the preparation of a detailed budget document which can be counterpoised against that of the Federal Government for purposes of comparison of political choices and priorities. Given program reform, it is particularly timely to develop progressive fiscal alternatives in this area. The alternative budget will also be used, therefore for both political education and political mobilisation to promote an economic policy agenda which safeguards and promotes the interests of working people and the less affluent in society."

The Alternative Budget project was to proceed, according to the following principles.(Alternative Federal budget, Objectives, Principles and Structure,1994)

1. **That a commitment to full employment should underlie economic policy. Fostering the creation of jobs and the avoidance of job loss should be the number one economic concern of government and reducing youth unemployment should be given special priority.**
2. **That there should be a more equitable distribution of income and wealth in Canada, a fairer tax system and greater policy attention paid to the eradication of poverty, especially among but not limited to the aged, people with disabilities, aboriginal people, working poor, visible minorities, immigrant workers, single parent women and single employable males.**
3. **That there should be economic equality between men and women and equal treatment of all individuals and families including same sex and non-traditional families.**
4. **That the rights of labour, within the collective bargaining framework, must be protected and strengthened in both the public and private sectors.**
5. **That greater priority must be given nationally and internationally to safeguarding and improving the environment.**
6. **That the policies that we advocate for Canadians shall not exploit or take advantage of those outside of our country.**

7. That we acknowledge the crucial role of public services in society and the need to enhance those services.

ORGANIZATIONAL STRUCTURE

CHO!CES, a Winnipeg based social justice coalition and the CCPA in Ottawa are co-ordinators of the exercise. The final budget is published through the CCPA. The primary institutional components of the AFB are the Steering Committee located in Ottawa and the Working Group located in Winnipeg. The AFB has two coordinators. The CCPA coordinator is the chair of the Steering Committee. The CHO!CES coordinator is the chair of the Working Group and a member of the Steering Committee. The Steering Committee and the Working Group have their own support structure. Material flows both ways between the two structures and the normal decision making rule for the AFB is double consensus. Final responsibility for putting the alternative budget together and for the content of the budget lies with the Steering Committee.

STEERING COMMITTEE

Representation on the steering committee include individuals from a variety of labour, community, social justice and other organizations. Participants in the exercise agree to recognize that the development of an alternative budget would require negotiation and compromise. It was agreed that the budget would have to take place within certain fiscal realities. Constraints would not be defined in the same way the federal government or business defines them, however participants needed to be aware that all budgets, including progressive ones, must acknowledge fiscal constraints. Participants agreed that

tradeoffs would be necessary as all demands could not be met, especially in the first attempt at creating the AFB. For example, although everyone agreed that a universal child care program would be a long term goal, it would not be possible to implement such a program in the short term therefore policies which would begin to work toward this goal were outlined in the initial AFB and moved forward in the 1996 and 1997 AFB's. Despite constraints, the AFB provides room for choices. With different priorities and assumptions on both revenue and expenditures, the AFB demonstrates that a much different budget can be created, one that will move the country in a direction consistent with the principles outlined.

A primary objective was to ensure that the process is inclusive. The size of the steering committee was to be limited by logistical practicalities, however all effort was made to include representatives from a wide variety of communities. All participants participated in the development of process guidelines which subsequently became the foundation of the project. (These will be outlined later in the paper).

The overall structural objective is to ensure the composition of the steering committee is as inclusive as possible. Representation from many national and regional groups active in the educational, Aboriginal, environment, people with disabilities, ethnic, artistic, ecumenical, housing, child care, and seniors communities or sectors were encouraged to

participate. Representatives from these groups attended steering committee meetings but played a less active role.

WINNIPEG WORKING GROUP

The *Winnipeg Working Group* is chaired by one of the co-ordinators of the AFB. As a member of the steering committee, the chair ensures the input and concerns of the working group are brought to the steering committee. The *Winnipeg Working Group* consists of CHO!CES members, union representatives and other local activists. The working group was staffed by individuals who were responsible for ensuring that the 'nuts and bolts' of the exercise were in place. The working group oversaw the day-to-day business of facilitating regional input and the work of nine policy groups.

This student acted as a part time staff member of the working group. As stated in the introduction, the role of this student was to coordinate activities in the community; at the level of outreach, support and education, to ensure that the community would maintain a central role in the development of the AFB. As an active member of the Winnipeg Working Group, responsibilities included:

Administrative responsibilities

- ★ Attendance at all Winnipeg Working Group meetings
- ★ Critical review of all policy material as submitted by policy chairs
- ★ Participation in overall planning in order to meet AFB objectives

★Reporting all AFB activities to the working group and the steering committee to ensure communication at all levels

Regional support responsibilities

★Acting as a coordinator and liaison for organizers of consultations and budget schools in all regions

★reporting to the working group and steering committee on ongoing events and activities

★participation in strategic planning as a member of the political action and communication committee

★acting as a support person to regional groups

★Community outreach and education

★Evaluation and review of regional participation

In response to the literature on PAR, it was the role of this student and other research members of the AFB, to facilitate a process which allows people from the community to explore knowledge and ideas derived from their experience and to develop those ideas into the policies which would become the AFB. An important part of that process was the facilitation of regional input.

REGIONAL INPUT

Regional input was achieved through community coalitions consisting of social activists and labour activists who were brought together by their shared vision and belief in the basic principles underlying the AFB exercise. With the support of the Winnipeg Working Group, participants arrange alternative public hearings, consultations, workshops and

budget schools. Input from the various forums is passed on to the steering committee and appropriate policy chairs via the working group, for consideration in the development of the final policy documents.

POLICY GROUPS

Policy groups consisting of steering committee members, academics and community representatives were devised to pull together independent research and community input. Discussion papers were initially developed which were distributed for broader discussion to regional community consultations. The culmination of input was developed into policy papers. Each year the policy papers that are built through dialogue and compromise, are formulated into a framework document which becomes the foundation on which the budget is built. (See Appendix)

Policy groups were mandated to recommend major policy positions and suggested fiscal details in the critical areas of economic and social policy.

Groups include:

1. **Social Policy.** Co-chairs oversee the co-ordination of the social policy portfolio to ensure cohesion and consistency. Sub groups are individually chaired in each of the following areas.

- Health
- Education
- Social Policy
- Child care
- Housing
- Pensions

▷Unemployment Insurance

2. **Employment Creation and Economic Policy.** This group covered all the major economic portfolios, such as Trade, Industry, Forestry, Agriculture, Fisheries, Transport, Public Works etc, but excluded monetary policy and those aspects of fiscal policy dealt with in the Fiscal and Monetary Issues group (#10). It also covered aspects of training, investment controls, etc.
3. **Foreign Policy and Defence and International Development.** Also included here is international aid policy.
4. **Crown Corporations and Government Agencies.** To look at fiscal impact, preservation and enhancement of services, commercialization, and job creation.
5. **Environmental Affairs.** Covered in this group is green revenue alternatives, subsidies, job creation, regulation and program initiatives within the federal jurisdiction.
6. **Women's Issues.** All policy areas of special concern to women in the fiscal and employment fields to ensure that they are adequately covered in the respective policy groups.
7. **Aboriginal Issues.** All policy areas of specific concern to Aboriginal People to ensure they are adequately covered in the respective policy groups.
8. **Visible Minorities and Immigration.** All policy areas of special concern to visible minorities to ensure that they are adequately covered.
9. **People with Disabilities.** All policy areas of concern to people with disabilities to ensure that they are adequately covered.
10. **Macroeconomic Framework.** This group develops proposals for macroeconomic policy and ensures that the recommendations from the other groups fit within a coherent and plausible fiscal framework.
11. **Taxation and Government Revenue.** This group is responsible for developing tax and other revenue-generating proposals.
12. **Agriculture**

13. **Other.** Separate sub-groups covered all other government portfolios, including Justice, Youth and Culture.

The *Communication and Political Action Committee* includes members of the working group, steering committee as well as other media contacts. This group is responsible for drawing up a strategy for ensuring that the exercise will have the widest possible impact politically, both in terms of mobilising people around a progressive economic and social agenda and of influencing, as far as possible, the economic and social policies of government as reflected in the Federal Budget. This committee is coordinated by a member of the Working Committee and the Steering Committee. Each has distinct responsibilities which culminate in the final media strategy as well as education, communication and distribution of AFB material.

Process

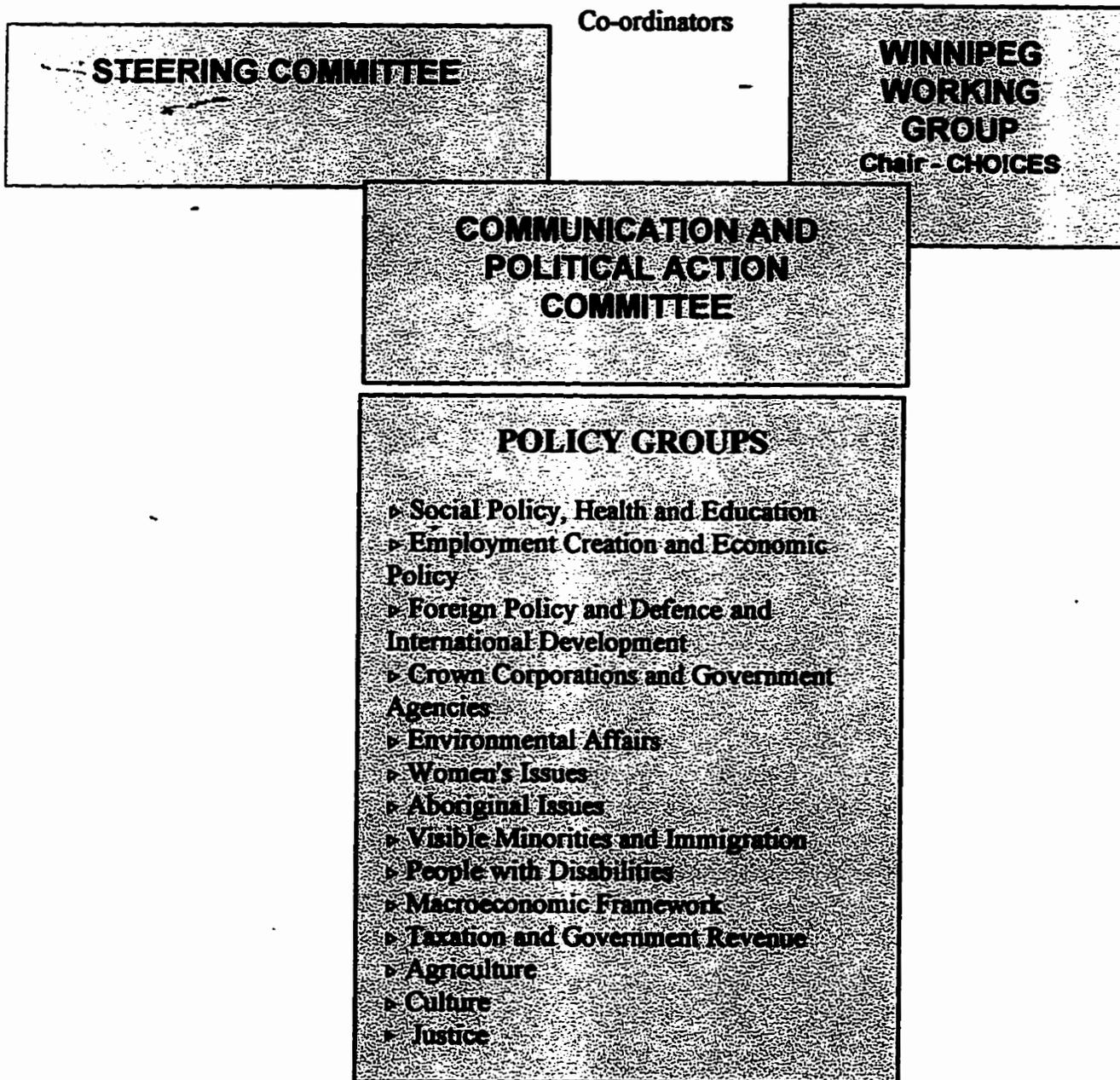
The Steering Committee has agreed to the following process guidelines. The project will be evaluated based on these guidelines.

1. ***The final budget package will have fiscal integrity.*** This means clear and realistic assumptions and projections for spending programs and for revenue generation.
2. ***The final budget package will be a consensus document.*** This implies tradeoff and compromise in the interest of obtaining a final document that represents a common progressive orientation. This is vital in order to make the exercise legitimate and useful as an educational and coalition building tool and to refute the charge that social organizations are narrow special interest groups.

3. This is the first step in the AFB process. Intentions are to make this an annual project and the *objective is to increase community support and participation* as understanding that alternatives are available grows.
4. Representatives in the steering committee are expected to be *involved in the policy working groups and in the regional consultation process.*
5. The Steering Committee is to *meet on a regular basis to review policy papers and consider input from participants across the country.*
6. Regional input will be achieved through the creation of adhoc regional committees. *These committees will organize regional hearings and discussions with community members and will work with the working group in organizing budget schools.* Their input will be forwarded to the policy group chairs for consideration in the development of final budget documents.
7. *Policy groups will recommend major policy positions and suggest fiscal details in the critical areas of social policy.*

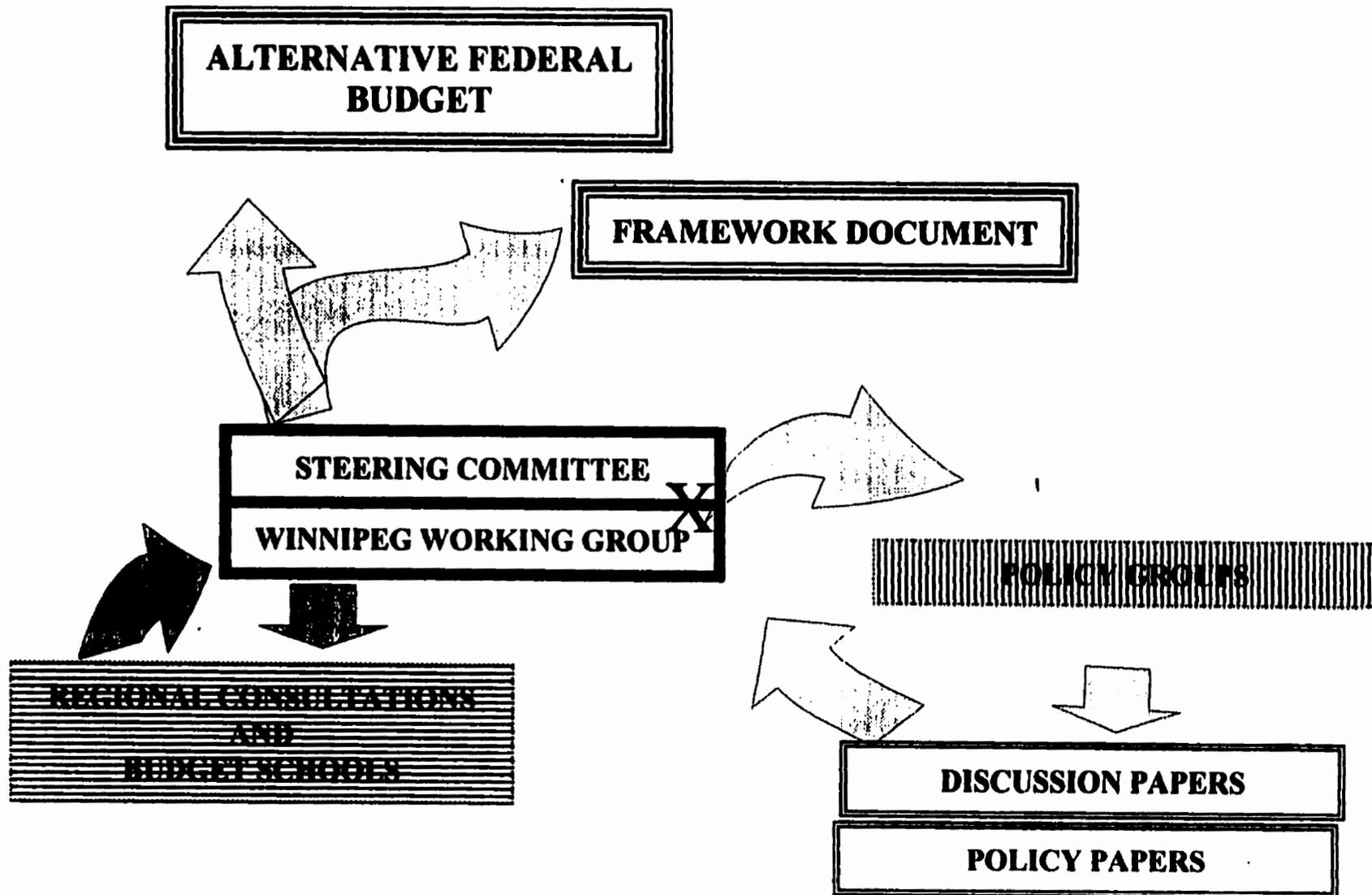
THE ALTERNATIVE FEDERAL BUDGET

Organizational Structure



ALTERNATIVE FEDERAL BUDGET

WORK STRUCTURE



The Alternative Federal Budget Consultation Process

The process of consultation for the Alternative Federal Budget exercise is based on a commitment to include communities across the country as active participants in the creation of a progressive, fiscally responsible budget that meets the needs of Canadians.

The AFB process is fluid in the sense that although each year begins with a consultation process which focuses on the development of the current AFB and ends with a political strategy for its release, it also continues to build from year to year. New ideas and input are constant and the consultation and educational process is continuous. Participation from the community is continually being sought and expanded.

The AFB work structure shows that the development of the AFB is a circular process including a variety of levels of participation and expertise. The AFB work commences in the spring with the formulation of policy groups which would begin the process of developing policy for the framework of the Alternative Federal Budget. Policy papers are then presented to the steering committee for review and recommendation and are returned to policy groups for revision. Parallel to this process is the occurrence of budget schools and consultations. Participants in these forums were provided with documents available at the time for their input. Participants are encouraged to join policy group work if so interested. All feedback from individuals is returned to the Winnipeg working group and forwarded to policy chairs for their consideration. Again, updated policy papers are

forwarded to the steering committee for final approval. The Winnipeg working group also reviews all policy papers and submits their recommendations to the steering committee via the working group chair. Upon finalization of policy papers, the framework for the AFB is developed and released to the public and the media. This would be the basis of the Alternative Federal Budget. A forum held in Ottawa which brings together labour and community activists from across the country is held upon release of the Framework Document and is an additional opportunity for input into the AFB. Subsequent to the release of the framework document, the co-chairs of the AFB met with the Minister of Finance to discuss the content and vision of the AFB. The AFB itself would be produced in the few weeks following the national forum, again with the final approval of the steering committee. Essentially, at this point the policy direction is set and it becomes the task of economists to finalize the years work by attaching "numbers to the words". (Loxley, 1996.) The final step in the process is the release of the AFB and the ongoing task of public education and organizing for continued participation and support for the AFB.

Throughout the AFB process, there is an acknowledgement of regional differences. Such differences result from diverse cultures, economic realities, political variation, geographic differences, relationships between labour and community groups and the level of community involvement in political issues. Due to the variations in regional 'personalities', the AFB has worked from the premise that it is more important to find ways to get people involved in the exercise than to have a formalized standard means of getting people involved.

Differing regional and community personalities has resulted in the use of a variety of methods of consultation. Unlike the traditional top down consultation process subscribed to by governments, supporters of the AFB believe that members of various communities should be free to reach out to their members as they feel appropriate. For example, one community may have the resources, experience and participation necessary to organize a process of hearings. Another community may find series of round table discussions to be more feasible and effective. Others may participate by holding small kitchen table discussions. The Alternative Federal Budget process enables the different regions to choose a model, or models, which will best meet the needs and abilities of their communities. The Winnipeg Working Group communicates with regional participants and provides them with ongoing support upon their direction.

Budget Schools and Public Forums

The consultation process for the 1996 AFB, began with budget school forums which provided participants with a tutorial on the budget making process. For the most part, ordinary Canadians are overwhelmed by the complexity of government budgets. Budget Schools are designed to simplify the task to enable participants to feel better equipped to participate in the process. Budget School participants were and are, also engaged in developing strategies to broaden the exercise by reaching out to the larger community for input through public consultations. Such forums may take varying forms depending on the needs, interests and resources of each community. Budget school facilitators do however

attempt to address the central components to ensure all budget school participants are introduced to all aspects of the AFB.

The following format is suggested to budget school organizers.

Suggested Budget School Format

1. Why Alternative Budgets?

This component provides an overview of why developing an alternative budget is a useful exercise

2. The Structure of the Federal Budget

This component discusses the framework of a budget which includes an explanation of revenues, expenditures, deficits/surpluses and debt.

3. The Federal Budget: Trends over time

Provides a brief historical look at economic policy in Canada

4. The Origin of Federal Deficits and Debt

This component discusses both the governments explanation (over-expenditure on social programs) and the view of the AFB (tight monetary policy).

5. Current Fiscal Policies

Participants look at areas such as:

- ▶Balancing the budget through cutbacks
- ▶Program cuts
- ▶Cuts to social transfers
- ▶The attack on Unemployment Insurance
- ▶Plans for Seniors' Benefits
- ▶Tax brakes for corporations and the wealthy
- ▶The GST

6. The Alternative Federal Budget

Participants are provided with detail on all aspects of the AFB, including:

- ▶Macroeconomic policy: Putting people back to work
- ▶Employment creation initiatives
- ▶National Social Investment Funds
- ▶Other program initiatives (agriculture, environment, culture etc.)

- ▶Proposals for fair taxation
- ▶How the AFB would balance the budget

7. Is the AFB Workable? Answers to common questions.

This component attempts to address common concerns regarding the viability of the AFB.

Budget schools use the most recent AFB material as a reference point. Discussion and feedback are centred on these documents as a means of gathering input for subsequent AFB's.

The Budget School forum has become a popular concept. Schools continue to be organized in several locations and they have been found to be an excellent means of providing information, extracting new ideas and expanding involvement and support. Other means of organizing around the AFB have also been central to the process. The following describes how some regions involved their communities in the consultation process for the 1995, 1996 and 1997 Alternative Federal Budgets.

REGIONAL PARTICIPATION

THE 1995 CONSULTATION PROCESS

Community participation in the AFB has grown considerably over the past three years. In the initial year, consultations were held in an informal way across the country. Focus groups, round table discussions and alternative hearings held parallel to the Government of Canada Social Security Review, were organized at the local level. Such forums were held from coast to coast including Charlottetown, Prince Edward Island; Fredericton, New

Brunswick; Montreal, Quebec; Sudbury, Windsor, Kingston and Toronto, Ontario.

Several focus groups were held in Winnipeg focusing on specific policy areas. Regina, Edmonton and Vancouver also participated in the consultation process.

Fredericton Area Coalition for Social Justice held regional consultations on December 3 & 4th, 1994. Representatives from various organizations were brought together to review the Alternative Federal Budget discussion papers. This group met over two days and focused their attention on Social Policy, foreign and defense policy, employment creation and women's issues. A summary of the discussion and recommendations of participants was forwarded to the working committee in Winnipeg who then ensured that appropriate policy groups received the information for consideration in the final policy paper.

The Ontario Coalition for Social Justice travelled to several communities to have peoples ideas on the federal budget. The focus was predominately in the area of Social Policy. The coalition provided the working groups with a summary of their consultations and again this was distributed to policy groups.

CHOICES in Winnipeg organized an Alternative Social Policy review in 1995 and received submissions from more than 30 organizations which were forwarded to the Social policy groups. Round table consultations were organized with members of the community focused on specific areas of concern such as Health policies pertaining to disability issues, Foreign policy and Education.

The Action Canada Network affiliate in Edmonton organized a forum with labour and community groups to review the discussion papers and provide the policy groups with their feedback. The B.C. Federation of Labour hosted a similar one day workshop.

THE 1996 CONSULTATION PROCESS

The consultation process was expanded for the 1996 AFB. As a 'kick off' to the 1996 AFB, Winnipeg organized a conference in the fall of 1995 which focused on the implications of the proposed Bill C-76 (The Canada Health and Social Transfer). Over one hundred participants analyzed the implications of the proposed changes and explored strategies to challenge those changes which would further reduce federal responsibility for the funding of health, post secondary education and social services. Participants were briefed on the AFB and were encouraged to participate in the AFB process for the following fiscal year by sharing their time, ideas, knowledge and feedback on social policy as well as other policy areas.

The concept of holding budget schools was developed in year two of the AFB. Winnipeg had successfully organized a budget school in 1993 focusing on alternative budgets at the municipal and provincial levels. The idea was to consult with community members but also to provide an opportunity to better inform them of the budget process. This was decided by the steering committee to be the emphasis for 1996. "Budget schools" were held across the country. The Winnipeg Working Group was mandated to co-ordinate budget school and other consultative forums across the country. They provided

facilitators and supported schools held in Calgary, Saskatoon, Regina, Victoria, Vancouver, Ottawa, Kingston, Toronto, Tatamagouche and Yellowknife. Participants were provided with a history of the AFB, a tutorial around the technical aspects of budget preparation and a workshop to discuss the political organizing around the project. Participants were encouraged to become involved in the AFB at whatever level they were comfortable.

Budget schools for the 1996 Alternative Federal Budget were held across the country during the months of October and November, 1995. The following will summarize the content of the schools as well as how people in various regions planned to follow up with community consultations to draw more people into the project as well as ensure input into the final budget document.

EASTERN REGION

The first budget school was held in Tatamagouche, Nova Scotia. Participants came from across the eastern region and participated in a two day workshop which focused on the mechanics of a federal budget as well as how to move forward to include more people in the process. Organizers and participants have agreed to coordinate consultations to discuss preliminary policy papers and contribute their perspectives to the process.

ONTARIO

Budget schools were held in five communities in Ontario. These included Kingston, St. Catharines, Sault St. Marie, Windsor and Toronto. The Ontario Coalition for Social Justice will be coordinating AFB consultations in 16 communities across the province.

WESTERN REGION

MANITOBA

Manitoba chose not to hold a budget school as this is something that CHO!CES has done in the recent past. It was felt that it would be more beneficial to hold a conference focusing on Bill C-76. This conference served several purposes. It provided much sought after information on the recent changes in Social Policy which was demonstrated by the high rate of participation (over 150 registrants). This forum also gave CHO!CES the opportunity to inform participants about the Alternative Federal Budget and the further consultations that will continue through November. Several participants representing a wide range of backgrounds and experiences signed up to participate in various aspects of the process. Following the release of the 1996 Alternative Federal Budget, Winnipeg held a town hall forum which was also attended by over 100 people who were actively engaged in discussing the content of the AFB and was shown many times on our community access channel.

ALBERTA

The focus of the budget school held in Calgary was on the preparation of a provincial budget. Participants had a full weekend as they were also intent on learning all they could about the AFB. The organizers of the budget school also expressed a commitment to organize further consultations in the community once they are in receipt of preliminary budget documents.

WEST COAST REGION

VICTORIA

Individuals from across the island participated in a conference which focused on the "nuts and bolts" of the budget process as well as strategies to organize the community to increase participation in the project. Participants also spent a great deal of time discussing how they might use the AFB to educate and inform their communities to the fact that their are viable alternatives to the current direction governments are taking. The organizers of the budget school forum will begin to organize broader consultations and assist others in organizing mini consultations in smaller communities. Representatives from the Victoria group will be connecting with representatives in Vancouver to ensure a broad unified effort.

VANCOUVER

A representative from the working group attended a forum in Vancouver in the fall of 1995 with representatives from labour and community groups. The purpose of the forum was to update participants about plans for the 1996 AFB and to strategize on how to broaden the consultation process in their community. Representatives from the Victoria group also participated in this discussion.

STRATEGY DEVELOPMENT FOR THE 1997 AFB

Communication and Political Action Strategy Development

Key to the AFB process, is an effective Communication and Political Action Strategy.

The debrief following the release of the 1995 AFB revealed a need for further development in this area however it was not until after year two that a detailed strategy was developed. After the release of the AFB in year two, the political strategy committee agreed to the following changes which were accepted by the steering committee in October, 1996. The overall goal was to increase awareness and participation for the following year:

1. To develop better mechanisms to include individuals from across the country in the actual policy development. In some areas there was a weakness in following up with individuals who had expressed an interest in working on particular policy development.
2. To strengthen the political strategy and continue to find ways to more broadly communicate the message that there are alternatives.

3. To ensure that an increased amount of AFB material is translated into French.
4. To improve outreach strategies.
5. To work toward the development of a forum for the Winnipeg Working Group and the Steering Committee to get together at least once a year. If financially feasible, this would be useful to develop better communication and understanding between the two groups. One suggestion was to look at a meeting the day before any national forums that might occur.
6. To increase the number of centres involved in the release of the AFB.

Popular Materials

The Committee agreed that there was general satisfaction with the popular materials that were produced in 1996, however there has been an indication that people would like more tools to make the education process more accessible and to simplify discussing the AFB with members and the media.

The committee proposed and subsequently delivered, the following items for 1997.

1. Development and distribution of a kit to go with the AFB video. It was also proposed to produce the AFB video in french for 1998.
2. Development and distribution of a Consultation Package. The purpose of this package was to have a tool available for individuals to use in consultation forums in their communities. This kit is now available and includes:
 - The AFB video and video materials
 - Notes for the facilitator
 - A glossary of terms
 - A Question & Answer leaflet on the AFB that answers commonly asked questions
 - The 1996 AFB and AFB Framework document
 - Popular documents produced in 1996

- A list of questions allowing people to provide feedback on the documents or to provide their own ideas for content
 - An evaluation form for the process and content of the AFB and the workshops
 - A “Commitment to Participate” form allowing people to sign up to participate in the AFB
 - A list of Action Canada Network affiliated coalitions across the country
3. **Speaking notes on the AFB to be provided to organizers of media events**
 4. **The development of a four page tabloid newspaper subsequent to the release of the AFB. This will be distributed nationwide as an educational and organizing tool aimed at reaching a broader population.**
 6. **The distribution of an informational leaflet which would provide a comparison of the AFB with the federal governments budget.**

Media Strategy

An essential element in building on the awareness of the AFB is the use of the media.

From the onset of the AFB, members of the Political Action Committee assisted groups across the country by providing them with media kits, allowing them the flexibility to strategize on how media in their communities would be best accessed. Media coverage across the country was positive in the first year. In those cities where press conferences were held, most major newspapers and electronic media stations reported on the AFB.

In the second year, the political strategy committee coordinated interviews on Benmurgie Live, Newsworld, CBC Radio in Winnipeg, Calgary and Edmonton. In addition to the above, the AFB was covered in various newspaper columns such as Frances Russell in the Winnipeg Free Press. The Catholic New Times covered the AFB both before and after its

release and articles were published in journals, union publications and alternative publications across the country such as the Sustainable Times.

The committee acknowledged the need to be more creative for the 1997 AFB. One way of trying to do this on the national level is to try to have a coherent time line, a tentative schedule was drawn:

- ◆Launch of AFB 1997 (Oct 21)
- ◆Technical paper #1 - Shrinking deficits and lower interest rates (November)
- ◆Economists round table (December)
- ◆Technical paper # 2 (January)
- ◆AFB Forum (Jan 23-24)
- ◆Technical paper #3 (February)
- ◆AFB release (February 12)
- ◆Response to Martin Budget (February 20)

Central to the political strategy for 1997 is the expansion of media communication at the local level. Last year the AFB was released in 15 communities across the country. There was commitment to increase this to 30 communities for 1997. This would require the participation of people in those communities, with the support of The Winnipeg Working Group. Organizers of regional events were provided with information kits which included, pre-written article to assist with media conferences and interviews, a camera ready advertisement and a mock press release to be used by those who would find this helpful. Organizers were also provided with the name of an economist in the region who will be available for comment in the event that they would like an "expert" on hand. Newspaper and radio advertisements were encouraged. However resources were unavailable and

would be the responsibility of local organizers. Essentially, it was acknowledged that while it is important to allow people the freedom to organize specific to their own regional needs and resources, it is also necessary for some central coordination and support. It is imperative that a unified message be presented and that press conferences upon the release of the AFB are coordinated and consistent.

MEDIA TARGETS

The national media group agreed to pursue the following media vehicles.

- CBC National Magazine
- Face-off
- TVO's Studio 2
- As It Happens
- Maclean's Magazine
- Student press
- Alternative/progressive magazines and publications
- Much Music
- Women's Television Network
- Gzowski
- Sunday Morning
- Community cable tv stations
- Francophone media

SPOKESPEOPLE AND EXPERTS

To increase media attention, it was agreed that it is essential to have spokespeople who are not only knowledgeable about the AFB, but who are representative of the alternative vision being put forward in order to build on the "human Interest" aspect to why Canada so desperately needs economic and social alternatives.

At the national level, Bruce Campbell, CCPA; John Loxley, CHO!CES; and Lynn Toupin from the National Anti Poverty Organization (NAPO) performed this role in 1996 and it was agreed that they would be most appropriate to continue in that role for 1997.

Individuals and groups have been identified in the various regions who are knowledgeable on various topics and agreed to being contacts for local media.

Summary of 1997

Community Participation in the AFB grew considerably in 1997.

Budget Schools were a focus at the regional level. Schools were held in Vancouver, Victoria, Edmonton, Regina, Saskatoon, Montreal, Ottawa, Toronto, Thunder Bay, Charlottetown, St. Johns and Halifax. Students at Carleton and McGill universities organized their own budget schools with AFB participants in attendance. Participation and support for the AFB exercise grew further as a result of these forums.

In Winnipeg and Ottawa, CHO!CES members and CCPA staff continually respond to community requests to speak about the AFB and have been actively reaching out to community and labour groups to include AFB presentations on their agendas. To date, we have participated in classroom discussions and debates at both the high school and university levels. We have attended meetings of labour councils, union locals, constituency associations, and church groups to share information about the AFB. To

encourage more CHO!CES members to participate in the AFB, CHO!CES hosted a workshop to provide activists with the information necessary to speak on the AFB.

In addition to regional budget schools, workshops targeted particular groups such as student organizations and anti poverty groups. Although these were not limited to particular policy areas, they did tend to focus on issues of greatest interest to those groups.

The increase in attention to media strategy for the 1997 had positive results. Press conferences were successfully organized in 30 centres across the country as outlined in table 2. Organizers across the country report adequate to excellent coverage. Many continue to get calls from the media for comment since the release of the Paul Martin budget. Media attention culminated into a full report of the AFB and debate on CBC television news program "The National" in February 1997.

Table 2
Alternative Federal Budget -
February Release/Press Conferences

LOCATION	PARTICIPATION
<u>PEI</u> Charlottetown	Media conference Op. Editorial
<u>NEWFOUNDLAND</u> St. Johns	Media conference
<u>NOVA SCOTIA</u> Halifax	Media conference
Cape Breton	Article published in local paper
<u>NEWBRUNSWICK</u> Fredericton	Media conference
QUEBEC Montreal	Media Conference
<u>ONTARIO</u> Ottawa	Media Conference Op. Editorial
Southern Ontario Northumberland	Media Conference
Sault St. Marie	Media Conference
Thunder Bay	Media Conference

Hamilton	Media Conference
Kingston	Media Conference
Toronto	Media Conference
Guelph	Media Conference
Peterborough	Media Conference
Windsor	Media Conference
London	Media Conference
<u>MANITOBA</u>	Media Conference Op. Editorial
Winnipeg	
Brandon	Media Conference Op. Editorial
<u>SASKATCHEWAN</u>	Media Conference
Saskatoon	
Moosejaw	Press release
Regina	Media Conference
<u>ALBERTA</u>	Media Conference
Calgary	
Red Deer	press release

<u>BRITISH COLUMBIA</u> Vancouver	Media Conference
Victoria	Media Conference
Duncan, B.C. Gold River, B.C.	press release
Nanaimo, B.C.	press release
<u>NWT</u> Yellowknife	Media Conference

Participants appear to be interested in continuing the work on the AFB. Planning for the 1998 AFB is currently underway.

CONTENT OF THE AFB

The content of the AFB is complex as is any detailed budget document. The following summary is provided, however it does not do justice to the hours of work entailed in developing the AFB content. For more detail on the content of the AFB, the 1997 Framework Document and the Alternative Federal Budget are included in the Appendix of this report.

Although the AFB process is essential to the integrity of the AFB, it is the content that will be the central tool around which an alternative vision can be built. Only with a tangible, viable alternative, will communities be mobilized and consciousness raised.

What is in the AFB?

How is revenue and expenditure determined?

As stated, the AFB has now been produced for three fiscal years. Essentially, the message remains the same in terms of the overall fiscal policy.

REVENUE AND EXPENDITURE

Job creation in a revitalized economy is the cornerstone of the AFB. It will create 930,000 more jobs over five years than the number projected under the current Liberal strategy, reducing the unemployment rate to less than six percent.

This is accomplished by entrenching a low interest rate policy (which would require the participation of the Bank of Canada). It involves a major investment program to strengthen vital public services such as health care and education. It involves investment to improve not only our physical but our social, environmental, communications and research infrastructure. It involves changes in our approaches to investment in community development and a restructuring of working time.

Poverty is reduced to 12% by the year 2000. Child poverty is viewed in relation to family poverty and the AFB does not distinguish between "deserving" and "undeserving" poor.

Poverty reduction begins with the job creation strategy and is further addressed with adequate income supports, child care and housing, tax relief and training opportunities.

The AFB is financed by an increase in revenue. More than 70% of this comes from increased jobs and growth. (930,000 more people paying taxes and not reliant on government support.) Revenue from a revitalized domestic private sector with growing profits will also increase revenue as will the reduction in bankruptcies. The AFB tax package targets those best able to pay, does not increase the burden on middle income groups and gives tax relief to low-income earners. It will generate 7.5 billion dollars over two years. The introduction of an inheritance tax on estates in excess of one million dollars will raise enough money in its first year to pay for our child tax benefit. Increases in marginal tax rates for those earning more than \$100,000 and a minimum corporate tax will raise sufficient revenue to financially compensate for the National Drug Plan.

In order to test the economic viability of the AFB, Infometrica, a leading economic forecasting company, was commissioned to run the AFB through its model. The AFB was found to be economically sound. To further legitimize the outcome, one hundred and fifty economists and political economists from across the nation have endorsed the overall economic strategy of the AFB.

CONCLUSION

Most important to the exercise presented in this report is the idea that there are choices. There is no illusion among those involved in the AFB that the government will have a change of heart and change their course in favour of the AFB proposals.

As was the initial goal of the AFB however, the AFB demonstrates that budgets are "words with numbers" and they are about choices which reflect values and priorities. The current government has chosen to reflect the values and priorities of a small powerful elite. They have successfully sold the idea to Canadians that we must radically alter the very essence of our society if we are to prosper in the global economy. The changes they say, are inevitable.

Those involved in the AFB say they are not. There are choices. There is never only one means of reaching an end. The AFB offers one different means rooted in a very different vision. A vision of hope and justice.

VIII

PRACTICUM EVALUATION

As reflected in the literature (Room, McTaggart, Finn), the abstract and subjective nature inherent to Participatory Action Research (PAR) results in difficulties with actual implementation. Therefore, it follows that evaluation of such a method will be equally complex.

The intent of PAR is to synthesize scientific inquiry, political commitment and community participation (Room, 1986). Process, is of equal importance to outcome as a central component of PAR is community involvement, education and mobilization. Also of key importance is the communities' sense of ownership in the exercise to ensure long term impact and to expose social problems in the interest of linking research with action for social change. The absence of community participation increases the risk of ghettoizing the project into an academic and technical dialogue with no practical effect.

Evaluation Design

The basic assumption of evaluation is that the goals and criteria for success are sufficiently well-defined so as to allow an appropriate research plan to be designed (Rossi, Wright, 1977). The major difficulties that arise in evaluation occur when goals are vague,

promises strong and effects are weak (Rossi, 1972). Evaluation planning and implementation of programs and projects, especially those with broad goals and objectives, is essential throughout the process in order to address problems that may arise throughout the exercise. The literature provides substantial support for the notion that "meaningful participation in the evaluation process by individuals and groups who have a vested interest in the evaluand will enhance utilization of evaluation results" (Green, 1987).

Participatory methods of research require flexibility and an orientation toward process if they are to maximize community participation. However, flexibility and openness can create difficulty in terms of evaluation. Room (1986) cautions that the methodology of evaluation of action-research projects must be innovative as classical evaluation methods are not sufficiently able to perform this task. A model of evaluation should ask "how successful the project has been in generating a new paradigm or model of policy understanding and practice, and in justifying that paradigm by reference to the history of the action-research in which it has been engaged." (Room, 1986).

It is essential for participants of participatory projects and the evaluation that follows, "to understand the principal actors who construct and inhabit the world in which the project intervenes and the conversation which the project conducts with them." Those actors include:

1. The research community

2. The wider network of innovators and practitioners
3. The 'target group'
4. The policy-making community

Also pertinent to evaluation is examination of the approaches used. How successful were they in meeting the participation goal? The following issues may be included in such an examination.

- ▶ "Was the time-frame satisfactory to ensure active local involvement?"
- ▶ How truly participatory were these approaches?
- ▶ Can a locally driven, people-centred development process link with higher level planning structures and policy-making procedures?

Evaluation of Process

Evaluation of process is a part of almost every developmental research program (Rossi, Wright, 1977). However, process evaluation is especially essential to participatory methods of research.

Greenwood, Foote-Whyte and Harkavay (1993) describe PAR as an emergent process with the overall goal of moving research processes in the direction of increased participatory models. They maintain that continual evaluation of activities to measure the level of participation is essential to the maximization of community involvement.

It is also imperative to include self evaluation as an ongoing component to allow for reflection and improvement along the way. The ambiguity, subjectivity and qualitative

nature of PAR is reliant on self-awareness and self evaluation, in order to offset the potential for bias.

Action research projects *can* be progressive and empowering, however they may also do little more than provide an illusion that participants are taking active measures toward social change. By its very nature, PAR is ambiguous and at worst can result in reinforced powerlessness. It follows then that the need for appropriate evaluation is essential to the process to reduce this risk.

EVALUATING THE ALTERNATIVE FEDERAL BUDGET PROCESS AND CONTENT

The literature acknowledges the difficulties experienced with PAR and its evaluation. The AFB also met with many obstacles along the way. The following pages will describe the development of the evaluation process of the AFB and will introduce some of the difficulties that were encountered. Analysis of the data and a critique of the AFB will follow.

THE AFB EVALUATION

The central *purpose* of evaluation for the AFB is to gain a better understanding of how participants in the project perceived the effectiveness and inclusiveness of the:

1. *Process*
2. *Outcome*

To fulfil the educational requirements of this student, the evaluation will include two additional components:

3. To *evaluate the role of Social Work* in the AFB Process
4. To *evaluate the effectiveness of the student* in the social work role.

The evaluation process also aims to engage both existing participants and prospective participants in ongoing planning for future Alternative Federal Budget work. The AFB process was initiated not only to produce an alternative budget but to educate and engage Canadians in building support for a movement away from the current focus on fiscal constraint at all costs.

The participatory nature of the AFB will continue through the evaluation. Lipps and Grant (1990) describe advantages of a participatory approach to evaluation which are of importance to the AFB. These have been amended somewhat to be consistent with the organizational structure of the AFB.

1. Active involvement of participants in the research process is likely to increase ownership of the process and the results that are subsequently produced. That is, involvement may produce greater cooperation and less resistance. More important, it will encourage continued participation in the project.
2. The procedure assures that adequate standards of implementation, which are not unrealistically high, are established. If the evaluator creates levels of implementation based solely on program documents and interviews with policy makers, practical constraints and program modifications are not known. Interviewing the different participants throughout program planning will reveal any serious discrepancies regarding goals and activities.
3. By involving participants in the specification of the levels of implementation, these levels may serve as goals to be worked toward.

4. Information regarding the level of implementation is fed back to relevant parties in a form that combines qualitative information easily understood by participants.

Interviews with the key participants found that the major goal of the evaluation process is to receive feedback, relevant to the process and outcome objectives, from those who participated to ensure an improved process for subsequent AFB work. These participants agreed that it is essential to ensure that the AFB is inclusive and that the long term goal is to build a broader social movement which challenges current political and economic policies and provides alternatives. The goal of the evaluation was to attempt to determine whether participants felt the exercise to be of value; whether they felt that the objectives were reached and how they feel the process can be improved.

GOALS AND OBJECTIVES TO BE EVALUATED

The objectives of the AFB provide a basis for evaluation. As outlined in the original AFB Objectives, Principles and Structure, the main objective of the Alternative Federal Budget project was to:

"initiate a process which Canadians can have a say in what a federal Budget might look like if their interests were to be served. Part of that process will be the preparation of a detailed budget document which can be counterpoised against that of the Federal Government for purposes of comparison of political choices and priorities. Given program reform, it is particularly timely to develop progressive fiscal alternatives in this area. The alternative budget will also be used, therefore for both political education and political mobilisation to promote an economic policy agenda which safeguards and promotes the interests of working people and the less affluent in society."

The evaluation of the AFB will address the two key components of the exercise which are ***PROCESS and CONTENT.***

1. PROCESS

The major focus of this evaluation is on how the outcome was reached rather than on the outcome (content) itself. Some attention will be given to content of the AFB however this component was evaluated throughout the process by the steering committee. Comment on the effectiveness of that process will be addressed in the final analysis.

Inclusive process and participation of the community were stated to be central to the development of the AFB. To effectively measure whether this occurred, it is essential to evaluate process objectives with the involvement of individuals who participated in various aspects of the AFB. This evaluation will consider the following objectives in an attempt to measure process.

The overall goal was "*to ensure that the process is inclusive.*" The following "process guidelines" were to be agreed upon by participants in the policy groups, the Working Committee and the Steering Committee. Individuals and groups who participated in consultations and workshops were also aware that these guidelines were to shape the final documents.

The following guidelines will provide a basis for evaluation of the AFB process.

- **The final budget package will be a consensus document. This implies tradeoff and compromise in the interest of obtaining a final document that represents a common progressive orientation. This is vital in order to make the exercise legitimate and useful as an educational and coalition building tool and to refute the charge that social organizations are narrow special interest groups.**
- **Inclusive process is central to the AFB. Intentions are to make this an annual project and the objective is to increase community support and participation as understanding that alternatives are available grows.**
- **Representatives in the Steering Committee are expected to be involved in the policy working groups and in the regional consultation process.**
- **The Steering Committee will meet throughout the project to review and discuss the development of the content of the AFB.**
- **Regional input will be achieved through the creation of ad hoc committees. These committees will organize regional hearings, budget schools and discussions with community members. Committees will also participate in the organizing of the release of the AFB and continued public education and community mobilizing strategies. Recommendations resulting from community events will be forwarded to the policy group chairs for consideration for the final documentation.**
- **Policy groups will recommend major policy positions and suggest fiscal details in the critical areas of social policy.**

2. CONTENT

The outcome, (*content*) of the Alternative Federal Budget will be evaluated based on the principles outlined in the AFB objectives, principles and structure.

The final document will ensure:

- 1. That the final budget package will have fiscal integrity. This means clear and realistic assumptions and projections for spending programs and for revenue generation.**
- 2. That a commitment to full employment should underlie economic policy. Fostering the creation of jobs and the avoidance of job loss should be the**

number one economic concern of government and reducing youth unemployment should be given special priority.

3. That there should be a more equitable distribution of income and wealth in Canada, a fairer tax system and greater policy attention paid to the eradication of poverty, especially among but not limited to the aged, people with disabilities, aboriginal people, working poor, visible minorities, immigrant workers, single parent women and single employable males.
4. That there should be economic equality between men and women and equal treatment of all individuals and families including same sex and non-traditional families.
5. That the rights of labour, within the collective bargaining framework, must be protected and strengthened in both the public and private sectors.
6. That greater priority must be given nationally and internationally to safeguarding and improving the environment.
7. That the policies that we advocate for Canadians shall not exploit or take advantage of those outside of our country.
8. That we acknowledge the crucial role of public services in society and the need to enhance those services.

PURPOSE OF EVALUATION

The method of evaluation chosen will serve a variety of purposes.

- it will solicit feedback from participants in order to improve the process for following years
- it will attempt to create a better understanding between labour and community groups
- it will encourage participants to engage in the process in following years and to invite others to participate
- it will provide an opportunity to educate participants and others of the need to offer alternatives and work together to put forward a strong voice in opposition.

- it will examine whether the final budget documents meet the objectives defined by the steering committee.

CHOOSING THE EVALUATION DESIGN

1. EVALUATION QUESTIONS

As discussed earlier in the review of the literature, it is imperative to understand the principal actors involved when developing the tool for evaluation. The literature suggests consideration of the following groups.

1. The Research community

In this case, the research community included economists, policy specialists, others with expertise in areas effected by government policy.

2. The wider network of innovators and practitioners

Included here are representatives from community groups, labour, the disabled, women, visible minorities, the aboriginal community, social service practitioners, educators, academics, seniors and those living in poverty.

3. The "target group"

The term target group is not appropriate for this particular exercise as the focus of the AFB is to develop policies that would be of benefit many Canadians. In essence then, the populace would be the target group. The federal government can also be described as a target group as it is the government that could implement AFB policies if they chose to do so.

4. The policy-making community

Government officials, both elected and otherwise have been informed of the AFB. The Minister of Finance was briefed on the central features of the AFB and have been provided with ample opportunity for their input or adoption of the AFB. The NDP, being the "voice of the left" are an obvious ally for the AFB. The CLC also has an important role given their power and membership.

In order to develop evaluation questions which would address the concerns and questions which might arise from AFB participants and organizers, it is essential to clarify the

purpose of evaluation with stakeholders. (Rutman, 1984). In designing evaluation questions, the following guidelines were followed.

Who is the information for, and who will use the findings of the evaluation?

The primary purpose of the evaluation was to provide the steering committee with feedback from participants, to improve the process and content for future AFB development. Objectives relative to both the content and the process of the AFB have been made very clear. As a major objective of the AFB is to be inclusive, it should follow that input from the various participants should be a central component.

What kinds of information are needed?

As stated, it was agreed that the necessary information to be gathered would be organized around both process and outcome objectives as outlined at the onset of the project.

How is the information to be used? For what purpose?

The information was submitted to the steering committee for review and discussion. It is hoped that there will be an attempt to incorporate the feedback from participants into improving the project for subsequent AFB development.

When is the information needed?

A final analysis of the data was available for the steering committee meeting in the spring which was to be a debrief of the 1997 AFB and an initial planning meeting for 1998.

What resources are available to conduct the evaluation?

There were essentially no resources available to conduct the evaluation however expenses were covered for production of necessary documentation, mailing and telephone costs.

Is the required information accessible or available?

The evaluator had access to all information pertaining to the development of policy and structure of the AFB as well as resource material that was received by those who participated in the consultation process. In terms of qualitative data, the process of evaluation relied on interviews with participants and questionnaires. In

terms of outcome, the final AFB documents for 1995, 1996 and 1997 were available and were evaluated both qualitatively in terms of participants perceptions of the document and quantitatively in terms of whether it meets the objectives defined by the steering committee.

- Can the specified data collection process be implemented?

Although it is anticipated that there may be some difficulty in retrieving completed questionnaires, it is felt that the process is worth undertaking. As there were no funds available for implementing the evaluation it was essentially the role of the student to ensure data was collected. The telephone interview component was, as expected, less problematic in terms of rate of response.

- Would the source and means of data collection produce reliable and valid information?

There was some concern regarding reliability and validity due to the qualitative emphasis of the design which will be elaborated upon in the description of the evaluation method. To ensure reliability, the interview questions were pre-tested on individuals who participated in the AFB process but were not included in the selected sample. This will ensure that questions were interpreted as intended.

- What is the purpose of collecting this data?

The purpose of collecting this data was to provide the organizers with necessary information to create change for the ongoing process to make it more inclusive, more effective, and to build broader support and understanding of the AFB as an alternative.

Patton (1987) states the need for the overall focus to be around questions such as:

- What are the facts that come together to make this program what it is?
- What are the strengths and weaknesses of the program?
- How are participants brought into the program and how do they move through the program once they are participants?
- What is the nature of staff-client interaction? (In this particular project it would be more appropriate to look at participant interaction ie how does the steering committee interact with policy chairs.)

The above questions were considered in the development of the evaluation design. In terms of process, Patton (1987) describes evaluation as "developmental, descriptive, continuous, flexible, and inductive." In addition to formal activities and anticipated outcomes, an evaluation of process looks at informal patterns and unanticipated consequences in the full context of the exercise. Process evaluations require the perceptions of people involved in many different ways. A variety of perspectives may be sought from people with dissimilar relationships to the project (Patton, 1987). This is most appropriate for the AFB evaluation as it is imperative to have an understanding of the perceptions of participants at all levels to ensure increased ownership and continued participation.

VALIDITY

Guba and Lincoln (1985) describe triangulation as one method of ensuring validity. By questioning the observations and perceptions of individuals with various levels of participation and varied perspectives and interests, validity is increased. As perspectives will be broad, their corroboration will ensure the evaluation is less open to chance or error. Those who will be encouraged to participate in the evaluation process will have played a variety of different roles in the project. Those who participated in the actual writing of the AFB may not have much input around the consultation process and those who participated in the consultation process may not have a great deal of input to offer around the issues that might have come up internally within committees. During

conversations with the various participants, it became apparent that the evaluation design and implementation will be most effective in ensuring participant response, if:

1. Questionnaires are simple and straightforward. Participants are more likely to take the time to respond if it is not a time consuming endeavour.
2. Questionnaires, whenever possible, are provided to people attending forums and provided with time to complete and submit them following the forum.
3. Questions are open ended allowing people the freedom to provide the commentary they wish rather than limiting them to what the evaluator wants to hear.
4. Questionnaires should be specific to the different levels of participation therefore more than one questionnaire should be designed.

METHOD

The method for evaluation and the selection of participants were devised after consideration of the factors discussed throughout this paper. The objective of the evaluation process is to measure participant perception of the effectiveness of the AFB process and outcome (content of the AFB).

There are two components to the evaluation of the AFB.

1. Community evaluation

Evaluation of community events and feedback on policy occurred throughout the year. Participants in budget schools or other forums were asked to complete questionnaires and return them to facilitators who returned them to the Winnipeg Working Group.

Questionnaires were designed to be very simple and straight forward with the intent to maximize response.

Collection of the data was problematic in that it was dependent upon the cooperation of forum organizers to encourage participants to complete the questionnaires. The result was an inconsistent rate of return. However limited, the data received provided useful information to the steering committee.

2. Interviews were conducted to gain insight from individuals who participated more directly in the AFB process.

This group consisted of:

- i) Policy group members, Steering Committee members and Working Group members. These individuals were most directly involved in the development of the AFB.
- ii) Community Organizers:
These individuals were directly involved in the organizing of community events, political activity, media events and public education.

A total select sample of 15 individuals from the above groups were included in this group. Each participated in a semi structured telephone interview conducted by the student. The sample was selected in an attempt to balance gender, regional differences, and

relationship to either the labour movement or other community groups. The following table provides an outline of the evaluation and methods used.

EVALUATING THE ALTERNATIVE FEDERAL BUDGET

ALTERNATIVE FEDERAL BUDGET EVALUATION	COMMUNITY EVENT PARTICIPANTS	COMMUNITY ORGANIZERS	STEERING COMMITTEE MEMBERS	WORKING GROUP MEMBERS	POLICY GROUP MEMBERS
TOOL	Questionnaire 1. Budget School Evaluation Form 2. "What Do You Think" form	Interview	Interview	Interview	Interview
NUMBER OF RESPONDENTS APPROACHED*	1. Unknown 2. Unknown	8	7	3	9
NUMBER OF RESPONDENTS (rate of response)	1. 52 2. 50 rate unknown	8	4	3	6

*some respondents participated in more than one capacity. Total respondents approached was 23. Total respondents was 15.

Other Demographics of respondents
 Female respondents = 7 Male respondents = 8
 Self identified as labour representative = 1 male
 Self identified as both labour and community = 1 female
 Self identified as community representative = 5 female, 8 male
 Regional representation
 Ottawa = 5, PEI = 1, rural southern Ontario = 1, Ottawa = 5 Montreal =
 2 (1 anglophone, 1 francophone)
 Winnipeg = 4, Saskatchewan = 1, Vancouver = 1, Victoria = 1
 Community Representatives further self-identified as:

Social justice = 7, Anti-poverty = 2, Youth = 1,
 Unemployment = 1, Childcare = 1, Economist = 1

The questions developed for the interview process were designed with the intent to encourage participants to report their *perceptions* of the AFB process and to some extent, the content. The interview was chosen as the method of inquiry as it would enable the interviewer to probe respondents in order to draw out perceptions. The interviewer would also have the ability to clarify responses to enhance validity. It was anticipated that because this group had demonstrated a commitment to the project by virtue of their involvement, they would be more willing to take the time necessary for an detailed interview. It was felt that the interview process would also increase reliability and validity as respondents would have the opportunity to clarify questions which would result in more accurate responses. The interview questions were developed in relation to the process and content objectives of the AFB. A standard set of questions was asked of all participants with additional sets of questions specific to community organizing, policy development, Steering Committee and Working Group involvement. (see appendix) Where respondents were involved in more than one aspect of the AFB, they were asked questions pertaining to each role.

VALIDITY AND RELIABILITY OF THE AFB EVALUATION

The standard concerns of validity and reliability associated with the interview process were evident. Patton (1984), describes a measure as valid "to the extent that it captures or measures the concept it is intended to measure." Ensuring validity of measurement in a qualitative analysis such as described within this paper will pose difficulties as responses will involve individuals recollection of events which can be open to error. It will however

be sufficient as a measurement of participants perceptions, and this is of central importance to the AFB. It is most important for participants to provide input and feedback which will address the objectives of the project as they perceive it. It is believed that allowing participants flexibility in their participation at the evaluation level is in keeping with the philosophy of the project and the benefits far outweigh the concerns that information received may be questionable in terms of validity. As with validity, the proposed method of evaluation will result in concerns with reliability. Patton (1984) describes measurement as reliable "to the extent that essentially the same results are produced in the same situation, and that these results can be reproduced repeatedly as long as the situation does not change." Once again, it is difficult to control for reliability in the chosen method of evaluation. The interview questions used were tested for reliability by asking individuals who participated in similar capacities as the respondents but who were not included in the sample selected. Through pretests, the interviewer was satisfied that the questions would solicit the intended responses.

It should be stated that ideally, the interview process would have been most effective if done in person. This would have controlled for environment and contexts and non verbal cues would have been observable. This however would have required a budget for travel which was not a reality.

DATA ANALYSIS

1. Budget school and community forum response

Depending largely on the cooperation of organizers and facilitators, Individuals participating in community forums were asked to complete two separate response forms.

i) "Budget School Evaluation" form

A total of 52 forms were returned to the Working Group. It is not known how many forms were distributed, as forums were often unstructured and participants were not counted. It is also unknown whether or not organizers and facilitators actually distributed the evaluation form. The purpose of this survey was to determine whether the forum was effective in providing information of how the AFB is developed. However minimal, the following information was found from those forms that were received.

EVALUATION

Table 1

Respondents were asked to rate their knowledge of the AFB prior to the forum they attended. On a scale of (0) to (5), (0) indicating no knowledge and (5) indicating extensive knowledgeable, respondents indicated the following:

No knowledge	very knowledgeable				
0	1	2	3	4	5
5	9	15	17	5	1

Knowledge reported after the forum was:

<i>Response</i>	0	1	2	3	4	5
	0	2	7	23	15	5

50% of respondents reported being adequately knowledgeable of the AFB as opposed to only 32 % prior to the forum. All respondents reported an increase in knowledge.

When asked about their comfort level discussing the AFB with others, respondents reported

<i>Response</i>	0	1	2	3	4	5
	1	2	7	14	16	12

44 % reported having an adequate comfort level

Respondents were asked if their questions about the AFB were answered. They responded in the following:

<i>Response</i>	0	1	2	3	4	5
	0	2	7	14	16	12

Over 80 % of respondents reported at least an adequate response to their questions.

Respondents were asked to rate the policy direction of the AFB and responded in the following way.

<i>Response</i>	0	1	2	3	4	5
	0	0	10	4	14	32

88 % of respondents agreed strongly or very strongly with the policy direction of the AFB.

Finally, respondents were asked whether they were happy with the balance between content of the workshop in terms of fiscal detail and political strategy. The majority of respondents were happy with the content (19) however many (12) would have liked more fiscal information.

ii) "What do you think" questionnaire

A total of 50 response forms were returned. It is uncertain how many individuals participated as at least 4 of these forms were submitted by a group of individuals who completed only one response after discussing each question. This questionnaire asked open ended questions soliciting opinions on fiscal issues and AFB content. The following was reported.

EVALUATION
Table 2

THE DEBT AND THE DEFICIT

Is deficit reduction important to you?

14 responded yes
16 responded that they did not believe it is a problem
15 respondents agreed deficit reduction is important however not at the expense of social spending
3 did not respond
2 were unsure

Does the deficit target of less than 3% of GDP seem realistic to you?

5 reported they felt this is a realistic target
13 reported 3% not realistic 2 of these respondent qualified that the target should be lower and 2 of the respondents felt 3% is to high.
29 individuals did not respond to this question
3 respondents were uncertain

What would you be willing to 'sacrifice' and not willing to 'sacrifice' in order to such a deficit target?

8 respondents indicated they would not be willing to sacrifice anything as they did not feel this would be necessary.
9 respondents would pay more taxes if they knew the tax system was structured more fairly.
14 individuals did not specify what they would be willing to sacrifice but clearly indicated that they do not believe in sacrificing social programs.
2 respondent pointed to the military as a place to cut spending
9 respondents indicated that the tax system should be altered to ensure less tax write offs and tax increases for large corporations and wealthy individuals.
2 respondents suggested a shorter work week as a sacrifice
2 respondents agreed to 'sacrifice' the politicians in office
4 did not respond to this question

EVALUATION

Table 3

TAXES

Should overall corporate tax increases be part of an overhaul of the Canadian tax system?

45 respondents answered yes 5 of those added that it would be necessary to close existing loopholes as well

1 respondent felt deferred taxes should be collected rather than any restructuring of the tax system

1 responded it is not necessary

1 indicated not knowing enough about other tax systems

1 indicated needing a better understanding of other countries to ensure Canada is competitive

1 did not respond

What other taxes could be increased in order to bring about greater fairness in the tax system?

Respondents had a variety of suggestions

28 of the respondents had more than one recommendation for tax changes

23 respondents felt their should be a wealth tax

15 indicated a need for an inheritance tax

13 respondents called for a financial transactions tax (The Tobin Tax)

7 respondents advocate a luxury tax be instated

less than 5 respondents each called for such measures as progressive sales tax, progressive income tax, corporate tax, bank tax, tax on lottery earnings, tightening existing loopholes, tobacco, gas, alcohol tax, tax on offshore investments, environment tax, capital gains tax, consumption taxes, technology tax, "layoff" tax

6 did not respond

EVALUATION
Table 4

JOBS

What do you see as a primary concern relative to unemployment or job creation in your region?

Again, responses were varied

4 respondents indicated a concern with increase in layoffs and spending in the public sector

4 indicated a need for public service jobs

4 indicated a concern with youth unemployment

4 suggested a reduced work week should be explored

4 respondents felt that more jobs could be created to maintain infrastructures

4 were most concerned with regional disparity and the lack of attention to resolving this concern

3 emphasized the failure to create well paying, long term employment

3 felt there could be greater emphasis in job creation in the environmental sector

3 respondents were most concerned with the social impact of unemployment in their community.

Other responses (1 of each) indicated uncertainty, lack of priority, youth, environment, education, transition into the workplace difficulties, exporting resources, large corporations forcing out small business,

1 respondent indicated a concern with immigrants taking existing jobs

6 had no response

What role should the federal government play in redistributing work time?

23 respondents called for legislation of a shorter work week

8 respondents felt that regulations should be placed on overtime

4 respondents felt that there should be some regulation of the use of part time workers

3 respondents felt the government should play a role but were uncertain as to what that role should be

Other responses included (1 of each) under 18 yrs should not be allowed to work, tax credits for volunteer work and child/elder care, a mechanism to reduce regional disparities, restructure in payroll taxes

1 respondent did not see a role for government

15 did not respond

EVALUATION

Table 5

SOCIAL POLICY

Do you think a National Social Justice participation foundation should be included in the 1997 Alternative Federal Budget as is proposed by the Social Policy group? Do you have additional suggestions for the Social Policy portfolio?

19 respondents agreed with the concept of a National Social Justice Foundation

Of the 19 respondents, the following qualifications were provided (1 of each)

- the foundation should play an important role in prioritizing spending
- the foundation should consider regional issues
- equal regional representation should be ensured
- a need for representation from all groups protected by the charter
- caution that another bureaucracy not be created

6 respondents did not feel they had enough information to comment

Other respondents (1 of each) suggested the following: concern about the separation of Quebec, national day care program, a national minimum wage, a national pay and employment equity program, and a national housing program, more emphasis on policy for women, aboriginal and visible minorities, a need for a co-op sector managed housing portfolio, emphasis that this not be a private foundation, the need for national standards, the need for social equity and wealth redistribution

18 did not respond

What do you see as the role of the federal government in health care? Is universality being undermined and if so do you see this as being a priority?

15 respondents indicated a need for national standards. 4 of those respondents added that adequate resources were necessary in addition to standards.

8 did not respond

5 respondents felt that universality is being undermined and should be a priority.

The following responses (1 of each) were also received

A concern with rural access to health care, medical profession undermining universality, expansion of alternative medicine, return to federal grants for health care, exploring new ideas, regulation of colleges, health care as a basic right.

1 respondent indicated that doctors seem to be advocating for a system which will threaten universality

1 respondent felt that people should pay a "deductible" based on their income

1 respondent called for federal regulation of colleges
1 simply stated that health care is a basic right
1 indicated that "nobody cares"

EVALUATION
Table 6

Future Directions

Finally, respondents were asked to provide further comment on what they saw or would like to see in the Alternative Federal Budget.

7 respondents were most concerned with expanding the AFB, involving more people and making it more accessible

4 respondents were most concerned about employment issues

4 respondents highlighted issues relative to post secondary education funding and costs for students

3 respondents expressed their approval of the AFB

2 respondents called for more attention to the Bank of Canada

2 respondents called for more focus on youth employment

2 respondents called for more focus on Canada Pension Plan

2 respondents were most concerned with developing a national child care program

other responses (1 of each) included

a need for focus on research and development, more attention paid to non profit groups in the delivery of social services, more focus on justice and human rights policies, more emphasis on child poverty, some form of international standards, income support and health care, housing policies, expansion of AFB policy areas, more focus on culture, development of the Tobin Tax and more attention to International Trade Agreements, representation of unpaid workers in the development of the AFB, fisheries policy, more innovative ideas, restoration of funding to the CBC and the funding of a public newspaper

One recommendation was a return to the format of discussion papers as was used in the 1995 process

1 respondent suggested the questionnaire was too limited and that the AFB should take a more radical approach

17 did not respond

SUMMARY OF RESPONSES

In general, the responses from the What do you think? survey indicated that respondents are supportive of the direction that the AFB is taking. They identified areas of concern which they felt required particular focus. Exploration around shorter work week legislation seems to be of interest to the majority of participants and calls for further attention. An overwhelming majority of respondents expressed a desire for tax reforms which would lead to a more progressive structure. The majority of respondents would like to see more focus on job creation, with specific groups such as youth targeted. Participants also identified an interest in further developing the concept of a social justice foundation. As would be expected, a variety of responses resulted from the request for further comment. The trend in this particular area however, was most relative to broadening involvement in the development of the AFB.

LIMITATIONS

Analysis of the above data revealed some limitations. Completion of the questionnaires was inconsistent, and largely dependent on the commitment of forum facilitators and organizers. It was not possible to clarify responses when they were not clear due to anonymity. The student was left to interpret what the respondent was trying to say in at least two incidents.

An additional concern was whether or not the evaluator was able to remain objective through the analysis. As this student was involved in many aspects of the AFB over the

past three years there is a need for the awareness that biases exist. Although it is not possible to be entirely objective at all times, awareness of this dynamic is essential.

It was also noted that 8 respondents did not complete the second page of the "What do you think" form. It is not known why. They may have run out of time, did not see the second page or chose not to respond for some other reason.

It is not known how many people participated in forums or received the questionnaires. However, it is certain that the response rate was very low. More than 1000 individuals would have participated in forums across the country however it is known that not all were provided with questionnaires. The question remains why people chose to respond or not respond. Who responded in terms of gender or relationship to the AFB, or whether they were union members or involved in other community initiatives? This information would have been interesting to have. It is recommended that this information be solicited in the future. It would also be interesting to know how much response was dependent upon the cooperation and encouragement of facilitators and organizers,(ie whether people were provided with time to complete the questionnaires during the workshop.)

Although the limited response to the questionnaires did not provide a sufficient sample to formulate analysis, it proved useful in further planning. Future AFB work will require a commitment to the ongoing evaluation process and facilitators and organizers will require instruction in this regard. The lack of participation and commitment at this level has

flagged a shortcoming of the AFB process which can be resolved and improved. This in itself can be of value.

ANALYSIS OF INTERVIEW COMPONENT

Method

The implementation of interviews was a more controlled process. Respondents were not anonymous and were engaged in discussion via telephone which allowed for clarification for both parties. As earlier stated, this group was specifically selected to control for diversity. See appendix for list of interview participants.

Not all individuals who were initially contacted participated in the evaluation process. The attempt to have equal representation in the evaluation process from labour and community groups failed. All representatives who identified as community representatives responded with enthusiasm to the request to be interviewed. Unfortunately many of those who were identified with labour organizations did not respond to several requests to participate which resulted with under-representation from this group. One individual who was listed as a co-chair of a policy group declined to be interviewed as she reported having become involved in another project and did not actually participate in the development of the policy document she was listed as having co-chaired. Another of the female co-chairs selected had since left her place of employment through which the AFB had contact. Another number could not be provided.

Equal representation based on gender was achieved. However, of the women who responded, most identified as community representatives. Regional representation was reasonable in terms of response rate. Respondents included individuals from PEI, rural/southern Ontario, Ottawa, Manitoba, Saskatchewan, Vancouver and Victoria.

Findings

In terms of content of the AFB, respondents generally felt that the objectives set out by the Steering Committee were met. All respondents felt that full employment and job creation were a central focus of the AFB. As well, respondents identified at least one area that they could not recall the AFB specifically addressing and all respondents indicated areas that they felt required particular improvement. One respondent felt that the term "full employment" could have been better defined. He argued that particular targets for unemployment should be introduced as in the case of the deficit targets. (Actually, the AFB does advocate for an unemployment rate of below 5% over five years.) One female respondent felt that full employment and job creation policies could have been better integrated with an overall equity theme. She felt that gender concerns such as domestic labour, full employment, job creation are all components of redistribution of wealth and should have been packaged in that way. This respondent was hesitant to expand, as she said she had expressed this concern to the Steering Committee on several occasions but they did not seem to see this as a priority.

When asked about whether the AFB policies protected jobs, 8 respondents felt this was implicit, 2 were uncertain and 5 individuals recall that this was stressed only in terms of public sector jobs. 15 respondents vaguely recalled attention to youth unemployment and job creation specific to that group while 2 respondents felt this was adequately addressed. The remaining 3 respondents felt that this area was not given enough attention and should be improved upon next year.

All respondents felt the AFB was on the right track in terms of equitable distribution of income and wealth and developing a more equitable tax system. Respondents unanimously reported that the role of public services was central to the AFB.

Knowledge and recollection of policies more specific to particular groups was vague.

When asked about whether economic equality between men and women was adequately addressed, 6 women responded that it was not comprehensive (radical) enough; 3 men felt it required more work and 6 men felt it was a central focus. The majority of respondents were vague on the commitment to protecting people living outside of Canada. Two individuals felt that there were clear improvements this year and 2 individuals felt that a discussion around industrial policy would better address international concerns.

Respondents did not recall any attention having been given to the equal treatment of non-traditional families in the AFB documents, although Steering Committee members recalled this having been discussed. The majority of respondents were uncertain of whether there

was sufficient attention paid to the rights of labour but assumed there was considering the strong involvement of labour in the AFB.

There was mixed reaction to the AFB's attention to the environment. Eight respondents felt that it was adequate, but were vague on details. Five respondents reported concerns but felt it was a good start. Three respondents were concerned that the AFB emphasis on consumerism and production could have repercussions for the environment. They would like to see more discussion on how we can better redistribute what we have with less attention on 'making more'. One individual felt that an industrial policy which would limit exports when not in compliance with labour and environmental codes would to some extent address international environmental and labour concerns.

There was also mixed reaction to the question of whether there is a place for the private sector in the AFB. Approximately half of the respondents were adamant that business is already well represented in the mainstream budget. The other half were unsure but felt that it was worthy of discussion as perhaps small business and progressive business people open to collaboration could have a role.

All individuals were generally satisfied with the content of the AFB. They felt that it is continually being improved and they were impressed that the various groups were able to come to consensus. Two individuals however questioned the meaning of consensus as they felt that the over representation of labour at the Steering Committee and the

awareness that labour is the major funder of the project creates an imbalance at the onset which would also impact on genuine consensus and creates an imbalance of power. This was qualified by the belief that there was a genuine intent that consensus apply.

Many suggestions were provided in an attempt to improve the content for next year.

Individuals expressed a desire in developing an industrial strategy to address the threat of business fleeing the country if policies such as those in the AFB were implemented. Two different themes emerged from this concern. Three individuals felt that we should focus on local development to minimize dependence on international markets. One individual suggested we more seriously consider what other progressive capitalist countries are doing. Two individuals felt that given the capitalist context, we need to acknowledge and address issues relating to our dependence on international markets and the very real threat of industry "moving out". They felt that the AFB does not take this concern seriously enough.

Other suggestions on improving the content included the need for a complete overhaul of the UI strategy, development of the Tobin tax and improvement of portfolios such as justice and culture. One individual was concerned that the documents were inconsistent in who they were addressing. Some areas seemed to speak to the educated, while others provided more explanation for those less informed about policy and economics. She suggested more thought be put into who the documents should speak to and consistently address that audience.

All respondents were most eager to engage in discussion around the process of the AFB. While all acknowledged they understood the complications for such a large project they felt that improvements were necessary.

Those interviewed liked the idea of the budget schools and consultation forums and felt supported by the Winnipeg Working Group. The majority of respondents felt that the biggest problem was in communication and the inadequacy of resources. The following recommendations were provided by respondents:

◆ Respondents felt there was need for more accountability for policy chairs. They suggested improvements in communication, linkage and dialogue. Policy chairs should be encouraged to consult with regions and community representatives in the development of their policies. One individual suggested a 'policy chair school' or at least a detailed schedule of responsibilities, expectations and deadlines.

◆ There was almost unanimous recommendation for a mechanism by which people in the various regions could be more involved. The over representation of policy chairs situated in either Ottawa or Winnipeg is seen as a problem. More outreach is necessary to get others involved at this level. Regional representatives should be consulted about facts pertaining to their regions and particularly around policies which have particular meaning for some regions. For example, in the case of employment creation and unemployment insurance, representatives from the Maritime provinces should be more involved.

◆ Respondents expressed a desire in having a representative in each region committed to making the AFB their priority. They would take responsibility for outreach, organizing educational forums and media events. Ideally resources should be available to ensure individuals are remunerated for their contribution so they would realistically be able to commit to this role.

◆ In Quebec the main problem was perceived as limited translation of AFB documentation. It was recommended that this be rectified if participation from francophones is expected.

◆ An evaluation process each year directly following the release of the AFB was suggested. This should be implemented by the Steering Committee. This would be valuable in terms of flagging issues and concerns and improving the process each year.

◆ Several respondents felt that labour was over represented in the AFB. As well, there needs to be a way to involve a more diverse group ie. aboriginal people and people of color, environmental groups. There should be more support and resources allocated to ensure this happens.

◆ Female respondents would like to see more effort to solicit women economists to balance gender among those involved in "hard" and "soft" policy areas.

● The Steering Committee needs to increase their focus on political action and education in the AFB. As the Steering Committee representation is predominantly oriented toward research, the political organizing and educational component is often secondary. This is an area we need to build on at this point. Perhaps individuals with expertise in this area could be solicited to participate at the steering committee.

Other concerns were focused on the educational component. It was suggested that this is an area that requires development at all levels. Organizers expressed a need to receive information in advance of the release of the AFB as they reported they "were still getting amendments on the morning of the release". Community groups suggested more support from local labour groups would be helpful in disseminating information to the broader public. One individual expressed concern that her organization had several requests for the AFB but had no way to reproduce it. They felt that labour groups in their region were not as supportive as they could be in organizing around the AFB. More than one respondent however qualified that although this was their experience with most labour organizations, they felt that the PSAC was extremely cooperative and enthusiastic about helping out.

A final theme that emerged was the allocation of resources. People were aware that funding was tight but they questioned the way it was used. Several respondents commented on the Ottawa forum organized by the CLC. It was unclear to these respondents, who attended the forum, what the objective was and for whom the forum was targeted. They were uncertain "what the role of community groups at the forum was." Some respondents felt that the forum was essentially a labour educational forum and community organizations had no real role. One individual was concerned with the involvement of the leader of the NDP as this gave the perception that the forum was a partisan event, "an NDP rally". Many questioned the obvious expense of the forum and felt that the money would have been better spent supporting communities and groups in their efforts to be involved in the AFB.

Although eager to comment on areas they felt required improvement, all respondents felt that the AFB has improved considerably and everyone does the best they can considering the huge undertaking involved and the scarcity of resources. All respondents indicated that they intend to remain involved in the AFB at some level and appreciated an opportunity to provide their observations in evaluation of the AFB.

IMPLICATIONS OF PARTICIPANT PERCEPTIONS AND RECOMMENDATIONS

Interviews with participants in the AFB revealed some concerns and differences that should be taken seriously by the Steering Committee as they could be relevant to the

future of the AFB. In terms of process, clearly improvements need to be made to better involve those who are currently participating and to reach out to more individuals to broaden that participation. There is a very real concern about the current lack of regional representation among policy chairs. It is essential that this be addressed. An aggressive campaign to solicit involvement at this level from other provinces should be a priority. This will bring in new ideas and will draw in more individuals from the networks of new policy chairs.

With regard to the content of the AFB, it is advisable that the Steering Committee take a serious look at the direction they are currently moving and acknowledge some of the concerns that individuals have expressed. A few areas which require serious discussion and debate:

1. The concern that the focus of the AFB on economic growth and consumer spending has not been given enough thought. The implications for the environment are one serious concern that was highlighted. What are the long term impacts of policies that rely on increasing Gross Domestic Product (GDP). The replacement of the GDP with the Genuine Progress Indicator (GDI) does address this concern somewhat however it requires further development. Similarly, the AFB does suggest a need to "emphasize quality of life rather than quantity of goods bought and sold" however policies do not in effect reflect this. Development of local development policies may address some of these concerns as well as concerns that follow.
2. The AFB goes on to suggest that the growth in the public sector is essential in ensuring that "the proceeds of growth are allocated more fairly". In fact the focus on the public sector in the AFB is clear. Many interviewed agreed with the importance of a strong public sector however they felt that more attention should be given to strengthening community involvement. More mention of the use of non-profit organizations and other community based services should be developed. It is my feeling that, the strong presence of Labour at the steering committee influenced the focus on the public sector. Although acknowledging the role of community organizations, this was not a particular focus.

Marginalized groups may be more likely to participate in the AFB if they were given a more central role within the policies developed in the AFB.

3. The development of an Industrial policy appears to be a necessary component to address some inadequacies in the AFB. Environmental, Labour, International policies require a component which acknowledges international market realities. The AFB does not seriously acknowledge the global realities that are part of the context. This again appeared to be more so for labour participants. Community participants seemed concerned about this reality in terms of the viability of the AFB.

4. There needs to be development of gender equity within the AFB. For example, development of policies which recognize the contribution of women caring for children and elders was stressed by the majority of women interviewed. Although not a simple task, to ensure this is built into future AFB's, there should be priority placed on soliciting the involvement of a female economist with expertise in this area.

CONCLUSION

The evaluation of the AFB, though somewhat limited, functioned as a means of soliciting valuable feedback from participants. Limitations have been identified and indicate how the process of evaluation can be improved upon in subsequent years. If taken seriously, community feedback can offer an opportunity for the AFB to make necessary changes which would demonstrate a commitment to community participation. An evaluation process is essential if people are expected to voluntarily commit their time and energy to the project. In order to meet the fundamental components of a participatory research and political mobilizing exercise, and to nurture further growth and development of the AFB process, soliciting feedback from people must have a more prominent place in the process.

The evaluation process flagged key themes of concern that require attention. In particular, the dynamics between labour and community groups are clearly an issue. These concerns are not specific to the AFB however identifying them at this time can provide an

opportunity for dialogue and debate. Such a discussion can serve to strengthen and unify "the left", if the different players are willing to acknowledge the existence of problems and work toward resolving this. It would be in the best interest of all if we could focus on the shared vision and make concessions for the purpose of strengthening opposition to current political choices. Labour will be required to acknowledge their position of power and will need to relinquish some of that power if such an exercise is to have effect. The AFB will have had great success if resolving some of the issues between labour and community groups is realized.

The virtues of a strong evaluation process have been strongly presented. Unfortunately, evaluation of the AFB is not currently a component of the AFB process. The evaluation reported here was developed and implemented by this student with varied cooperation of AFB participants. The tools that were developed for workshop participants were not used to their maximum potential. There continued to be difficulty in getting organizers and facilitators to encourage people to complete evaluation tools. This brings into question the commitment of those central to the AFB to community participation and inclusion. This will be further explored in the students observations and reflections of the AFB.

PERSONAL OBSERVATIONS AND SELF-REFLECTION

At the onset, the prospect of playing a role in the Alternative Federal Budget Project was a very exciting opportunity to combine a variety of social work concepts and put them

into practice in a non traditional setting.. The idea of building a social movement around viable alternative economic policies seemed to be just what the political left was needing to become re-energized and motivated. As a student with a belief in a structural approach to social work, the AFB appeared to be a logical place to put this method into practice and to expand knowledge in an approach to social work which is currently not the focus of institutionalized, mainstream social work education.

The guiding principles and objectives that were agreed upon by the steering committee appeared to be progressive and acceptable to a wide variety of interests. The AFB appeared to share many of the values that social work, as a profession, maintains to be central to it's philosophical roots.

It has been almost four years since the idea of an alternative federal budget was first conceptualized and later actualized, by labour and community activists. The idea remains exciting and promising, and participation and awareness have progressively grown. The process however has not been without problems. As was expected from the onset, differing interests have often resulted in conflict throughout the process. The shared vision of creating an alternative federal budget seemed to overshadow differences in most cases, allowing consensus to be reached. Formal and informal feedback from Participants indicates a general positive response with the policy and fiscal direction the AFB has taken. However, many issues and concerns have emerged relative to process. Many of my personal observations were reflected by those interviewed for the final evaluation. My

involvement and discussions with others also generated the following personal concerns and observations.

PROCESS

In terms of process, as outlined in the structure of the AFB, the flow of input from the community was to be fed back to the policy chairs and incorporated into the final policy papers.

In the initial year, policy papers were developed prior to receiving feedback from the community and therefore they did not reflect discussions and recommendations in the final document. This was acknowledged to be a weakness and a target for development in the second AFB. This changed somewhat in year two however not to the extent that would reflect the inclusive intent of many involved in the AFB. The commitment to inclusive process and the encouragement of broad community involvement was dependant on the policy chair. Some policy chairs were more responsive to community input than were others. Other policy chairs were clearly less committed to community involvement at the level of policy development. These individuals have stated a belief that the consultation process should occur after the budget documents have been developed. It is their view that the "experts" in the policy group should pull the AFB together and inclusion need not require community input but rather input from those hand picked to participate in policy groups. The final product can then be presented to community groups and union members as a viable alternative to what currently exists. Others did not dispute the need for

community input. However, when individuals expressed an interest in getting involved, many chairs failed to encourage their involvement. Although this is not the view of the majority, it is the view of key individuals from labour who have a strong presence at the steering committee and therefore I have serious concerns about how this effects the dynamic at that level. The reality that labour funds the AFB results in a certain amount of power, whether or not explicitly exerted. Even a few key labour participants not in appreciation of the need for community involvement causes concern for the future of the AFB.

It should be acknowledged that the failure to be inclusive was not always due to a lack of belief in and commitment to the participatory intent of the project. AFB participants are volunteers. The time people have to commit to the project is very limited. This often makes it difficult to reach out for input as much as many would like.

The commitment to consultation and public education was also undermined by a lack of commitment to properly fund this aspect of the AFB. Ninety percent of the funding for the AFB was generated through the Canadian Labour Congress. The CLC provided a small amount of money for regional consultations however it was not possible for members participating at this level to spend a lot of time assisting in organizing community events. The positive side of this was that the onus was left of people to organize their own events in their own regions resulting in a sense of ownership for those who became involved. We did not 'lose' people along the way. Those who became involved at the

community level seemed to continue and often increase their involvement with the project.

Regionalization of the organizing of events also had some drawbacks. Different groups chose to focus on different areas and therefore some participants felt that they did not receive the information they would have liked. Workshop evaluations reflected this.

When asked whether they were satisfied with the content of the workshop, 38% responded that they would have preferred more information in other aspects of the AFB.

The structure and focus of workshops were guided by a pre-determined format, however, presenters did have the freedom to deviate from the suggested format and were able to respond to the individual needs of each group. The focus to be taken was dependent on the interests of each group. For example, a budget workshop organized by community activists would often want more focus on public education and community mobilization while a budget school for labour educators would be focused on content which was more pertinent to their membership.

THE POWER IMBALANCE

The reality that the Canadian Labour Congress was a major funding body of the AFB resulted in a very real imbalance of power at all levels. Many community organizations represented at the steering committee did not have the financial resources of labour organizations. Although I do not believe this to be the intent, a hierarchical structure was unavoidable as a result of the consistency of involvement. Formal and informal feedback reflected this observation and examples such as the following were provided.

1. Community organization representative could not always afford to attend all steering committee meetings and therefore decisions could be made without their input.
2. "Soft" issues pertaining to health, education and welfare were often left to the end of the agenda. Community representatives could not often take the time to stay for the entire meeting and often missed important discussions most relative to their concerns.
3. All Steering Committee participants were aware that the majority of funds were provided by the Canadian Labour Congress. This awareness set the tone for all discussion and decision making. If there was disagreement on key issues in policy development, the position of labour would often win the debate.

For example, in year one, the Public Service Alliance threatened to pull out of the exercise altogether when the foreign policy group took money out of the military. This would result in a loss in public service jobs. This was an issue that both sides eventually agreed upon however the Public Service Alliance had the power to ensure the issue was revisited. During that same year, the National Anti Poverty Organization expressed concerns with the Social policy portfolio. Its concerns were not addressed. It was told that they would be addressed in the following year.

4. Many of the AFB participants from labour organizations were assigned the AFB as part of their work therefore they had more time to commit than others in developing their positions. If participants were not completely in agreement, they often did not have the resources and time to develop a position to debate on an equal level and therefore. The needs of labour were definitely front and centre at the onset.
5. Gender imbalance was apparent in terms of those involved in the macro economic strategy. Gender issues throughout the budget could be addressed if a women economist

with expertise in this area were drawn into the steering committee. In all fairness however, there has been effort made to solicit such involvement but once again, suitable candidates are otherwise committed.

I also found a lack of commitment in evaluation of the AFB. Working committee members and steering committee members did meet at the end of each budget year to review the process and discuss changes for the subsequent year. A commitment for feed back to ensure continual improvement in the process was explicitly stated however in reality facilitators of workshops rarely encouraged participants to complete evaluation forms. Evaluation forms directed at policy group participants were also rarely completed. Again, this student is aware that time was an issue for many although clearly some members felt this was not a priority. It is possible that there were concerns regarding the evaluation tools or the intention of how the data was to be used. However, the Steering Committee were provided with the opportunity to have input in the design at the point of its development. Few responded to this invitation. It is also possible that facilitators did not encourage completion of the forum evaluation as they may have felt it was a reflection on their skills as facilitators.

At times, my perception that consultation was not viewed as being high on the list of priorities was discouraging. The consultation, public education and outreach work was often marginalized. At meetings, this discussion was always at the bottom of the agenda with little time left for discussion of this aspect of the AFB. Many participants had left meetings by this time and those that remained were often tired and in a hurry to be on

there way. Again, the reality of peoples busy schedules needs to be taken into account however I don't think this was a priority for most steering committee members and working committee members.

REGIONAL PARTICIPATION

In terms of participation, there are some obvious demographics that should be noted. With the exception of the chair of the youth policy group, all policy chairs were from Ottawa, Toronto or Winnipeg. As the AFB was initially developed by CHOICES in Winnipeg, the CCPA and the CLC in Ottawa, it is not surprising that policy chairs, at least initially, would have come from these networks. It is unfortunate however that this has not expanded sufficiently beyond these networks. The AFB now has over 2000 organizations and individuals on the mailing list. Close to 200 academics across the nation, including economists and policy experts have endorsed the AFB. It would seem to follow that involvement at the policy development level would also have expanded however this has not been the case. Each year people are invited to participate but there has been minimal response. Again this can be partially explained by the lack of time, but broader involvement is necessary to address regional concerns and needs. For example, feedback from eastern provinces reflects a concern with the lack of attention to their needs in employment creation policy. Involvement of regional representatives in the development of policy in this area may have addressed this concern. At minimum, policy chairs should be encouraged to seek out people across the country for feedback and input in their particular portfolios. It would also be helpful to have participants from other

regions attend steering committee meetings when possible to broaden the perspective at these forums. This however is a problem in terms of resources.

Participation at the community level has grown and is encouraging. For the most part, participants have continued to work on the AFB once they have been drawn in and through their own networks, have involved more people in their regions. We need to continue to support these people and ensure that their concerns and ideas are responded to if the project is to continue to grow. I emphasize that if the AFB maintains to be a grassroots project, more energy, respect, appreciation, commitment and funding must be available at the community level or accusations that the AFB is a 'labour' budget will not be dispelled. There is a need for better communication within regions. For example, there were some problems with cooperation between labour and community in British Columbia and between Anglophones and Francophones in Quebec. An attempt to deal with existing problems was largely made by presenting issues to the steering committee. Participants were encouraged to voice their concerns with the objective of improving matters in the future.

An additional observation in the area of regional involvement is the number of 'ex-Winnipeggers' who have become involved in the AFB. Individuals now residing in Montreal, Victoria and Vancouver became aware of the AFB through their networks and having been familiar with the work of CHO!CES, approached us to find out how they could become involved in their communities.

A final observation that is worth noting is the evidence of internal political struggles within the AFB structure. There was constant struggle over 'turf' which often resulted in conflict. As the AFB evolved many involved in the project were not pleased with the original structure and division of work. It appeared that some organizations saw others as interfering with their constituencies and mandates. In my view, this often occurred because of unclear boundaries of who played what role. In fact, when asked to describe the relationship between the steering committee and the working group, 12 of the 15 individuals interviewed were uncertain. For example, problems between CHO!CES and the Action Canada Network continued throughout the project. The ACN see themselves as the national coordinator of social justice groups across the nation whereas CHO!CES is a Manitoba based social justice group. CHO!CES however was given the role to coordinate regional development of the AFB and the ACN likely saw this as their mandate.

CLOSING COMMENTS and PERSONAL EVALUATION

I feel very fortunate to have been part of the AFB from its inception. It was a fascinating experience in organizational development, community organizing, policy development, political struggle, media relations, public education and community mobilizing. Most interesting was my observation of the internal political struggle of people who began with a shared vision of society but often got caught up in their own personal agendas which overshadowed the goals and objectives of the AFB.

It is my hope that the AFB will continue to grow and will begin to sway public priorities back in the direction of a strong central government and a redistribution of wealth and justice. My greatest concern for the AFB is that the grassroots and participatory intent is not currently a priority. This concern was also felt by community organizers who were interviewed. It is my view that participation and involvement of the community must be central to the AFB if it is to continue to develop and grow. This requires commitment and work beyond the 'paper work' . I am very concerned with the dynamics that divide labour and community. Although many individuals, particularly those in labour, did not feel this was an issue, I maintain that it is. Labour, by virtue of their financial advantage and ability to commit time to the AFB, come to the table with well researched positions prior to consultations. Others around the table are invited to provide input however are often overwhelmed by the 'headstart' of labour. The time involved in developing an equally strong position that may incorporate elements labour does not address is often not possible. The result is some tinkering, but eventual agreement or 'consensus'. But, is this really consensus when organizational resources are unequal?

Without the community component the hours of work that go into developing the AFB will be wasted and the AFB will sit on the shelves of the academics and labour researchers who wrote them. It is essential that participants in the exercise revisit the initial goals and objectives and reexamine why participation was viewed as central to the AFB process.

PERSONAL EVALUATION AND DILEMMAS OF THE SOCIAL WORK ROLE

In terms of my involvement as a social worker with a position involving the coordinating of community workshops, budget schools, forums and media events across the country, I feel that I fulfilled my personal objectives of ensuring that community involvement was encouraged and nurtured for both short term participation and mobilization over the long term.

I continue to strongly believe in the efficacy of the AFB exercise and I have great respect for the many individuals I have worked with throughout my involvement. I believe that I carried out my role to the best of my ability and was effective in increasing community participation throughout the three years I was involved.

Central to my role with the AFB was to ensure that the process remained inclusive. However, the following barriers limited the extent to which this actually occurred. It would be helpful if those considering practice in a similar vein are aware of some of the difficulties that I experienced. The values of social justice and self determination are key concepts in social work and provide a place to begin. In reality, we work with a variety of personalities and agendas and there is a need to constantly balance our personal perspectives with those of others. The following realities emerged and created difficulties in my work. An awareness of these dynamics will be helpful, if for no other reason than to

provide the practitioner with scenarios they might anticipate while working with diverse backgrounds and experiences.

1. Community consultation

There was a lack of cooperation and commitment of steering committee members and funders. This remained evident to me throughout the project, although this observation would not be supported by some individuals from the labour movement. Officially, AFB decision makers maintained a commitment to community input however in reality, the funds were not made available to make this happen in a substantive way.

2. Centralization

The lack of regional representation in planning and policy development hindered the involvement and investment of energy of communities outside of Ottawa and Winnipeg. This also resulted in a smaller network of contacts as the unfamiliarity between local activists and AFB organizers limited involvement.

3. Labour and community dichotomy

The reality that labour held control of the project through their financial position impacted on the trust of many in the community. This often lead to a hesitancy for more marginalized community groups to become involved.

In an attempt to maximize inclusivity, given the above barriers, I found it useful to have frequent telephone contact with community activists who showed an interest but were not yet actively involved in the AFB. This was crucial in order to build a relationship and sense of trust. As labour activists were well connected to the AFB and communication was strong within the labour network, less emphasis was necessary in terms of outreach with that group. Community activists were often isolated and sceptical with minimal resources. Both moral and administrative support were necessary to nurture these relationships. Unfortunately, constraints did not allow for the financial support that was also necessary. I also found it helpful to acknowledge the frustrations expressed by community activists. Denying that there were tensions between labour and community groups only reinforced scepticism. Clearly, problems in the AFB model exist and I felt it responsible and fair to acknowledge those problems. I found that this allowed for a more trusting relationship between myself, as a liaison and support, and other community activists. People did not need to hear me tow the party line. I felt that they were appreciative of my honesty in terms of supporting the AFB but being critical of the weaknesses.

It is my feeling that the objective of inclusive process and the commitment to broad community participation, although explicitly stated, were not given priority by the AFB organization. This was at times discouraging and I often questioned if my work was effective or valued by others in the working group and members of the steering committee. As time went on, I became less and less enthusiastic about trying to convince

colleagues of the long term value and necessity of genuine community involvement and public education as means for mobilization and consciousness raising. Though somewhat naïve at the onset, I began to see the many other agendas that were part of the organizational and personal dynamics. I often felt that labour wanted community involvement in name only, to give the project credibility however they made many decisions without consulting with others. One example being the organizing the costly Ottawa forum which many questioned as being an elaborate and inefficient use of funds, while regional consultations funds were scarce. The Ottawa forum was organized by the CLC. AFB members were not involved in the organization of this event and therefore its purpose remains unclear to most involved.

My observations along the way had an impact on my view of the role of labour in the AFB. I found myself questioning their motives and their commitment to community involvement. I continue to be concerned that they appeared to use their financial position to control the direction that the AFB would take. They questioned forums that were organized by community groups but that had not involved labour, however they organized many events without the involvement of community. They failed on many occasions to acknowledge the financial discrepancy between labour and community groups which often resulted in the absence of community representation.

The internal political dynamics of the AFB have been a distraction from the original vision and have resulted in some disillusionment for this participant. Power struggles from

within the AFB organization continue to be evident. The tension around funding remains an issue. Struggles over responsibilities and structure continue as the AFB continues to iron out the wrinkles of what appears to be a continually evolving model. Although often difficult, the fact that the AFB continues to evolve provides hope for the future. Key individuals continue to hear community concerns and appear to be open to change. The many individuals I personally worked with from various labour groups and the community, gave tirelessly to the AFB as result of their unselfish commitment to a fair and equitable society. They continue to be an inspiration for my continued participation.

The message I learned through my experience with the AFB that has been most valuable, is that it is important to remain focused on the vision. It is almost certain that there will always be individuals with less integrity and motives other than what we would hope for, however it is important to not be distracted from the goal. Social work practice in the clinical sphere as well as in policy - practice are not immune to personal and political value differences. It is therefore essential to work closely with individuals with a similar view of the world for they will support and strengthen your ability to practice in a manner consistent with your values and beliefs.

This practicum report explored many questions and dilemmas which are often pondered by social workers concerned about social justice. The preceding pages attempted to address these concerns, which persistently emerge when trying to find a role for social work in the current social and political milieu.

This paper attempted to demonstrate one example, consistent with social work values and beliefs, of a community driven exercise which engaged the community in defining solutions to the gaps in public policy. The AFB currently remains active in building policy alternatives. Organizers have been responsive to criticism and are working toward improvements aimed at strengthening community involvement in the process.

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APPENDICES

APPENDIX 1

CHANGES TO FEDERAL SOCIAL PROGRAMS AND TAXES, 1985 - 1993.

(Taken from Courchene, Thomas J., *Social Canada in the Millennium*, 1994. C. D. Howe Institute).

Appendix

Changes to Federal Social Programs and Taxes, 1985-93

Child Benefits

1986

- Partial indexation of family allowances (benefits adjusted each year to the amount of inflation over three percent).
- Refundable child tax credit increased from \$384 per child in 1985 to \$454 per child in 1986.
- Prepayment of refundable child tax credit introduced for families with net incomes of \$15,000 or less (\$300 per child in November 1986 and the remaining \$154 after 1986 income taxes are filed early in 1987).
- Family income threshold for maximum refundable child tax credit lowered from \$26,330 to \$23,500 and partially indexed (to the amount of inflation over three percent).
- Children's tax exemption kept at \$710 per child.

1987

- Refundable child tax credit increased from \$454 per child in 1986 to \$489 per child in 1987.
- Children's tax exemption reduced from \$710 per child in 1986 to \$560 per child in 1987.

1988

- Refundable child tax credit increased from \$489 in 1987 to \$559 per child in 1988; increased by an additional \$100 for each child age 6 and under (less 25 percent of any child care expense deduction claimed for the child),

bringing the total maximum credit to \$659 for each child age 6 and under and \$559 for each child age 7 to 17.

- Family income threshold for prepayment of the refundable child tax credit (\$16,060) set at two-thirds of threshold for the refundable child tax credit (\$24,090).
- Children's tax exemption converted to nonrefundable child tax credit worth \$66 in federal income tax savings for each of the first two children and \$33 for each additional child in a family.

1989

- Nonrefundable child tax credit partially indexed from \$66 in 1988 to \$67 in 1989.
- Refundable child tax credit adjusted by partial indexation from \$555 in 1988 to \$565 per child in 1989; increased by an additional \$200 for each child age 6 and under (less 25 percent of any child care expense deduction claimed for the child), bringing the total maximum credit to \$765 for each child age 6 and under and \$565 for each child age 7 to 17.
- Family income threshold for maximum refundable child tax credit adjusted by partial indexation from \$24,090 in 1987 to \$24,355 in 1989.
- Clawback imposed on family allowances (benefits reduced by 15 cents for every dollar of the higher-income parent's net income over \$50,000); phased in by one-third in 1989, two-thirds in 1990 and fully from 1991 on families affected by the clawback required to repay only one-third of the amount for 1989.

1991

- Canada ratified the United Nations Convention on the Rights of the Child.

1992

- "Brighter Futures Initiative" announced: new child tax benefit proposed (see 1993); \$500 million Child Development Initiative to promote the health and well-being of children at risk.

1993

- Child tax benefit introduced: replaced family allowances, nonrefundable child tax credit and refundable child tax credit with single refundable child tax credit.

monthly credit worth maximum \$1,233 a year for each child age 6 and under and \$1,020 a year for each child age 7 to 17; larger families get an extra \$75 a year for third and each additional child. Maximum credits paid to families with net family incomes under \$25,921, above which the credits are reduced by 2.5 cents for every additional dollar or net family income for families with one child and five cents for every additional dollar for families with two or more children. Working poor families get up to \$500 more per household per year from an "earned-income supplement" payable to those with employment earnings of \$3,750 or more; the supplement phases in at a rate of eight percent, so the maximum \$500 begins once employment earnings reach \$10,000 and continues until net family income of \$25,921, above which the earned-income supplement is reduced by 10 cents for every additional dollar of net family income. The new child tax benefit (including the earned-income supplement) and the income thresholds are partially indexed (to the amount of inflation over three percent).

Child Care

1987

- "National Strategy on Child Care" announced, but its centerpiece — a new Child Care Act to replace day care provisions of the Canada Assistance Plan (CAP) — failed to become law before the November 1988 election.

1988

- Child care expense deduction raised from \$2,000 to \$4,000 for each child age 6 and under and for children with special needs; remained \$2,000 for children ages 7 to 14.
- Maximum family limit of \$8,000 for child care expense deductions eliminated.
- Child Care Special Initiatives Fund, part of the National Strategy on Child Care, began on April 1, 1988 (\$100 million over seven years).

1993

- Child care expense deduction increased from \$4,000 to \$5,000 for each child age 6 and under and from \$2,000 to \$3,000 for each child age 7 to 14.

Pensions

1985

- **Spouse's Allowance extended to all widows and widowers 60 through 64 years of age who are in need, regardless of their spouse's age at death (before, the deceased spouse had to be 65 or older).**
- **Proposal in 1985 budget to partially index old age security benefits (to the amount of inflation over three percent) abandoned in face of widespread criticism from seniors' organizations and other groups.**

1986

- **Limit on income tax deduction for Registered Pension Plan contributions (\$3,500) abolished.**
- **Limit on income tax deduction for Registered Retirement Savings Plan contributions for taxpayers without Registered Pension Plans (lesser of \$5,500 or 20 percent of earnings) raised to the lesser of \$7,500 or 20 percent of earnings.**

1987

- **Canada Pension Plan (CPP) amendments include:**
 - **flexible retirement benefits payable as early as age 60 and up to age 70 (with actuarial adjustment downward of 0.5 percent for each month between 60 and 65 and upward of 0.5 percent for each month between 65 and 70);**
 - **increased disability benefits (monthly flat-rate portion went from \$91.06 in 1986 to \$242.95 in 1987) raising total maximum monthly benefit from \$455.64 in 1986 to \$634.09 in 1987;**
 - **in the event of divorce after 1987, time limit of three years lifted for applying for credit-splitting (that is, equal division of all Canada Pension Plan credits earned by both spouses during their life together); requirement of formal application replaced by Minister of National Health and Welfare being informed of the divorce and receiving information necessary to effect the division; and credit-splitting made mandatory except where a spousal agreement entered into after June 4, 1986, expressly mentions the spouses' intention not to divide CPP credits and**
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where such a spousal agreement is permitted under provincial family law (only Quebec and Alberta currently permit this exception);

- extension of current credit-splitting provisions to cover marital separations and the breakdown of common-law relationships (formal application for credit-splitting is still required);
- married spouses permitted to share in retirement pensions earned by both partners during their marriage;
- more equitable calculation of combined benefits (that is, combined survivor and retirement, combined survivor and disability);
- survivor benefits to continue for survivors who remarry;
- payment of two children's benefits if both partners die or become disabled.

- Schedule of long-term increases in Canada Pension Plan contribution rates for employees and employers agreed to by Ottawa and the provinces: rates increased by 0.20 percentage points annually from 1987 through 1992 and 0.15 percentage points annually from 1993 through 2011; every five years, federal and provincial finance ministers to review contribution rates, making any required changes and extending schedule for five more years.
- Canada Pension Plan contribution rate increased from 3.6 percent (1.8 percent for employees, 1.8 percent for employers and 3.6 percent for self-employed) of contributory earnings (earnings between \$2,500 and \$25,800) in 1986 to 3.8 percent (1.9 percent for employees and employers, 3.8 percent for self-employed) of contributory earnings (earnings between \$2,500 and \$25,900) in 1987.
- Improvements to *Federal Pension Benefits Standards Act* governing occupational pension plans for employees under federal jurisdiction (federal and territorial government and Crown corporation workers, workers in federally-regulated industries such as banks, interprovincial transportation, radio and television broadcasting) include:
 - all full-time employees in an occupational group covered by a pension plan must be eligible to join the plan after two continuous years on the job;
 - part-time employees earning at least 35 percent of the Year's Maximum Pensionable Earnings under the Canada or Quebec Pension Plan for two consecutive years have the right after two continuous years on the job to join pension plans available to full-time workers in the same occupational group;
 - pension contributions must be vested (that is, employees are entitled to contributions made on their behalf by their employer) and locked in (that is, employee and employer contributions are not accessible to the employee

until retirement) after a worker has belonged to a pension plan for two years (applies to pension benefits earned after January 1, 1987);

- better portability provisions (plan members who change jobs can transfer vested pension benefits to the plan of their new employer, if that plan so permits, or to an individual locked-in RRSP or to an annuity that pays pension benefits upon retirement);
- plans subject to the *Pension Benefits Standards Act* must provide the option of a lifetime survivor pension equal to 60 percent of the pension of a deceased plan member who was eligible for retirement at the time of death (the survivor pension can be waived if both spouses so declare in writing); survivors whose deceased spouses were not eligible to retire at the time of death must receive a benefit worth the value of the vested pension that has accrued after 1986; survivor benefits can no longer be terminated if the survivor remarries.

1988

- Pensioners allowed to deduct Canada/Quebec Pension Plan contributions, unemployment insurance premiums and employment expense deduction when calculating their income for purposes of determining their eligibility for and benefits from the Guaranteed Income Supplement or Spouse's Allowance.
- Canada Pension Plan contribution rate increased to 4.0 percent of contributory earnings (2.0 percent for employees and employers, 4.0 percent for self-employed) of contributory earnings (earnings between \$2,600 and \$26,500).

1989

- Clawback imposed on old age security program: old age pension reduced by 15 cents for every dollar of the senior's net individual income over \$50,000; partial clawback applies to pensioners with net incomes between \$50,000 and \$76,333 (that is, they keep a portion of their old age pension after paying income taxes and clawback) and full clawback affects those with net incomes over \$76,333 (that is, they must repay all of their old age pension); clawback phased in over three years, so clawed-back pensioners had to repay one-third of clawback in 1989, two-thirds in 1990 and the full amount from 1991 on.
- Canada Pension Plan contribution rate increased to 4.2 percent (2.1 percent for employees and employers, 4.2 percent for self-employed) of contributory earnings (earnings between \$2,700 and \$27,700).

1990

- **Canada Pension Plan contribution rate increased to 4.4 percent (2.2 percent for employees and employers, 4.4 percent for self-employed) of contributory earnings (earnings between \$2,900 and \$29,000).**

1991

- **Canada Pension Plan contribution rate increased to 4.6 percent (2.3 percent for employees and employers, 4.6 percent for self-employed) of contributory earnings (earnings between \$3,000 and \$30,500).**
- **Limit on income tax deduction for RRSP contributions for taxpayers who belong to Registered Pension Plans set at the amount of any unused RRSP contribution room at the end of the preceding taxation year plus the lesser of \$11,500 or 18 percent of the previous year's earnings minus the taxpayer's Pension Adjustment (a measure of the value of Registered Pension Plan benefits accrued the previous year).**
- **Limit on income tax deduction for RRSP contributions for taxpayers without Registered Pension Plans raised from the lesser of \$7,500 or 20 percent of earnings to the lesser of \$11,500 or 18 percent of earnings for the previous year.**

1992

- **Increase in benefits for children of CPP contributors who die or are disabled (from \$113.14 a month in 1991 to \$154.70 a month in 1992).**
- **Revised schedule of long-term increases in Canada Pension Plan contribution rates for employees and employers agreed to by Ottawa and the provinces: 0.20 percentage points annually from 1987 through 1996, 0.25 percentage points annually from 1997 through 2006 and 0.20 percentage points annually from 2006 through 2016; as a result, combined employee-employer contribution rate for 2011 will be 9.10 percent under revised schedule as opposed to 7.60 percent under previous schedule.**
- **Canada Pension Plan contribution rate increased to 4.8 percent (2.4 percent for employees and employers, 4.8 percent for self-employed) of contributory earnings (earnings between \$3,200 and \$32,200).**
- **Limit on income tax deduction for RRSP contributions for taxpayers without Registered Pension Plans raised from the lesser of \$11,500 or 18 percent of earnings for the previous year to the lesser of \$12,500 or 18 percent of earnings for the previous year.**

1993

- Canada Pension Plan contribution rate increased to 5.0 percent (2.5 percent for employees and employers, 5.0 percent for self-employed) of contributory earnings (earnings between \$3,300 and \$33,400).
- Planned increase on limit on income tax deduction for RRSP contributions for taxpayers without Registered Pension Plan (to the lesser of \$13,500 or 18 percent of previous year's earnings) delayed until 1994, so 1993 limit remained at 1992 level (lesser of \$12,500 or 18 percent of earnings).

1989

1990

Unemployment Insurance

1985

- Severance payments included as employment earnings for establishing unemployment insurance (UI) benefits.

1986

- Pension income included as employment earnings for establishing UI benefits.
- UI premiums for 1986 kept to 1985 rates — \$2.35 per \$100 of insurable earnings for employees and \$3.29 per \$100 of insurable earnings for employers — instead of increasing under existing rules to \$2.60 per \$100 of insurable earnings for employees and \$3.64 per \$100 of insurable earnings for employers.

1987

- Pension income not to affect UI entitlement if claim established on the basis of insurable employment accumulated after the pension commenced or if the UI claim started before January 5, 1986.

1988

- Mothers who are not able to take their newborns home immediately after birth may defer their 15 weeks of maternity leave until baby is released from hospital (retroactive to March 23, 1987).
- Extended maternity benefits to father who, due to death or disability of mother, becomes primary caregiver.

1991

1989

- **UI premiums (\$2.35 for every \$100 of insurable earnings for employees and \$3.29 per \$100 of insurable earnings for employers, in effect from 1985 through 1988) lowered to \$1.96 per \$100 of insurable earnings for employees and \$2.73 per \$100 of insurable earnings for employers.**

1990

- **Full cost of UI shifted to employers and employees (Ottawa's share was \$2.9 billion out of a total of \$12.6 billion in 1989).**
- **UI premiums increased to \$2.25 per \$100 insurable earnings for employees and \$3.15 per \$100 of insurable earnings for employers for 1990 through 1992.**
- **Qualifying period for UI increased from 10-14 weeks to 10-20 weeks depending on regional unemployment rate.**
- **Maximum duration of UI benefits reduced from 46-50 weeks to 35-50 weeks.**
- **In addition to 15 weeks of existing UI maternity benefits, ten weeks of parental benefits made available to mother or father (or shared between them) of newborn or adopted child; parental benefits may be extended to 15 weeks where the child is six months or older upon arrival at the claimant's home and suffers from a physical, psychological or emotional condition.**
- **UI sickness benefits remain unchanged at 15 weeks but may be combined with maternity and parental benefits; maximum of 30 weeks in special benefit entitlements.**
- **UI retirement benefits payable when insured person reached age 65 (three-week lump sum) eliminated; aged workers continue to contribute but eligible only for regular UI benefits.**
- **UI penalties increased for quitting employment without just cause, refusing to accept suitable employment or being fired for misconduct: waiting period for benefits increased to between 7 and 12 weeks, and benefits for recipients in these categories reduced from 60 to 50 percent of average weekly insurable earnings.**

1991

- **UI premiums increased to \$2.80 per \$100 of insurable earnings for employees and \$3.92 per \$100 of insurable earnings for employers, effective July 1, 1991.**

1992

- UI premiums increased to \$3.00 per \$100 of insurable earnings for employees and to \$4.20 per \$100 of insurable earnings for employers.

1993

- UI premiums amended to encourage expansion of small business; federal government to pay any increase in UI employer premiums in 1993 to maximum of \$30,000 per enterprise.
- UI benefits reduced from 60 to 57 percent of insurable earnings for new beneficiaries effective April 4, 1993.
- UI benefits denied to workers who quit jobs without just cause.

Federal Social Transfers to the Provinces

1985

- Federal-Provincial Agreement on Enhancement of Employment Opportunities for Social Assistance Recipients ("four-corner" agreement) announced to encourage employability enhancement measures (for example, training) for welfare recipients.

1986

- Higher earnings exemptions permitted for welfare recipients (pursuant to the "four-corner" agreement).
- Federal transfers to provinces and territories for health and postsecondary education under the *Established Programs Financing (EPF) Act* partially indexed to increase in GNP less two percentage points (before, federal payments were adjusted by the full increase in GNP).

1990

- Federal transfer payments to the provinces and territories for health and postsecondary education under EPF frozen at their 1989/90 level for 1990/91 and 1991/92, after which partial indexation formula of GNP less three percentage points to apply.

- **"Cap on CAP"** — federal transfer payments to Ontario, Alberta and British Columbia for cost-sharing welfare and social services under the Canada Assistance Plan (CAP) limited to increase of five percent a year for 1990/91 and 1991/92.

1991

- **Freeze on federal transfer payments to the provinces and territories for health and postsecondary education under EPF for 1990/91 and 1991/92 extended through the end of 1994/95, after which partial indexation formula of GNP less three percentage points to apply.**
- **"Cap on CAP" extended through 1994/95, so in effect from 1990/91 through 1994/95.**

Taxes

1985

- **Temporary high-income surtax imposed on upper-income taxpayers from July 1985 to December 1986 (five percent of basic federal tax between \$6,000 and \$15,000 and 10 percent of basic federal tax above \$15,000).**
- **Capital gains exemption introduced (up to a lifetime limit of \$500,000, later reduced to \$100,000 for capital gains other than qualifying farm property and small business corporation shares, which remain \$500,000); phased in between 1985 and 1990.**
- **Registered Home Ownership Savings Plan (RHOSP) eliminated (introduced in 1974, the program had allowed taxpayers who are not home owners to deduct from taxable income contributions up to \$1,000 a year, to a lifetime maximum \$10,000, to save for a home).**

1986

- **Partial indexation introduced for income tax exemptions and tax brackets (to the amount of inflation over three percent); personal exemptions and brackets were fully indexed before.**
- **Federal tax reduction eliminated (the program, in place from 1973 through 1985, had eased federal income tax for low and middle-income taxpayers; in 1985, it cut federal income tax by up to \$100 for taxpayers with basic federal tax of \$6,000 or less, above which the credit was reduced by 10 percent to disappear at basic federal tax of \$7,000).**

- **General surtax of three percent of basic federal tax imposed on all taxpayers effective July 1, 1986.**
- **Disability tax deduction increased from \$2,590 to \$2,860 and extended from persons who are blind or confined to a bed or wheelchair to cover all persons who are severely disabled; Department of National Health and Welfare must certify applicants to be markedly restricted in activities of daily living.**
- **Refundable sales tax credit introduced for low-income families and individuals (maximum \$50 per adult and \$25 per child for households with net family income \$15,000 or less, above which benefits are reduced by five percent of additional income).**

1988

- **Personal exemptions and most deductions in the personal income tax system converted to nonrefundable credits: \$1,020 for basic personal credit, \$850 for married and equivalent-to-married credit, \$550 for aged credit; \$550 for disability credit; \$66 for each of the first two dependent children 17 and under and \$132 for the third and each subsequent child 17 and under, \$250 for dependents over 18 who are physically or mentally infirm; 17 percent of Canada/Quebec Pension Plan contributions, unemployment insurance premiums, private pension income up to \$1,000, disability amount for dependant other than a spouse, tuition fees and education amount transferred from child, amounts transferred from spouse; 17 percent of charitable donations up to \$250 and 29 percent of charitable donations above \$250.**
- **Number of tax brackets reduced from ten to three (17 percent on taxable income up to \$27,500, 26 percent on taxable income between \$27,501 and \$54,999, and 29 percent on taxable income of \$55,000 and above); top marginal tax rate lowered from 34 to 29 percent.**
- **Refundable sales tax credit increased from \$50 to \$70 per adult and from \$25 to \$35 per child for households with net family income \$16,000 or less.**

1989

- **Refundable sales tax credit increased from \$70 to \$100 per adult and from \$35 to \$50 per child for households with net family income \$16,000 or less.**
 - **General surtax on all taxpayers increased from three to five percent, effective July 1, 1989.**
 - **High-income surtax reimposed on upper-income taxpayers (three percent of basic federal tax exceeding \$15,000) effective July 1, 1989.**
-

- **Medical expenses credit expanded to include part-time attendant care expenses required to enable severely disabled persons to work (taxpayer can deduct the costs of care provided by a part-time attendant; deduction is limited to two-thirds of eligible income—that is, income from employment, training allowance under the *National Training Act* or a grant for research or similar work — up to a maximum of \$5,000).**

1990

- **Refundable sales tax credit increased from \$100 to \$140 per adult and from \$50 to \$70 per child for households with net family income \$18,000 or less.**

1991

- **Goods and services tax (GST) introduced: 7 percent on broad range of goods and services, with the exception of certain items such as basic groceries, prescription drugs, medical devices, health care services, educational services, child and personal care, and legal aid services.**
- **Refundable GST credit introduced to partially offset burden of GST on lower-income Canadians: maximum benefits for 1991 were \$190 per adult, \$100 per child and a “living alone” supplement of up to \$100 for single adults and single parents with net incomes between \$6,175 and \$25,215; maximum credits paid to households with net family income \$25,215 or less, and benefits are reduced by five cents for every dollar above the threshold; both credits and threshold partially indexed to the amount of inflation over 3 percent.**
- **Disability tax credit increased from \$575 to \$700; administrative guidelines defining eligibility for the credit (regarding the terms “activities of daily living” and “markedly restricted” (incorporated in the *Income Tax Act* to ensure uniformity in their interpretation.**
- **Medical expenses tax credit expanded to include: up to \$5,000 of part-time attendant care expenses (provided by nonrelatives) which are not otherwise deductible (formerly restricted to severely disabled Canadians who work); specially trained service animals to assist individuals with severe and prolonged impairments; home modifications to reduce mobility restrictions for persons with severe and permanent disabilities; and incontinence products.**
- **Tax provisions amended to allow businesses to deduct fully the expense of modifications to accommodate persons with disabilities (for example, interior and exterior ramps, alterations to bathrooms, widening of doorways) in the year these costs are incurred.**

- Allowances paid to disabled employees for taxi, paratransport and parking no longer considered taxable for those eligible for the disability credit by reason of severe mobility or sight impairment; employer allowances paid to employees for attendant care required to perform employment duties (for example, readers for blind persons, coaches for persons with mental handicaps) no longer considered a taxable benefit.
- Tax liability of lump-sum payments of Canada/Quebec Pension Plan disability pensions to be reduced by spreading the amount over the years in respect of which they are paid.
- Limit on tax deduction for RRSP and Registered Pension Plans contributions modified (see "Pensions").

1992

- Education tax credit increased from 17 percent of \$60 for each whole or part month taxfiler was enrolled as full-time student to 17 percent of \$80 for each whole or part month taxfiler was enrolled as full-time student.
- Total amount of tuition fee and education credits that a student can transfer to a supporting taxpayer increased from \$600 to \$680.
- General surtax on all taxpayers lowered from 5 percent of basic federal tax to four percent, effective July 1, 1992.
- Medical expenses tax credit expanded to include visual or vibratory signaling devices for persons with hearing impairments; payment for rehabilitative therapies to adjust for hearing or speech loss.
- List of devices eligible for immediate tax write-off for businesses expanded to include: elevator car position indicators for persons with visual impairments; visual fire alarm indicators, telephone devices and listening devices for persons with hearing impairments; and disability-specific computer attachments.
- Education tax credit made available to persons with disabilities who attend a qualifying postsecondary educational institution on a part-time basis.
- Definition of "earned income" for purposes of RRSP contributions expanded to include disability pensions paid under the Canada/Quebec Pension Plans.
- In addition to tax measures to assist persons with disabilities, "National Strategy for the Integration of Persons with Disabilities" (\$158 million over five years) announced to promote their economic integration.

1993

- Couples living in common-law relationships to be treated as married spouses for tax purposes: one-earner common-law couples now will be able

to claim the married credit and will be allowed to contribute to a spousal RRSP; they will no longer be able to claim the equivalent-to-married credit (that is, to pretend they are single parents) and must (as in the case of married couples) combine their incomes for determining eligibility for the GST credit and the new child tax benefit.

- General surtax on all taxpayers lowered from four percent of basic federal tax to three percent, effective January 1, 1993.
- Home Buyers' Plan introduced: home buyers can withdraw up to \$20,000 from their RRSPs for down payment on a new or existing home without having to pay income tax on the withdrawal; the RRSP withdrawal must be repaid to the RRSP in equal instalments over a 15-year period (amounts not repaid to be treated as a permanent withdrawal from the RRSP and subject to income tax).
- GST credit, formerly paid every three months (January, April, July, and October), to be paid once every six months (April and October), though the total annual benefit will not change.

Social Housing

1990

- Social housing budget (\$1.695 billion in 1989/90) limited to \$1.785 billion in 1990/91 (15 percent less than planned, for a \$16 million cut) and \$1.871 billion in 1991/92 (15 percent less than planned, for a cut of \$35 million).

1991

- Fifteen percent reduction in planned funds for new social housing, announced in 1990 budget, extended through 1995/96.

1992

- Social housing budget restricted to an average 3 percent annual increase from 1992/93 through 1996/97.
- Cooperative Housing Program terminated.

1993

- Social housing budget frozen at \$2 billion (\$600 million cut for 1993/94 through 1997/98).

APPENDIX 2

Jobs

Setting new priorities:

**Jobs, investing in
people, and a**

sustainable economy

Jobs

**The 1997 Alternative Federal Budget
Framework Document**

Jobs

Coordinated by the Canadian Centre for Policy Alternatives and
Choices: A Coalition for Social Justice

Jobs

Acknowledgements

The preparation of the 1997 Alternative Federal Budget and this Framework Document was made possible by the generous donation of their time and expertise by volunteers in trade unions and social movements across the country.

Most financial support for the AFB project is being provided by the Canadian Labour Congress and its affiliates. Funding has also been received from the Canadian Association of University Teachers and some member faculty associations, some church organizations, and the Confédération des syndicats nationaux.

Without this assistance, the development of the Alternative Federal Budget and its supplementary papers would not have been possible.

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PREFACE

This is the third year that CHOICES and the Canadian Centre for Policy Alternatives are coordinating the production of the Alternative Federal Budget (AFB). The project brings together concerned citizens, activists and academics, national and community representatives from labour, students, women's, church, anti-poverty, Aboriginal, child advocacy, health care, education, housing, farm, environment, international development, and other social and economic justice groups.

This Framework Document is the result of numerous discussions over a six-month period around budget tables in Winnipeg and Ottawa; the result of consultations and budget schools in communities across the country; the result of Internet conferences and economists' roundtables. Twenty policy working groups have drafted and reworked many times the sections that together make up this document. The process has been open and inclusive. We asked only that participants subscribe to the fundamental values that underlie the exercise. The result is a consensus document—the product of give-and-take in pursuit of common goals.

The Framework Document sets out the main priorities and parameters of this year's Alternative Federal Budget. It forms the basis upon which the spending, revenue and other policy decisions in our budget will be made. Our budget will be viable and fiscally responsible. We set realistic targets for unemployment reduction, poverty reduction, debt reduction, spending and revenue generation; and we will secure independent verification that our targets can be reached.

Our starting point is that choices do exist and that budgets are political documents which reflect the priorities and values of those who put them together. The AFB acknowledges that current realities impose constraints on national policy. It acknowledges that unemployment, poverty and the erosion of the social infrastructure cannot be reversed overnight. However, it rejects the notion that governments cannot do much except cut, deregulate, privatize, offload, and get out of the way of "market forces." On the contrary, we assert that the federal government can and must play a vital and active role in building a just society in Canada.

Viewed in its entirety the Framework Document constitutes our vision of the kind of society Canada should be—one that differs profoundly from the vision that currently dominates policy-making in this country. It is a vision which is grounded in the following values and goals: full employment, reduction of inequality; eradication of poverty; economic equality between men and women; protection of civil, political, economic, social and cultural rights—including labour rights; strong social programs and public services, environmental

sustainability, and a vision of peace, justice, and sustainable development for all peoples.

The current orthodoxy says we have reached the limits of our tax/transfer capacity and that the heavy debt burden means we can no longer afford our social programs and public services.

The current orthodoxy says that mass unemployment is here to stay because of the uncontrollable forces of technological change which is displacing jobs, international competitiveness which is transferring jobs from high-wage regions to low-wage regions, and global financial markets which are keeping our economy in chronic recession.

The current orthodoxy says that the scope for national policies in this era of globalization is extremely limited, and therefore people's expectations about what governments can do should be greatly reduced.

We refute these prevailing myths. We show that there are workable and equitable alternatives to the current regressive agenda. The Alternative Federal Budget replaces the politics of despair and decline with the politics of economic and social renewal.

INTRODUCTION

Replacing One Crisis With Another

For the past four years, the federal Liberal government has been promising Canadians economic growth and more jobs. But in budget after budget the Liberals have concentrated instead on cutting spending on social programs and public services, in the process stifling economic growth and eliminating jobs—including the jobs of many thousands of the government's own employees.

It's no secret why the economy is not recovering. People reeling from massive layoffs, job insecurity, low or no wage increases, and vanishing social protection are not willing or able to provide the increased consumer spending needed to kick-start our stalled economy.

Instead of tackling the economic crisis, the Liberals' response has been to create still another crisis—a crisis in public funding.

Cuts in federal transfer payments threaten Medicare and access to post-secondary education. Nine years after Parliament passed a resolution committing this country to eliminate child poverty by the year 2000, the number of poor children has increased by 46%, giving Canada the second highest rate of child poverty in the developed world. Only the United States has a worse record.

Benefits and coverage in our unemployment insurance system have been slashed to the point where fewer than half of the unemployed now qualify to receive lower benefits for shorter periods.

Previous solemn commitments by the federal Liberals have gone unfulfilled. Instead of their promised secure and stable funding for the CBC, they have repeatedly cut its funding to the point of endangering its very existence. Their promise of a national child care program—desperately needed in a country with 70% of mothers of children under six in the work force—has been abandoned. So has their much-publicized promise to get rid of the Goods and Services Tax.

All these cuts and broken promises are portrayed as unavoidable means of dealing with the mountain of public debt. But the "funding crisis" was not caused by overspending on social programs. The economic evidence shows that our debt crisis was caused by years of economic stagnation, high real interest rates, chronic unemployment, and tax breaks for corporations and the rich—not by program spending. So the cutbacks in social programs and public services are victimizing an entirely innocent sector, while leaving the real culprits—the financial and corporate elite—free to amass greater wealth and power.

Obviously there is a broader agenda driving these regressive policies, and its objective is to create a low-waged economy in Canada—to force our workers to accept inferior jobs with substantially lower wages and benefits. The main thrust of the 1997 Alternative Federal Budget will therefore be to introduce measures that:

- stress job creation and job security,
- reduce poverty,

- restore and improve basic social programs,
- make the tax system fairer, and
- lower the federal deficit and debt burden by addressing its real causes.

Why the Economy Remains Sluggish

The Liberal government's deep cuts in public sector services and employment have contributed notably to Canada's continuing economic weakness, thus hampering deficit-reduction efforts by all levels of government. Final real GDP growth for 1996 is unlikely to reach 2.0%, meaning that, for the seventh year in the past eight, real economic growth in Canada will again fall below 2.5% (the rate required just to keep up with population growth and increases in productivity).

Given the persistence of such a sluggish economy, it was inevitable that Canada's unemployment picture would not brighten in 1996. Indeed, the official unemployment rate had actually increased to 10% near the end of the year, up from 9.2% in September 1995. For so many people to be reported as unemployed is striking testimony to the joyless and jobless nature of what the government and its business allies call an "economic recovery."

Moreover, the official rate does not include the almost 700,000 discouraged Canadians who have simply given up looking for jobs since 1989. [Had they continued to seek employment, the official unemployment level would be close to 15%, since most of the decline in the official rate has resulted from a decline of work force participation, not from the creation a new jobs.]

The feeble employment growth in the private sector has been exacerbated by tens of thousands of layoffs in the public sector, where more than 200,000 jobs have been cut since 1994 in public administration, in health care, education, and other public services.

Little wonder, then, that real wages have been stagnant and family income falling. Between 1992 and 1995 there was no change in average hourly real wages, while in 1995 average family earnings from employment fell, in real terms, by 0.8%, leaving them on average \$2,800 below their level in 1989.

With no real wage increases, persistently high unemployment, and the constant threat of layoffs from both corporations and governments, it is no surprise that Canadian consumers are reluctant to spend more. Consumer spending has grown by only 1.7% annually over the last few years, lagging behind overall GDP growth, and this continues to act as a wet blanket over the whole economy.

Even the conservative brokerage firm of CIBC Wood Gundy has estimated that, from 1994 to 1998, government cutbacks will have reduced Canada's GDP growth by a cumulative total of 4.2%, or some \$30 billion. This in turn has undermined deficit-reduction itself, because of the lower revenues and higher expenses that accompany a stagnant economy.

By sacrificing the benefits of job creation and economic growth, the federal Liberals have shown that slash-and-burn policies are not an effective means of improving government finances. More importantly, of course, the dismantling of vital social programs and services has inflicted intolerable hardship and deprivation on millions of

Canadians—and will continue to do so as long as cutbacks remain the central focus of government policy.

Austerity's Hollow Triumph

Canada's lacklustre real economic performance during the 1990s contrasts sharply with our country's favour among global financial investors and bond-raters. Much has been made of our return to grace with the financial community—reflected, supposedly, in the recent drops in interest rates.

Those in charge of Canada's economic direction—including Bank of Canada Governor Gordon Thiessen as well as Finance Minister Martin—have predicted glowing rewards from the “painful but necessary” economic adjustments undertaken in the 1990s. Indeed, both Thiessen and Martin have recently proclaimed that Canada is on the verge of a new golden age of sustained growth, employment, and rising standards of living.

Predictably, however, this much-heralded economic “rebirth” has not led—nor is it likely ever to lead—to an improvement in the fortunes of most Canadians. On the contrary, the current lower interest rates—and our improved international performance—are to a large extent the consequence of Canada's grim economic environment, not a reward for taking “tough medicine,” and certainly not a harbinger of better times ahead.

The reason interest rates were forced down so quickly and deeply was not so much to give us a dividend for our government's “fiscal responsibility,” but rather to correct earlier excessively steep rate increases made in the name of inflation-fighting. And there is no reason to believe that the rates will not be jacked up once again if economic growth were to exceed for more than a few quarters the 2.5% threshold considered by the anti-inflation zealots to be the maximum they will accept. Nor will they tolerate a drop in the unemployment rate below the 8-to-9% range without once again ratcheting interest rates up again.

Viewed in the light of these harsh realities, the expectation of sustained economic growth and a return to full employment is far-fetched indeed.

The temporary lowering of interest rates has validated the claims made in previous Alternative Federal Budgets that the Bank of Canada could lower them if it wished to do so. Nevertheless, the current lower rates are a reflection of our economic weakness, not of our strength.

Money-Lenders Win, Taxpayers Lose

Even if the federal deficit is eventually eliminated by ongoing cuts in government spending, it will be at an unacceptable price for most Canadians. As taxpayers, we are paying tens of billions of dollars more to our federal and provincial governments in taxes than we are receiving back from them in programs and services. In 1996, this “operating surplus” totalled some \$60 billion and could go as high as \$80 billion by 1999.

Most of our surplus tax payments (\$47 billion federally and \$75 billion for all governments) are being passed on to the banks and bond-holders in the form of interest payments. Hardly surprising, then, that the financiers are feeling so

“optimistic” about Canada. The mountain of government debt on which they collect so much interest is still growing, despite—and in most cases because of—the massive government cutbacks of the 1990s.

The policy-makers who run our economy have demonstrated—to the immense satisfaction of the financial community—that they are prepared to inflict whatever social hardship is required, however severe, to ensure that enormous amounts of taxpayers’ money continue to be diverted from public programs into interest payments on the debt.

Canada’s “economic fundamentals,” Martin and Thiessen assure us, are falling into line, even though most Canadians get poorer every year, and have to get by with less and less government help for more and more taxes.

What the country really needs are workable and more equitable alternative economic, fiscal and social policies—policies which create jobs, reduce poverty, strengthen our social programs, make the tax system fairer, and control our national debt. These are the policies advanced in our Alternative Federal Budget.

MACROECONOMIC AND FISCAL POLICY

Balancing the Books

The Alternative Federal Budget fundamentally opposes the slash-and-burn approach to reducing budget deficits that has resulted in so much unacceptable and unnecessary hardship in our society, and poses such a tremendous danger to Canada's long-run social and economic prospects. Nevertheless, we do accept the basic premise that large budget deficits are unsustainable, and that government deficits and debts must be reduced.

The progressive alternative to cutbacks in services and programs cannot be simply to "let deficits be, and let the debt grow." The accumulation of large public debts, which began in earnest in the early 1980s, has produced fiscal and economic repercussions that are very regressive indeed: the hamstringing of government's ability to respond to new social and economic problems, the transfer of huge sums of public money from taxpayers to bond-holders, the handing over of a veto on fiscal and monetary policies to the financial community, and our greater vulnerability to international capital flows and currency speculation.

These trends have seriously hobbled the ability of the federal government to meet its responsibilities to protect and promote economic and social rights, and progressive Canadians should and must oppose them.

The growth of our public sector debt was not caused by rampant spending on social and public programs, but rather resulted from regressive policies that raised interest and unemployment rates; and so we need not be defensive about working to reduce deficits while simultaneously fighting to preserve and indeed expand the positive role of the public sector in our society.

In response to the tightening fiscal screws, governments have been cutting social and public programs steadily since the early 1980s—more dramatically and painfully, of course, in the 1990s. Yet the debt has continued to rise even as programs were scaled back, because the cutbacks did not address the root cause of the fiscal crisis: prolonged economic stagnation and high interest rates. It is possible, but incredibly painful, to balance the books within this grim macroeconomic context; and indeed it does appear that most government deficits in Canada will be eliminated by the end of this decade.

But this "achievement" will hardly be cause for a grand nation-wide celebration, since it accepts our chronically sluggish economy as given, and simply abandons any collective responsibility for the well-being of Canadians—who have been hammered first by 15 years of slow growth and permanent unemployment, and now again by the elimination of the public programs they once could fall back upon.

The current debate, therefore, is not whether Canada's budgets should and will be balanced. The real issue, rather, is how they should be balanced, and how quickly; in short, the real debate is over what type of Canada will emerge when that balancing act is completed. There is no room for strong public and social programs in this cannibalization of our infrastructure. Budgets will be balanced, yes, but

our economy and society will be ever-more dominated by the profit-seeking imperatives of the private sector, while the divisions between those who succeed in the "free market" and those who do not become ever wider.

A humane and progressive alternative would pay for the preservation and expansion of public programs by putting Canada back to work by:

- **scrapping the deliberate go-slow macroeconomic strategy of the past 16 years,**
- **reinstating full employment as the most important objective of economic policy,**
- **reducing the historically high real interest rate returns that have gone during this period to the owners of financial wealth, and**
- **utilizing the resulting fiscal dividends (growing revenue, falling expenditure on interest and on some income-security programs) to rebuild the public and social sectors of our economy.**

Only this alternative approach will allow for the joint achievement of fiscal stability combined with a caring, egalitarian society.

Pointing Canada in this direction, however, also means challenging the fundamental assumptions of conservative economic and fiscal policy: i.e., that government can do nothing better in the economy than get out of the way, that the dominion of private firms and especially of financial wealth over our economy is both desirable and inevitable, and that enhancing the conditions for private profit-seeking behaviour is the best and only way to generate economic and social progress.

In short, the Alternative Federal Budget's emphasis on eliminating deficits and reducing debt is not an attempt to simply water down the budget-cutters' agenda, putting a "human face" on a conservative program. Instead, we recognize that Canada has greater economic potential than ever before, that we have the resources to pay for the social and public programs we used to have (and then some), and that the whole debate boils down to a question of challenging and changing the power structures that currently determine how these resources are used.

In setting out this approach, the Alternative Federal Budget is advancing a far-reaching and progressive alternative economic vision.

Stimulating Sustainable Growth and Job Creation

The fiscal strategy outlined in the Alternative Federal Budget relies heavily on an acceleration of economic growth and job creation, achieved through a range of measures including the following:

- **a further easing of monetary policy (including reductions in both short-term and long-term interest rates), and more importantly the maintenance of lower rates once economic growth rates begin to recover;**
- **the targeting of the Canadian dollar's exchange rate in the 70-cent range;**
- **the gradual reversal of the federal program spending cutbacks implemented over the past two years—strengthening employment in education, health care and other public services**
- **a major commitment to direct employment-creation initiatives by the federal government, including an immediate multi-year Employment Investment Program**

(see employment section for elaboration) in an effort to quickly reduce the unemployment rate, while simultaneously encouraging labour force re-entry by hundreds of thousands of discouraged workers; and

- the medium-run development of new financial institutions and regulations which will support the maintenance of low real interest rates in Canada, and allow for the more direct and effective creation and allocation of finance to needed regions and sectors. This includes influencing the production and investment decisions of the private sector through such mechanisms as social capital funds (see Employment section).

Through these measures, we expect that the rate of economic growth in Canada can increase to an average of 3.5% per year over the forecast horizon of our budget plan, in contrast to the 2.5% rate considered feasible by mainstream policy-makers. Combined with the more immediate job-creation resulting from the Employment Investment Program, we expect that this faster growth will allow for a gradual decline in unemployment in Canada to no higher than 6% by the year 2000, and even lower thereafter.

In terms of measuring economic growth, it should be noted that we favour the development of a Genuine Progress Indicator (GPI) that would supplement and perhaps eventually replace the standard GDP, which measures "growth" only in narrow monetary terms. A GPI would factor in such things as environmental impact and the value of unpaid housework, and would thus be a more accurate yardstick of our social as well as economic progress.

We expect that our alternative financial policies and regulations will succeed in keeping nominal interest rates (short, medium and long term) a full percentage point lower than the consensus expectations of private-sector forecasters. At the same time, we anticipate an additional percentage point of inflation to result from the faster rate of output and employment growth, with the effect that real interest rates will be a full two percentage points lower than they would be in the absence of our policies.

Revitalizing investment (both public and private) in Canada's economy plays a crucial role in the AFB strategy. Increasing domestic investment is all the more important when government deficits are disappearing because, otherwise, the economy will suffer from a deficiency of spending.

Interest Rates

The role of lower interest rates in the Alternative Federal Budget's macroeconomic strategy needs to be further explained, given the significant decline in rates that has been experienced over the past year. We expect (like others) that current low interest rates will eventually help to stimulate some recovery in consumer spending, investment, construction, and overall economic growth (although the positive effects of lower rates will continue to be undermined by the contractionary impact of public-sector cut-backs, high unemployment, and wage restraint).

The key issue is how long interest rates can be expected to stay low, barring a fundamental change in the direction of monetary policy. The Bank of Canada, backed up by the federal government, still believes that unemployment must be kept near or above 9% to prevent inflation.

Our position, on the other hand, is to focus on the need for sustained vibrant economic growth over a period of several years. This will require a shift in monetary policy: not just lowering rates in the short-run, but keeping them low to allow for several years of vibrant growth. This is the only means by which the unemployment rate can be substantially lowered, and the only way government revenue can be increased enough to substantially bring down the public debt.

The Bank of Canada

The role of the Bank of Canada is crucial to the success of the constructive monetary policy we believe is needed. The first priority must be to clarify the central Bank's mandate, which was never intended to make price stability its only or even primary purpose. The Bank of Canada Act clearly specifies that employment and the financial health of government should also be major responsibilities of the Bank.

Also urgently required is to have the Bank of Canada return to its role of financing of the federal debt, as it did up to the late 1970s, since money "borrowed" from the government's own bank is in effect interest-free. By steadily reducing its share of government debt from 25% to barely 4%, and allowing the commercial banks and other money-lenders to take over this lending function, the Bank of Canada has unnecessarily added tens of billions of dollars to the debt and billions to the deficit.

We call for a gradual resumption of the federal debt by the central bank, by 2% per year, raising the Bank's holdings to at least 15% over the next five years. This is a reasonable rate of reversal that would be non-inflationary if accompanied by the reinstatement of reserve requirement deposits by the commercial banks with the Bank of Canada.

Expanding the Bank of Canada's holding of longer-run government bonds will also allow the Bank to exert more influence over longer-run rates of interest. At present, by limiting its holdings of government debt primarily to Treasury bills, the Bank's influence is more limited to shorter-term interest rates.

The government could also reduce its debt more speedily and cheaply by floating special "Debt Victory Bonds," similar to those issued in war-time to help finance the war effort; and by requiring that all retirement savings plans hold a minimum proportion of government bonds as a condition for income tax deductibility.

Measures should also be taken to re-regulate the capital market, including the elimination of the allowable 20% foreign investment quota by pension plans and RRSPs, the taxation of the overseas earnings of insurance companies, and an increase in the withholding tax on income of foreign investors. (See the Taxation section for more details.)

Environmental Effects

We are sensitive to the concern that the Alternative Federal Budget, by stressing the need for revitalizing and sustaining economic growth, may be ignoring questions surrounding the long-run economic and social sustainability of economic growth. Further economic growth—that is, the production of additional goods and services—is es-

sential, in our view, both to repair the state of public finances (generating new revenues for governments at all levels) and to assist in raising the living standards and employment opportunities of Canada's working people.

The emphasis, however, must be placed on growth which improves the quality of life, rather than the quantity of goods bought and sold, since this is the kind of growth that is compatible with an economy that respects the physical resource limits within which it operates.

A strong and vibrant public sector, with well-funded social programs and the ability to intervene effectively in market relations, can help to ensure that the proceeds of economic growth are allocated more fairly. Not coincidentally, growth itself is key to rebuilding the strength of the public sector: and conversely, we need a strong public sector to ensure that growth becomes more fair and socially beneficial.

We also believe that economic growth—properly defined, measured, monitored, and regulated—can further environmental goals.

In fact, removing government subsidies for inappropriate resource extraction, energy production, transportation and capital development will go a long way toward reducing the environmentally-harmful effects of economic growth, while also freeing financial resources for human capital development.

Our vision of a growing economy is one regulated by a greater determination and ability of government to ensure that private-sector agents respect environmental considerations, appropriately value environmental inputs, and take full responsibility for the environmental costs of their operations. Finally, our vision of growth also entails a significant expansion in public sector activity, and in particular the greater provision of public services—perhaps the most environmentally benign sector of our entire economy.

Macro Targets

To achieve our economic and social policy goals, the Alternative Budget will adopt the following key targets for the reduction of unemployment, poverty and federal debt. They are as follows: to reduce the unemployment rate to 6% or below by 2000, to reduce the national poverty rate from 18% to at most 12% by 2000, and to reduce the federal debt-to-GDP ratio below 60% by 2001. These targets, together with workable strategies for reaching them, will be outlined in the Alternative Federal Budget itself.

EMPLOYMENT CREATION

The Liberal Red Book promised to reduce the deficit and debt through a "Jobs and Growth" agenda. But instead monetary and fiscal policy since the present government took office has put a major brake on job creation. The jobs crisis thus persists, along with the Chrétien government's empty promise to resolve it.

Job creation was greatly slowed by the sharp increase in interest rates which took place in late 1994 and early 1995. While interest rates have fallen in recent months, lower rates alone will not guarantee a lasting recovery in the domestic economy. This will require a major improvement in the climate of uncertainty throughout the country resulting from high unemployment and the fear of job loss from public sector cutbacks.

Furthermore, interest rates will not remain low unless job creation is made a central objective of monetary policy and the current "natural rate of unemployment" orthodoxy of the Department of Finance and Bank of Canada is abandoned. It was this orthodoxy — which holds that Canada must have an unemployment rate of 8% to 9% in order to meet the government-set inflation target of 1% to 3% — which led the Bank of Canada to raise interest rates at the end of 1994. The Alternative Federal Budget will, by contrast, make job growth a central objective of monetary policy.

Massive fiscal restraint — largely driven by direct federal spending cuts and cuts in federal transfers to the provinces, compounded by provincial cuts — reduced real economic growth by an average of 1.5% in each of 1995 and 1996 (according to Wood Gundy). This translates into a loss of about 140,000 jobs in each of the past two years. Fiscal restraint already in the system will reduce real growth by 1% in 1997, translating into a loss of another 100,000 potential jobs in both the public and private sectors.

Massive spending cuts have slowed job growth to a near standstill in 1995 and 1996 — to the extent that the national unemployment rate stood at 10.0% in October 1996. This is a very modest reduction from the 11.1% level that prevailed when the Liberals were elected three years earlier. And even this slight fall owes more to workers giving up the search for nonexistent jobs than it does to job creation.

More than half of the new "jobs" created over the last three years have come in the form of "self-employment," much of it representing the growth of temporary and precarious work. Only one in five women workers and four in ten working men now have full-time, full-year jobs which pay at or above average earnings of \$30,000 per year.

One in five Canadian workers currently experience at least one spell of unemployment per year, and one in three working families are directly affected by unemployment each year. Even those with full-time, steady jobs suffer from high unemployment through chronic and growing job insecurity, and through the stagnation of real wages which results from an economy operating massively below potential. Real hourly wages, on average, were unchanged in the first three years of the Chrétien government's term of office. Only very-high-income earners have seen real gains.

“Micro” vs “Macro” Policies and Jobs

The Alternative Federal Budget will create 1.3 million additional jobs by the year 2000, through a combination of five approaches:

- **reducing and maintaining low real interest rates through monetary policy;**
- **influencing the production and investment decisions of the private sector through such means as the creation of Social Capital Investment Funds;**
- **maintaining and strengthening employment in the public sector through the enhanced provision of social and other public services, e.g., education, health care and child care;**
- **funding a major Emergency Employment Investment Program, along with significant social and environmental infrastructure investment; and**
- **sharing our existing work more equitably through reduced overtime, a shorter work week, greater ease of access to parental and educational leaves, and other “micro”-focused policies.**

Micro vs Macro Policy and Job Creation

Stimulating economic growth and job creation through macro-economic measures — monetary policy and changes in the composition of the federal Budget — are key components of the Alternative Budget. But more selective policies to create jobs also have an important role to play. It is not enough simply to stimulate stronger economic growth through macro-economic policy, important though that is. We must also make sure that economic growth helps us achieve our social and environmental goals. And we want to make sure that we lay the foundations for a more innovative and productive economy capable of generating the skilled, highly-paid, secure jobs which working families need. All of this requires significant increases in public investment and in public regulation of the market.

There is, in short, a need to change and shape the dynamics of the market-driven job creation process itself in several key respects.

PRODUCTIVITY AND PUBLIC SERVICES: Output per worker or hour worked, or productivity, is rising quite rapidly in many parts of the private sector economy, particularly those sectors such as manufacturing, resources, transportation, communications, and utilities which are capital-intensive and particularly exposed to international competition. Productivity is likely to increase still further in these sectors with the introduction of new technologies, eliminating still more jobs in the process.

Rising productivity can and should result in higher wages and in a higher standard of living for all Canadians. But the wealth created in high-productivity sectors must be redistributed to support job creation in labour-intensive sectors if we are to have high overall rates of employment.

Public services, broadly defined to include health, education, and social services, employ more than one in five workers. These services are labour-intensive and skills-intensive, and have been a particularly important source of good jobs for women. Public services provided half of the skilled professional jobs created for women over the last decade, and the erosion of these services has reduced good jobs for women while also

pushing some of the work women (predominantly) were paid for back into the home where they are not paid — as in elder care, and care for the sick. The value of these services is best measured in terms of quality rather than in terms of narrow productivity.

For example, education is more cost-efficient, from a very narrow point of view, if teachers are cut and class sizes increase, just as health care is more cost-efficient in narrow terms if patients are discharged early and dumped on relatives at home. But what we want from these services is a reasonable balance between quality and cost. Most of us are prepared to pay taxes to support high-quality services, i.e., to shift income from the private to the public sector.

This shifting of income from private to public sectors generates more jobs and better jobs, while helping us achieve our social goals. Such redistribution is a central part of the Alternative Federal Budget, which expands spending on public services and on public investment, financed through revenues from selective increases in taxation, as well as from economic growth.

~ Rising productivity should also allow people to work fewer hours but this has not happened; in fact, people are working increasingly longer hours. We address this issue later.

THE ENVIRONMENT: Another key goal of the Alternative Federal Budget is to shape the economic growth process so as to help us achieve our environmental goals. Growth must be made much more labour-intensive, less materials- and energy-intensive, and less destructive of the natural environment. This means, in part, that economic activity and job creation should be promoted through public investment in areas which directly promote our environmental goals.

INDUSTRIAL STRATEGY: Finally, the Alternative Budget recognizes the need to shape the investment and production decisions of the corporate sector if we are to build an economy which sustains and creates well-paid, secure, highly-skilled jobs. We do not believe that the pressing tasks of national, regional, and community economic development should be left solely to the corporations.

Left to their own devices, financial institutions and corporations will allocate investment capital solely on the basis of profit maximization, a logic of decision-making which leads to major outflows of capital from Canada and to the neglect of investment opportunities which would create jobs and enhance community and regional stability and growth.

Left to their own devices, many corporations will not make the long-term investments in research and development, in skills and in new technology, which are needed to build a more productive Canadian economy; an economy which is less highly exposed to international competitive pressures to drive down wages and social standards to a lowest common denominator.

Public Investment

An easing of the massive fiscal restraint now in place at all levels of government would preserve jobs which would otherwise disappear, while promoting a greater sense

of security for working families and thus having positive effects on household spending. But spending increases will have to be closely targeted to help us achieve our job creation, social, and environmental goals.

A public investment program is a much more powerful vehicle for job creation than a broad tax cut, because it can be targeted to areas which are job-intensive and make heavy use of Canadian-made materials and services. Indeed, a Royal Bank study in September 1996 concluded that putting money in a job creation program would create 2 to 3.3 times as many jobs as would be created if income tax were reduced by the same amount of money. Public investments also lay the basis for higher growth in the future.

Investment in Social Infrastructure

The federal government should provide one-third of the funding for a three-year federal-provincial/territorial/municipal/broader public sector investment program, broadly along the lines of the just renewed national infrastructure program, but improving upon several of its weaknesses and increasing its scale significantly. Our program will have a very strong emphasis on environmental and social infrastructure. Priorities include capital investments in public transit, water and sewage systems, waste reduction and recycling, retrofits of public buildings, construction of social and co-op housing, installation of computers in public libraries and post offices, provision of community-based, not-for-profit child care and elder care centres, and services against violence to women.

A major effort will also be made to target employment opportunities at social assistance recipients and not just people on UI. Clear targets should be set for the employment and training of young people at risk, women, visible minorities, persons with disabilities, and Aboriginal people. Employment equity must be a central part of a new coordinated national investment program. Major efforts will also be made to use public investment to "lever" substantial and ongoing private sector investments, so as to make the jobs created by such a program both more numerous and more permanent.

Finally, an infrastructure program should be dovetailed with a procurement strategy to make sure that the extra spending helps build Canadian-based environmental and other industries.

Investments in Innovation

The federal government should invest \$1 billion in total to:

- (i) significantly increase federal investment in research and in technology diffusion through a major expansion of the highly successful IRAP program of the National Research Council, and through increased support for the research and outreach programs of the Departments of Environment, Energy and Natural Resources, and Agriculture;
- (ii) increase grants to programs based in universities and technical institutes delivered through the government's granting councils.

The federal government should also:

- **scale back no-strings-attached tax breaks for business R and D** in favour of results-based, repayable loans such as those extended under the Technology Partnerships Program which assist companies to make long-term, risky investments at relatively low cost to taxpayers;
- **encourage cooperation by companies in the same sector to build Canadian strengths—for example, through joint sectoral-based R and D, technology diffusion, marketing, and training initiatives;**
- **continue and expand federal financing for sector-based, joint business—labour training programs directed towards building the skills base of the Canadian labour force; and**
- **introduce joint federal-provincial-territorial-broader public sector procurement councils to co-ordinate and plan orders and to channel a greater share of public sector purchases of health care equipment, computers, software, and other sophisticated goods and services to Canadian-based companies.**

National Capital Funds

The AFB establishes National Capital Funds to provide long-term, relatively low-interest loans and/or equity to Canadian-based companies contemplating investments which would secure and create good, permanent jobs.

These National Capital Funds will be financed through compulsory long-term deposits by the banks, insurance companies, and other financial institutions, which are making huge profits while failing to provide needed risk capital to Canadian companies, cooperatives, and community development corporations. Total assets of the banks, trust companies, and insurance companies exceed \$1,000 billion, so even a modest required deposit would generate very significant resources, while having a negligible impact on conventional lending for mortgages and consumer and business loans.

Youth Employment

Nearly 600,000 people have given up looking for work since 1989, waiting it out for the elusive economic recovery. More than half of them are under 25.

Young people are giving up on the job market at a rate never before seen in Canada. And they are not included in the unemployment figures.

Job losses for youth were more severe, began sooner, continued longer, and have recovered less than for adults.

1995 was the third consecutive year of 25% youth unemployment. By the third quarter of 1996, opportunities for youth were even fewer.

Today, the jobs young people do have are less likely to provide security and economic independence. Nearly half of all working youth are in part-time jobs. Part-time work is generally characterized by insecurity, few benefits, and inadequate incomes. While many youth may have a job, they are still dependent on family support—at an age when they most desire freedom.

Temporary work is also taking up a greater share of the jobs youth have. By 1994, about 17% of young employees held temporary jobs, compared to 6% of adults. And this disparity between youth and adults is growing. In addition to the higher insecurity, temporary workers on average earn \$2-3/hour less than non-temporary workers in similar occupations.

The explosion of non-standard employment is leaving younger workers with plummeting real incomes. Statistics Canada data show that workers under 25 watched their median income decline by 30% over the last decade.

The AFB will target employment creation efforts at youth, among others, and will attempt to reverse these negative trends.

Community Economic Development (CED)

Community economic development programs have been designed to facilitate the growth of local ventures, employing local people, and producing goods and services that meet local needs. The intent has been to create jobs, rather than to maximize the return on capital and, most importantly, to develop the capacity, potential and resources of communities, particularly those that have been marginalized.

Marginalized communities in Canada today include many rural areas, particularly in Atlantic Canada; Aboriginal communities, both rural and urban; northern communities, and low-income neighborhoods in major urban centres. High levels of unemployment and underemployment persist in these communities, even in "good times," and indeed chronic unemployment has been steadily ratcheting upwards with the disappearance of steady, full-time jobs, particularly in the natural-resource-based industries which have been the economic mainstay of much of Canada outside the major urban centres.

An important ingredient in successful community economic development is the availability of modest amounts of financing to establish ventures whose primary purpose is to provide employment and training for the unemployed and disadvantaged groups, rather than to realize a high rate of return. All too often, the banks have been uninterested in such lending, and have discriminated against some categories of borrowers such as low-income women seeking to establish small businesses, and Aboriginal Peoples.

The Alternative Federal Budget initiates a series of measures that will ensure that the requisite capital is made available for worthwhile community-based ventures.

Redistributing Work Time

Despite productivity growth in many parts of the private sector, the hours of work have been steadily increasing for many regularly employed workers, in the form of unpaid overtime for salaried workers and paid overtime for hourly workers. In August 1996, three in four men and almost half of all working women worked more than 40 hours per week, and 22% of men and 8% of women worked more than 50 hours per week.

This is unfair and makes no sense. Shifting work time from the over-employed to the unemployed and underemployed can create more jobs and lead to a better quality of

life overall. This requires limits on long hours, together with policies to encourage voluntary reduction of hours by regular full-time workers.

Such policies might take the form of making educational and training leaves eligible for UI paid benefits. This could be arranged by allowing workers to proceed on such leaves if they are replaced by someone else drawing UI benefits. The Income Tax Act might be changed to encourage the use of deferred salary leave plans in the private sector. Parental leaves could also receive more encouragement. Pension arrangements should be improved to encourage early or "phased-in" retirement.

Most work-time issues are best worked out between employers and workers and their unions. But governments do have a role to play in setting basic rights and standards. The federal government should make the Canada Labour Code and the Public Service Staff Relations Act (which together cover about 15% of all workers) model statutes by reducing the standard work week to 36 hours, by giving workers the right to refuse overtime, by limiting total overtime hours to 100 over the course of a year, and by requiring employers to provide equal pay and benefits to part-time workers.

Provincial governments must be encouraged to adopt similar standards, and both levels of government must also make a determined effort to stamp out the evasion of employment standards by employers of temporary, contract and home workers.

Quebec-Canada Relations

Toward a New Social Union

The Alternative Federal Budget supports a strong federal government leadership role with respect to social policy. We recognize, however, that this view is far from universal, outside of Quebec. Even among progressives who see a strong national social union as essential to equality and nationhood, there are differences around specific federal/provincial roles, and great dissatisfaction with the notion that the federal government can, under the guise of fiscal responsibility, unilaterally decide to cut program spending and eliminate standards. In Quebec, on the other hand, there is widespread agreement, among sovereignists and federalists alike, that Quebec must have primary responsibility and jurisdiction over social programs. This fundamental divide with the rest of Canada is behind the federal government's push to devolve its social program responsibility.

The widely held sentiment in the rest of Canada which opposes any transfer of powers to Quebec alone as "special treatment" has given impetus to a devolution of powers to all provinces. The consequence is to bolster and facilitate the efforts of right-wing forces bent on dismantling national social programs.

The 1996 AFB sought to address this impasse over social policy jurisdiction by stating that: "Until there is a resolution of the Quebec-Canada relationship, our approach to federal-provincial fiscal relations recognizes the need for special arrangements with Quebec which may not be open to the other provinces." This remains our position in the 1997 AFB.

Regardless of whether the resolution of the Quebec-Canada relationship results in a restructured federation (along the lines described above) or in separate nation-states, the need for a social dimension to the relationship remains, if only because of the high degree of economic integration.

We suggest that the solution to the impasse lies not in complete across-the-board devolution, but in recognizing that Quebec, but not the other provinces, has primacy in its jurisdiction over social policy; and for the rest of Canada, recognizing joint-federal provincial responsibility with a federal leadership role in funding social programs, as well as setting and enforcing national standards.

We also believe that it is essential to have common standards. This could be achieved through a social charter which would reflect our common social values and be based on the UN Covenant of Economic, Social and Cultural Rights.

SOCIAL POLICY

This year's Alternative Federal Budget is presented in the context of a vastly different social and economic climate than the one which prevailed for the previous half-century. The Chrétien government has made so many destructive changes to our social programs that the very concept of a "social Canada" is in danger of being lost. Increasing numbers of people are being left at the mercy of a market-driven system that destroys jobs, widens income disparities, and withholds all but the barest minimum of social protection.

The victims of the Liberals' shredding of the social safety net include the nation's five million poor, 1.4 million of them children; the 60% of the unemployed who are no longer eligible for (un)employment insurance benefits; working women deprived of access to maternity leave; low-income seniors; and young people denied access to a higher education. In addition, the gaping holes that have been torn in health care, social services, and home and community-based care are diminishing the quality of life for most Canadians.

The extent to which the Chrétien government has abandoned its responsibility for the social security of Canadians is no more starkly demonstrated than by its failure to announce even one progressive piece of social policy during 1996, the International Year for the Eradication of Poverty.

Instead, the government implemented the Canada Health and Social Transfer (CHST), a piece of legislation which guarantees deeper and wider poverty. The CHST is arguably the most regressive and punitive social policy legislation ever passed in Canada. It takes away the legal right to assistance on the basis of need and legitimizes the concept of forced work (workfare) as a condition of receiving barely a subsistence level of income.

This is a violation of international law. The International Covenant on Economic, Social, and Cultural Rights states that people have a right to an adequate standard of living and that work must be freely chosen. The loss of these rights has frightening consequences for Canada's poor. They will be further marginalized within our relatively affluent society.

Moreover, negative and harmful attitudes and false premises about the poor are being promoted by fostering the mistaken belief that people are poor because of personal failure, rather than because of wrong economic and social policies.

The CHST also has serious implications for the preservation of national health, education and welfare programs. The legislation does not require provinces to actually spend funds on any of the three programs it covers. The fact that a ceiling has been placed on the federal transfer means that, over time, federal dollars will shrink to a very small share of total provincial spending in these areas, especially in health care.

Provinces could conceivably conclude that the federal dollars are of such little consequence that the loss of the transfer would be a good trade-off for being free from the national standards in the *Canada Health Act*. The desire to be able to ignore the unilat-

eral federal enforcement of those standards was clearly expressed in the two documents on the future of social programs prepared for the 1996 Annual Premiers' Conference.

The preference of most provinces seems to be for a more decentralized and diversified system, in which the federal government is merely one of 13 voices in determining social program standards. This provincial view, in conjunction with massive cuts at both levels of government, puts the future of social programs at serious risk. It undermines a long-held Canadian value—that building a more egalitarian society is a worthwhile goal and, as such, should be a high priority for both federal and provincial governments.

The social infrastructure cuts cannot be considered in a vacuum outside of prevailing economic and labour market conditions, because what is happening as a result of these conditions drives, to a great extent, the need for income and hence the need for various kinds of social assistance. Nor can it be considered outside the political environment and the corporate forces which act to influence the decisions of government.

That being the case, a second context for the 1997 AFB having serious consequences for the social infrastructure is the ongoing failure of the federal government to address the unemployment crisis in any meaningful way. One in 10 Canadian workers remains unemployed, one in five is unemployed at least once during a year, many more are underemployed, and one of every three families experiences unemployment every year. The government's view is that jobs can only be created by reducing workers' wages, leading to a lower-waged work-force, and by limiting the social supports available in order to force people into low-wage jobs.

This heartless approach has generated an increased demand for social assistance from the growing number of poor and unemployed. The response to this rising need has been particularly cruel. Access to social programs has been curtailed rather than enhanced, thus weakening social protection in the event of unemployment, disability, retirement, exclusion from the labour market, and other life circumstances, such as being a single mother.

At the federal level, this was done under the guise of needing to reduce the deficit and the debt, even though it has been clearly shown that spending on social programs was not the cause of this problem. The real deficit culprits—high real interest rates, excessive tax breaks, and sustained high unemployment—were ignored both by governments and the media. The federal cutbacks were then used as an excuse to downsize social programs at the provincial and municipal levels.

The consequences of sustained high unemployment and reduced social protection have been severe. Income disparity is growing, producing greater economic and social inequality, as well as a much more polarized and fragmented society. Canadians suffering disadvantage already — women, children, people with disabilities, visible minorities, and Aboriginal peoples — are bearing, and will continue to bear, the greatest burden. They are being forced to endure falling incomes, fewer opportunities to access better-paid jobs, and increasingly limited access to social protection.

The result is that living standards for the great majority of Canadians are declining, and will most likely continue to decline. The social implications of this development should not to be ignored. Increasing social and income

disparities are primary causes of ill-health, reduced life expectancy, social unrest, higher infant mortality, and an overall erosion in the quality of life.

Critical to the AFB analysis is the recognition that a broader agenda is at the root of this social and economic restructuring, and that this agenda is driven by narrow corporate interests. It is modelled on the neoconservative policies first adopted in the United States, Great Britain, and New Zealand, and its major objectives are the creation of a low-wage labour force and the rolling-back of the public sector.

The parallel components of the strategy are privatization, deregulation and free trade deals, all of which have brought downward pressure to bear on both wages and social programs.

The bottom line of this agenda is that measures which create greater economic and social equality are seen not as desirable policies, but as barriers to the development of a low-wage work-force. The shredding of the social security system and the attack on labour standards have very clear purposes — to reduce the collective responsibility Canadians have to one another, to increase reliance on inadequate market income, and to gain competitive advantage in the global marketplace through lower wages and lower corporate taxes.

Granted, a strategy which compels people to take low-wage jobs or face destitution because adequate social supports are unavailable certainly will lower unemployment in Canada, as it has in the United States. But at what cost to Canadians and the very nature of our country? Surely, it is clear that, by importing the U.S. "solution" to unemployment, we will also import into Canada the potential for social disintegration taking place in that country — growing poverty and huge economic inequality, a permanent underclass, high crime rates, walled and guarded communities, rampant racism, not to mention the hopelessness of the excluded and the vast loss of potential and life chances for a growing percentage of that country's citizens.

It is critical that Canadians understand that the dismantling of our social security system is a product of an agenda which does not have the interests of the majority at heart, but rather an agenda which is self-serving to a small powerful and wealthy elite.

This is why it is so important to inject into the public debate a discussion about choices. There are real alternatives. It is clear that Canadians have not been completely deluded by the "There Is No Alternative" theory. Polling results indicate that public opinion holds social equality, wealth distribution, a healthy population, and regional equality as important Canadian values. (EKOS 1994). Other polls show that Canadians want the government to give job creation priority over cutting taxes and the deficit, and that our social programs remain a source of pride and national identity.

The Alternative Federal Budget is clearly in tune with the beliefs of Canadians. Our approach to social policy is founded on the strong belief that social and economic rights are human rights, the premise being that the extension of human rights is the avenue to equality. The full enjoyment of human rights requires an end to economic and social disadvantage, and an end to discrimination which denies people economic, social, cultural, and political rights. It is the view of the AFB

that a full spectrum of social programs are integral both to equality and the attainment of these basic human rights.

The importance of the social security system does not reside in each individual program. Rather, the true value of the system is the diversity of programs which ensure that all Canadians, no matter in which circumstance they find themselves, have access to some measure of income security. It is the existence of the entire social security system which provides social and economic security.

The AFB recognizes the need to adapt our social programs to the economic and social circumstance of our time. Learning from the past, we must look for innovative approaches which can bring new hope to those on the margin of Canadian society. The massive cuts to social programs represent the antithesis of this view.

The federal government, in effect, has gotten out of the business of building a nation whose central goal is to ensure economic and social security for all its people. Such a concept no longer exists in the lexicon of government ideas. Instead, the intent is to make the rich richer and the powerful more powerful, at the expense of driving down living standards and the quality of life for everyone else. In sharp contrast, the Alternative Federal Budget is committed to progressive public policy which would restore our traditional understanding of what it means to build a nation.

The social policy contained in the AFB would go a long way toward meeting the concern expressed by the United Nations Committee on Economic, Social and Cultural Rights about the persistent and increasing levels and depth of poverty in Canada. This committee in 1993 severely rebuked the Canadian government in its report when it noted that, in spite of our "enviable situation" (with respect to resources), "there seems to have been no measurable progress in alleviating poverty over the last decade, nor in alleviating the severity of poverty among a number of vulnerable groups." This report was issued before the massive cuts to unemployment insurance, health, education, social assistance, and public pensions over the past three years.

Developing policies and programs to reduce poverty among Canadians is clearly not on the Chrétien government's agenda, as evidenced by its decision to postpone the federal all-party commitment to end child poverty by the year 2000 to somewhere towards the end of the next decade.

If we are to begin rebuilding the social state in ways which promote social and economic equality, we must take direct and immediate action to eradicate poverty, in conjunction with a broad range of progressive national social programs.

The Alternative Federal Budget introduces legislated poverty reduction targets to meet this commitment, with a view to the complete elimination of poverty over a ten-year period. Further, an Anti-Poverty Commissioner will be appointed, and directed to make an annual report to Parliament on the government's anti-poverty initiatives, as well as its success or failure in meeting the poverty reduction targets. (If the government can set deficit reduction targets, there should be just as much—in fact, more—enthusiasm for setting targets to eradicate the scourge of poverty.)

Such targets should be set in consultation with Campaign 2000, a coalition of groups devoted to the elimination of child and family poverty in Canada, and have no more than a ten-year time frame for their achievement.

The Commissioner will be empowered to investigate claims and requests related to poverty, and the government will be required to respond officially to the Ombudsperson's Annual Poverty Reduction Report.

The Alternative Federal Budget is maintaining the National Social Investment Funds, first proposed last year, as the core of our social policy, with a number of changes to enhance their effectiveness. Other measures introduced in the 1997 AFB—such as the Equity Participation Fund, the Child Benefit Fund, and the Income Support Maintenance Fund—will further expand and strengthen our social policy foundation.

Finally, we note that women, who make up 52% of the Canadian population, do not have equal representation in our society. Women have suffered cutbacks and setbacks in the areas of employment, unemployment insurance, job training, social assistance, child care, housing, health, advocacy services, violence services, safehouses, drop-in centres, to name but a few. Women are being increasingly called upon to work in the home, outside the home, as well as providing care for aged parents.

Social justice and democracy cannot be achieved until women are equal. The federal government must examine all policies, with the view to inclusion of women in the the policy-making process and their equal participation in society at all levels. Policies must be free from racism, sexism, homophobia, ablism, ageism. The federal government must ensure equal access to resources, employment, education, health care, credit, community economic development, and appropriate social services.

The AFB will reinstate and adequately fund women's centres, advocacy groups, and women's services. The AFB supports the NAC/CLC demands for monies for women and violence services, as well as the 15 demands made on the Women's Poverty March in 1996; provision will be made for these in our budget.

The AFB will seriously consider, with a view to implementing, the recommendations of Canadian Beijing Facilitation Committee 1996 report, "Platform for Action."

CHILD AND FAMILY POVERTY

In November 1989, all parties in the House of Commons voted unanimously to work for the elimination of child poverty in Canada by the year 2000. It is now seven years later, child poverty levels have grown by 46% since 1989, and the government has yet to prepare a comprehensive and integrated plan to deal with this issue.

Children are not poor in and of themselves. They are poor because their parents are poor. Efforts must therefore be directed at dealing with family poverty.

More and more Canadians are waking up to the fact that the "new economy," complete with falling incomes, low-wage jobs and high unemployment rates, is making it difficult, if not impossible, for an increasing number of families to make ends meet.

As the Campaign 2000 discussion paper entitled *Crossroads for Canada: A Time to Invest in Children and Families* states: "Child poverty in Canada is a symptom of a serious decline in living standards for increasing numbers of working families. This decline arises because as a nation we have failed to promote a labour market capable of providing sustaining wages for family providers, and have failed to invest in social security systems to protect children and families during hard times."

In this climate of welfare bashing, it is common for some people to divide the poor into two groups: the "deserving" poor and the "undeserving" poor.

The deserving poor are those who are seen as being in need through no fault of their own. They include children and those people who have some limitation in terms of physical or mental ability. Few would deny that financial support from the government for these people is justified.

The group labelled undeserving, on the other hand, are seen by some people as having created their own problems, either because they have not acquired needed skills or abilities, or because they are simply unwilling to work. Some even believe that those in this group are entirely to blame for their own state of poverty, and therefore do not deserve any government assistance. Instead, they should be forced to take full responsibility for lifting themselves out of poverty—even when there are no jobs available to them in such a high-unemployment economy. The fact that thousands of them will line up or apply for the few jobs that do open up attests to their willingness to work.

The Need for a Frontal Assault on Poverty

Today, poverty in Canada has reached crisis proportions. The current situation is arguably the worst since the Great Depression of the 1930s.

There can be no single or simple solution to this problem. What is needed is a sustained frontal assault on the several causes of poverty, and thus the AFB introduces a number of measures which need to be implemented in their entirety. Focusing on a single "popular" initiative, such as the government is likely to do with its proposed Integrated Child Benefit, will not suffice; it is inadequate in itself and far too timid and

restrictive in scope to help alleviate the poverty that has been caused in large part by the government's mismanagement of the economy and made worse by its own cuts to spending and programs.

The AFB launches massive job creation projects and other needed changes to the labour market. It also establishes a series of Social Investment Funds, elaborated upon later, designed to address many of the multiple causes of poverty.

An increased level of benefits for (un)employment insurance, the Income Support Fund, improved access to post-secondary education and training, sustained financial support for health care (including a National Drug Program), access to quality affordable child care and housing—all, individually and in concert, will reduce poverty in Canada considerably.

Furthermore, the AFB introduces an enhanced Child Benefit, and takes steps to enforce on a national level the payment of child support to custodial parents.

Finally, the AFB reduces the direct tax burden on poor families.

Taken together, these measures will have a significant positive impact on low-income families, and especially those with children. They will prove particularly beneficial to those groups most affected by poverty: young people, single parents, people with disabilities, and Aboriginal peoples—including, of course, their children. It will also ensure greater productivity through improved human development.

Labour Market Measures to Address Poverty

The Alternative Federal Budget, taken in its entirety, will do much to improve the economic circumstances of poor and non-poor families alike. As child poverty rates are highly correlated with unemployment rates, the AFB's employment creation initiatives will in themselves reduce the number of children living below the poverty line by 280,000. (When the unemployment rate drops by one percentage point, the child poverty rate falls accordingly by the same extent, or about 70,000 children.)

But we need to go beyond aggregate measures of employment growth, and examine the quality of the jobs which are being created. About 25% of poor children live in families where parents have been employed on a full-year, full-time basis, which speaks to the need for increasing minimum wage rates, something that the AFB has consistently called for.

Another 33% of poor children live in families where parents have insufficient hours in the labour market, along with deficient wages. Limited labour market hours can be a reflection not only of the unavailability of employment, but the unavailability of suitable child care services as well, and so the AFB addresses both these problems.

Employment creation and labour market reform are crucial to poverty eradication. By themselves, however, they are insufficient, since they take time to have an impact, and even then will still not address some forms of poverty. A variety of other supports are therefore required.

The Necessity of Income Support

Income support should not be viewed as charity. It is a way for society to provide people with the minimum income needed for sustainable living in a modern society. In addition to financial support, programs and services are required to help people regain their self-sufficiency. This is the modern version of the informal family and community support systems that existed in the past, but that could never guarantee support for all.

The motivation for accepting responsibility for the disadvantaged must come from a combination of compassion, social justice and common sense. Income support helps those in need, but it also helps all of us to live together in peace and mutual respect.

The National Income Support Fund

The Alternative Federal Budget proposes that the federal and provincial governments jointly develop a **National Income Support Fund**, which would constitute a "floor" of financial support below which no Canadian can fall.

Part of the responsibility of governments is to redistribute some income from the more fortunate citizens to the less fortunate. This helps to create a more stable economy and promotes prosperity that is more sustainable.

The Alternative Federal Budget recognizes that the well-being of all Canadians is important to the health and prosperity of our country. In order to ensure such universal well-being, the federal, provincial and municipal governments must establish a common set of principles and standards to govern the delivery of income support and the programs and services that accompany it.

The Alternative Federal Budget proposal for income support includes the following standards as a minimum:

1. An adequate level of support for the necessities of life will be provided unconditionally to every Canadian in need.
2. Any Canadian who declares that they are in need will be guaranteed a fair assessment of their application for income support.
3. There will be no residency requirement for income support. However, for Canadians who move to another province, the originating province will be responsible for providing income support to that Canadian for one year after the move.
4. There will be an effective accountability and enforcement mechanism to maintain standards.
5. There will be an appeal system to deal with disagreements.
6. The provision of assistance will not be predicated on a work requirement of any kind, consistent with Canada's signing of the UN Covenant on Economic, Social and Cultural Rights.
7. The well-being of people on income support must be monitored and evaluated on a regular basis.
8. People receiving income support must be actively consulted before any changes to income support programs are considered.

Income support will be provided at two levels. Level 1 establishes the income floor, which would provide a base of financial support to both families and individuals in

need at an amount equal to no less than 60% of Statistics Canada's Low-Income Cut-Offs (LICOs) for the 1997-98 fiscal year. The welfare rates in some provinces, of course, already exceed this minimum level, and should, if anything, be raised even higher. But in other provinces—New Brunswick, for example—welfare payments are as low as 25% of StatsCan poverty levels, so for them a 60% floor would be a substantial improvement. Over five years, the floor will be raised to 75% of the LICOs.

Level 2 of income support will provide additional funding to restore the financing of social services that have been reduced or eliminated by the provinces and to meet the special needs of families and individuals, such as the extra costs due to disability or ill health. The second level of income support will also be used to help fund the provision of related services such as counselling, relocation assistance, emergency funds, etc. A standard schedule of available services for those persons who must use the Income Support Fund would be negotiated.

Funding Responsibilities

In 1997-98, the federal and provincial governments will enter into negotiations with a view to establishing the fiscal arrangements for Levels 1 and 2 of the Income Support Fund. It is recommended that both levels be cost-shared, with the appropriate percentages to be determined, so as to ensure that there is no off-loading of responsibilities between governments. The Fund will therefore be counter-cyclical. There will be a phasing-in of compensation for the three provinces which had CAP transfers "capped" before the introduction of the CHST.

This year, in response to reductions in provincial welfare rates across the country (particularly for single employables) as a result of the end of the Canada Assistance Plan and the introduction of the CHST, the AFB will increase funding by the federal government for direct income support.

The additional money will be provided to all provinces that agree to the development of the Income Support Fund, adhere to its standards, and implement the guaranteed first level of support at 60% of the LICOs (as well as a commitment to increase the floor to 75% of the LICOs within five years). No additional cuts to welfare rates can be made, and the extra dollars must be allocated to those persons whose incomes are currently below 60% of LICOs.

The Income Support Fund will not be sustainable over time unless there is a concomitant push to raise minimum wage rates in all of the provinces. The AFB strongly urges the provinces to take this progressive step, and in the meantime raises the minimum wage in all sectors and industries that come under the federal jurisdiction. This will deal with any real or perceived "disincentive," and ensure that jobs are available at living wages so as to reduce the need for accessing the Income Support Fund.

The National Income Support Fund will be implemented by using a multi-year strategy to include increases to the first level of funding, as well as renegotiating the second level of funding on a five-year basis, after evaluation of the outcomes.

The process of designing and developing an income support program must include the participation of people who are currently receiving income support.

Accountability will be an important feature of the National Income Support Fund. Full disclosure of the use of all funds will be required, and must be done in such a way as to ensure that the confidentiality of the Fund's recipients is not compromised.

The National Income Support Fund will be integrated with other components of the Alternative Federal Budget, such as Child Care, the Enhanced Child Benefit, Employment Creation, and Training and Post-Secondary Education.

The Child Benefit

The AFB is committed to raising all persons out of poverty. Unfortunately, the extent of the poverty problem in Canada is such that it would take a number of years before the AFB, even implemented in its entirety, would raise all persons above the poverty line.

Given that reality, and given the fact that the needs of a growing number of poor and modest-income families with children are going unmet, the AFB is proposing that an enhanced Child Benefit be implemented to provide direct and immediate relief to families with children.

The design of such a Child Benefit is critical, since it could be misused as a tool to ensure that parents have little choice but to be forced into low-wage work. Wage supplementation for poor parents with children can become such a tool.

Following is a list of conditions that will be respected in the development of an appropriate Child Benefit:

- **Any new program must recognize the important contribution made by parents to society as a whole.**
- **Additional revenues will be required if we are to begin to alleviate child and family poverty; it is not possible to begin to alleviate the problem by simply "redirecting funds" from other vulnerable groups, such as the disabled, single employables, or poor families without children.**
- **An enhanced Child Benefit program needs to be coupled with a comprehensive strategy to raise minimum wage rates. Any new Child Benefit program must not be used as a tool to reduce alleged "work disincentives" when the real disincentive for families is the lack of good-paying jobs.**
- **An enhanced Child Benefit can be considered as a down payment only; alleviating child and family poverty requires an overall strategy that would include other program areas such as housing, child care, an advanced payments system, training, post-secondary education, and job creation.**
- **The benefit and the eligibility threshold must be indexed to inflation.**
- **The benefit cannot be deducted from provincial welfare payments.**
- **A low-income parent with pre-school children should have the right to choose to stay at home to raise his or her children or to go out into the workplace, with the corresponding supports that are required to do so.**
- **The federal government must assume primary responsibility for the income security needs of families with children, just as it does for senior citizens.**
- **The amount of the benefit should be sufficient to have a significant impact on raising poor families out of poverty.**

The enhanced child benefit will increase the current level of support being provided to children with families. The value of the support will be reduced by a proportion of family income over and above a certain threshold.

The value of the benefit will reduce to zero for higher income families, but a non-refundable tax credit will assure that all families receive public recognition for the social contribution of parenting.

Child Support Enforcement

The 1996 Alternative Federal Budget committed itself to a family support package that included better enforcement measures. The missing element in that package is a National Advance Maintenance Child Support System. This would guarantee that children and their custodial parents have the income they need under the new Child Support Guidelines announced by the federal government in its 1996 budget—without delay, frustration, and the diversion of time and energy from the challenging responsibilities of parenting.

Without adequate enforcement measures, custodial parents and children are left at the mercy of the support-paying parent for the provision of an adequate income. The existing federal family support enforcement is so weak that children and custodial parents can be left destitute for years while waiting for payments that, even if received on time, are still in many cases inadequate.

In conjunction with the enhanced Child Benefit and other anti-poverty measures contained in the 1997 Alternative Federal Budget, the Advance Maintenance Child Support System (AMCSS) ensures that custodial parents have the income necessary for child support.

The AMCSS will be national in scope, and administered by a national agency, complementing reforms already under-way for a National Tax Collection Agency. The federal government will pay out the required child support payments, using the same administrative mechanisms as those used for the comprehensive child benefits.

The new federal-provincial taxation agency will be the vehicle to recover the payments from non-custodial parents anywhere in Canada. This would ensure much higher compliance rates and remove much of the uncertainty from custodial parents for income security.

Such an Advance Maintenance Child Support System will not reduce eligibility for other income assistance programs.

The 1997 AFB includes the start-up funding for this approach and challenges the federal government to take responsibility for the well-being of children and families, instead of waiting to pay the enormous social costs of neglect later.

CHILD CARE

Child care is a unique social service with a number of interconnected purposes and multiple goals. A well-designed system of affordable, accessible, quality child care can meet a diverse range of needs for children, families and communities.

The Need for a Child Care Investment Fund

The reasons we need child care are well-documented. Previous examinations include the Royal Commission on the Status of Women (1970); the Royal Commission on Equality in Employment (1984); the Task Force on Child Care (1986); the Report of the Special Committee on Child Care (1987) and the Social Security Review (1994), as well as numerous provincial/territorial studies, inquiries and commissions.

In the current federal political scene, the need for quality child care in the early years is highlighted by both the National Forum on Health and the National Crime Prevention Council. The Liberal Government's own Red Book election document promised to create a national child care program with 150,000 new child care spaces. The call for a national child care program was taken up by 59 national organizations and endorsed by more than 100 others in Campaign Child Care 1993.

Statistical changes in the female labour force participation and birth rates seem to suggest a reduced need for child care. Nothing could be farther from the truth. In 1993, the last year for which reliable figures are available, only 16% of children 13 years or younger requiring care for at least 20 hours per week had access to licensed care arrangements. Child care in Canada is an unmet need. And the slowing of the post-1960s trend of rising women's labour force participation does not signify that child care is no longer a key support for women's equality.

In spite of our awareness of the multiple needs for child care, quality child care is still neither available nor affordable for most families in Canada. Rather than committing public funds to serving the child development, labour market support, women's equality, and counter-child-poverty functions of child care, all levels of government are currently allowing child care services to slip off the public agenda.

In a world that has become increasingly complex for parents and children, governments are clinging to outdated ideals of what families can do on their own. There is a reluctance on the part of politicians to move beyond the 1960s welfare orientation of most child care policy and acknowledge that investing in the next generation is a necessity, not a luxury.

Costs of Failure to Invest in Children

It is necessary to remind governments that investing in quality child care yields immediate economic benefits, helps strengthen parental labour force attachment in the medium term, and helps meet the long-term social goal of raising the next generation.

Child care is a key support to employment of both men and women. Child care represents an immediate savings to employers who stand to benefit from a fully functioning labour force; and access to child care also permits parents who have been educated and trained in Canada to apply their skills and knowledge to the labour market.

In addition, child care is integral to any effective strategy to fight child poverty. Proposals for enhancing the child tax credit loom on the political horizon. In the current environment of cutbacks and devolution of services from federal to local levels, it is crucial to note that *income-based measures designed to alleviate poverty will not, in and of themselves, solve all the problems of children*. The most recent statistics indicate that child poverty has increased since governments intensified their attack on social services.

Quality child care is of course needed by—and should be made available to—all parents of pre-school children, whether they are receiving social assistance or not. But it is most urgently needed by the growing number of single working parents, mostly women, who have pre-school children.

Most two-parent families in Canada have difficulty getting by on one income alone, and an increasing number of lone-parent families rely on women's wages, although they fall far short of men's. In addition, young families need to work even harder these days to prepare for retirement.

Child care is a significant factor in parental labour force attachment, especially for women. The "Survey of Persons Not in the Labour Force" identified 3,680,000 such persons not in the labour force in 1992 who were otherwise able to work, 2,642,000 of them women. Of those who had children, 60% cited child care responsibilities as the main reason they were currently not looking for work.

Given the high proportion of these women who had family incomes under \$20,000 (34%), or collected social assistance (23%), it can be assumed that many would want to increase their incomes through work, if adequate jobs and wages were available. Therefore, lack of access to child care is still a barrier to women's labour force participation.

Although unemployment and slow economic growth have weakened labour force attachment for both men and women, women of prime childbearing age are experiencing the greatest decline. In the 1980s, labour force participation of women with children under 6 years increased by more than 15%. Yet, since 1991, women aged 25 to 34 are the only group of women whose participation has declined (by 1.5%), a trend more pronounced for single mothers. In 1994 53.5% of single mothers with pre-school age children were in the labour force, down from 57.4% in 1990.

High quality child care has social value as a strategy to enhance all children's healthy development, as a support to families regardless of their labour force status, as part of a comprehensive approach to alleviating poverty, and as a key tool for pursuing women's equality. These benefits are demonstrated by child development and compensatory education research.

The child development research shows that, if a pre-school child care/early childhood development service is of high quality, it provides intellectual and social advantages that persist into elementary school, establishing a foundation for later school success. Poor quality child care, on the other hand, is found to have a negative impact. These findings pertain regardless of social class.

The National Crime Prevention Council has identified "quality child care that is accessible and affordable" as a key factor in preventing crime. The National Forum on Health consultations suggest that a comprehensive approach to non-parental care and healthy child development for all young children should be a key part of a national health strategy.

Child Care Policy After the CHST

In Canada we lack coordinated child care policy, although in 1993/94, approximately \$4 billion was spent by all levels of government on child-care-related activities. This public contribution is minor compared with the personal contributions made by parents through their child care fees. And the system as a whole benefits from the indirect subsidies in the form of the shockingly low wages of workers in the child care sector.

Other industrialized countries acknowledge the value of child care by investing in this sector, some allotting a percentage of overall GDP to child care spending, in recognition of this key support to a healthy society and a productive labour force.

In Canada, however, we have yet to advance to a position where child care is treated as an investment rather than a cost. The elimination of the Canada Assistance Plan has slashed approximately \$350 million from federal child care spending (1993/94 estimate). Even the early childhood intervention program, Brighter Futures/CAP-C, which targets children "at-risk," has had funding reduced in the current fiscal year. To date, Aboriginal child care spending has been retained and even expanded. But the much-touted Red Book promise to spend \$720 million on expanding child care services seems to have been abandoned. All that is left are the Child Care Expense deduction, the Young Child supplement, and the Dependent Care allowance (currently undergoing devolution). None of these measures creates and maintains high-quality regulated child care.

Children born in Canada today may never be able to have quality child care in the same numbers as the generation preceding them. The scene across the country is mostly bleak; slippages in standards, service erosions, and threats to child care workers' jobs and wages are becoming commonplace. We could hold child care up as a poor example of a 'devolved' social program, but the reality is that this key children's service has never benefited from federal legislation that would have strengthened its infrastructure to weather the current climate of cutbacks.

Every major social program in Canada, from seniors' pensions to Medicare, has required strong federal leadership and gradual provincial participation in order to become established. Yet, where children are concerned, we have not yet been able to clear the fiscal, policy, and jurisdictional hurdles.

The Child Care Investment Fund

The Alternative Federal Budget commits the federal government to open negotiations with the provinces, territories and Aboriginal peoples to establish a cost-shared **Child Care Investment Fund** combining the current cost-shared expenditures with new child care funding at levels consistent with the Chrétien government's Red Book promises.

This fund will require the support of a federal policy framework based on principles that ensure high-quality services for children from coast to coast, compatible with provincial/ territorial/Aboriginal jurisdictions, and the need for appropriate local strategies to provide planning and service delivery.

The Child Care Investment Fund will be based on the principles of high quality, public accountability, accessibility, comprehensiveness, portability, and cooperation. Negotiations with the provinces, territories, and Aboriginal peoples for the use of this fund will be based on these six principles.

A Child Care Program for Canada has long been considered a missing key component of a modern social security system committed to social justice. The absence of an accessible, high-quality child care system is also a major drawback to our economic performance.

The place of child care at the centre of an array of social policy objectives—healthy child development, parental employment and training, women's equality, and healthy communities—suggests that the establishment of a comprehensive child care program would be a rewarding public investment.

POST-SECONDARY EDUCATION

Since taking office in 1993, the federal Liberal government has sustained the previous Tory government's policy of reducing the federal deficit through significant cutbacks in cash transfers to provinces for social assistance, health care, and post-secondary education.

In the 1996 budget, cash transfers for post-secondary education were lumped in with the new Canada Health and Social Transfer (CHST), and the overall cash transfer for social assistance, health care and post-secondary education was cut by a further \$4.5 billion.

Prior to the 1996 budget, organizations supportive of post-secondary education proposed that the new grant be called the Canada Health, Education and Social Transfer (CHEST). The Liberal government deliberately rejected this proposal. This action is at odds with the mass of evidence which indicates that a post-secondary educational system is vital, not only for economic growth, but also for the enhancement of labour market equity and the preservation of a distinctive and robust national culture.

Simultaneously, the federal government's abandonment of post-secondary education signaled to the provinces that they now had a free hand. Citing the cuts in federal cash transfers as justification, provinces have reduced grants to universities and colleges. This in turn has resulted in increases to tuition fees, declining enrolments, the curtailment of programs, and the elimination of jobs.

Moreover, in some provinces, policies on post-secondary education have recently taken a more ominous turn. Thus, in Manitoba, Alberta, Saskatchewan and Ontario, governments are intent on compelling universities and colleges to subordinate their programs and research activities to the agendas of corporations and provincial (and local) business elites.

The inevitable result of this process, if it is allowed to continue, will be the fragmentation and degradation of post-secondary education in Canada - 10 systems of post-secondary education, devoid of national coherence and national standards.

Clearly, such an outcome is contrary to the interests of all Canadians; it will compromise not just the futures of present generations of Canadians who depend on the economic opportunities generated by universities and colleges (directly through the education and training they provide, and indirectly through the impact on the economy and society of advances in knowledge), but also the futures of their children and grandchildren.

In the 1996-97 Alternative Federal Budget, the case was made for a major federal presence in the funding of post-secondary education, along with a strong leadership role for the federal government in ensuring an expansion in opportunities for Canadians to acquire the knowledge and skills required to function effectively in the economy and in society.

More specifically, a commitment was made for the federal government to assert its responsibility to ensure: "(i) equity across provinces in the provision of PSE opportu-

nities and in the maintenance of high educational standards; (ii) equity in accessibility to PSE opportunities for individuals from all classes and all segments of the population; and (iii) expansion and enhancement of publicly-funded research capacity and output in all aspects of knowledge.”

In the 1997-98 Alternative Budget, we reiterate our plan for a new direction in post-secondary education based on a Higher Education Act, a Post-Secondary Education Fund, and immediate increases in: 1) cash transfers to provinces for post-secondary education; 2) funds available for student loans and grants; 3) funds to support research activities in universities; and 4) capital funds for the rehabilitation and upgrading of post-secondary infrastructure.

Higher Education Act

A Higher Education Act will provide the mechanism required for the federal government to define for itself a central role in the funding of post-secondary education. The Act will be based on the following principles:

- **Public administration:** Post-secondary education institutions will be governed on a not-for-profit basis and public funds directed to public-sector universities and colleges.
- **Accessibility:** All individuals with the capacity and desire to acquire PSE education and/or skills will be assured access to PSE opportunities, irrespective of their backgrounds; ultimately, PSE institutions must be free of all non-academic barriers, including user fees.
- **Comprehensiveness:** A public system designed to ensure accessibility in fact as well as in principle will be established, providing potential students with a complete range of options, including university education, community college education, professional training, vocational training, distance education, and adult education.
- **Transferability/Portability:** Credits acquired in public-sector institutions will be transferable between all public-sector institutions in the country; and all barriers which deter or prevent the movement of students between institutions and provinces will be eliminated. (This will not involve a strict standardization of curricula.)

The AFB will repeal the CHST and initiate negotiations with the provinces on acceptance of the Act and the establishment of a new formula for funding PSE at a level guaranteeing immediate and substantial progress toward realizing the principles and objectives defined in the Act. The Act will not apply to Quebec, but separate negotiations will be undertaken on the transfer of funds, based on the foregoing principles.

To expedite the negotiations, and to ensure that they proceed on an informed basis, an Advisory Council on PSE will be created, with representation from all public-sector organizations involved in PSE, including organizations representing students, support staff, and faculty members. The Council will participate directly in negotiations with the provinces, as will representatives of segments of the population that historically have been limited in their access to PSE opportunities, such as Canada's Aboriginal peoples.

It is expected that the involvement of the Council and other representatives in these negotiations will ensure that the resulting federal-provincial arrangements for PSE will reflect a national interest, while at the same time respecting legitimate differences in provincial and regional circumstances.

A Post-Secondary Education Fund

Pending the outcome of these negotiations, action will be taken to begin reversing the significant cuts to PSE funding by Finance Minister Paul Martin in his budgets. A separate Post-Secondary Education Fund will be established as a concrete expression both of our recognition of the importance of PSE to the national project, and of our commitment to sustained federal funding for universities and colleges.

This Fund will be used to provide cash transfers, earmarked for distribution to universities and colleges.

As well, the Alternative Federal Budget will provide:

- (i) student grants and loans;**
- (ii) increased funding for Aboriginal students;**
- (iii) funding for research agencies; and**
- (iv) a capital program aimed at rehabilitating and upgrading the infrastructure of public post-secondary institutions. (For the job creation effects of these measures, see the Employment section.)**

These commitments are based on a recognition that the most important resource in Canada—the key to having a sound, growing economy and a decent society with a shared sense of vision—is the education of the Canadian population.

This Alternative Budget is intended to change, fundamentally, the role of the federal government in PSE. Rather than abandoning PSE to the provinces and the market, as the Liberal government has done, the AFB acknowledges the responsibility of the federal government in funding and shaping a coherent PSE system in Canada, a system that is adequately funded, a system that is second-to-none in terms of standards, diversity and accessibility, a system that serves the economic, cultural and social objectives of Canada.

HEALTH CARE

Without committed leadership from the federal government, Canadians would not have a national public health care system today. The National Health Grants Program (1948), the Hospital Insurance and Diagnostic Services Act (1957), and the National Medical Care Insurance Act (1966) pushed reluctant provinces to support public health care and provided them with federal financial support.

The Canada Health Act (1984) preserved universal health care, threatened by doctors' extra-billing and user fees, by enshrining in law Medicare's five principles (accessibility, comprehensiveness, portability, universality, and non-profit public administration), and imposing a financial penalty on provinces that failed to enforce them.

Strong national standards are more crucial now than ever before. So is the importance of a federal government role in creating and maintaining equity in the health care of Canadians. Support among Canadians for the five crucial principles of the Canada Health Act remains firm, but concern is rising about the future of the Canada Health Act, for three main reasons:

1) Cuts to Federal Government Financing

- With the Canada Health and Social Transfer (CHST); federal support for health (and other social programs which impact upon health) continues to be eroded. The CHST removes \$6.7 billion in funding from social programs. Although Finance Minister Martin, in response to strong public pressure, has set a 'cash floor' of \$11 billion (actually \$8.7 billion when the Quebec tax abatement is deducted), population growth and inflation mean that federal support will continue to fall past the year 2000. As a result, health, education, and social services face serious financial stress.

2) Privatization

- As provincial governments continue to cut health spending, there is a shift away from publicly-provided care to for-profit provision. As government spending falls, private costs imposed on individuals and families rise. This results in increasing privatization in the system, and threatens the accessibility and equity of health care in Canada.

3) Growing Inequality

- The federal government has not played a sufficiently strong leadership role in health reform. A patchwork of health services is emerging across the country. At the same time, deepening poverty and unemployment increase the burden upon the health care system.

With such a leadership vacuum at the federal level, a reaffirmation of a clearly defined federal responsibility for health care is urgently needed. As the founders of Medicare were aware, equity, access and efficiency in health care cannot exist without it.

Privatization

Privatization of health care can be obvious and visible (e.g., de-insurance, user fees, increasing deductibles); but it can also be insidious (e.g., the shift to outpatient and community care, which transfers costs to families and individuals). Overall health care costs are falling in Canada. From a peak of 10.1% of GDP in 1993, Health Canada

predicts total health care spending will fall to 9.1% of GDP in 1996. But this came entirely from public spending cuts.

In real per capita dollars, spending has been decreasing since 1992. In contrast, overall health care costs in the United States, driven by that country's for-profit delivery system, continue to escalate.

However, while public spending on health care in Canada has dropped, there has been a concurrent increase in private spending on health care:

- Over the last 20 years, private spending has risen from 23.6% of total spending to 28.2%, while the public share has fallen to only 71.8%. Private spending on health care now exceeds total federal government spending. Only 23.5% of dollars spent on health come from the federal government.
- We are spending less on hospital care, but more on drugs. In 1975, 45% of all health dollars went to hospitals. By 1994, this had fallen to 37.3%. On the other hand, in that same period, the cost of pharmaceuticals rose from 8.8% of expenditures to 15%. Drug costs have grown at an average rate of 4.5% per year. This is mostly out-of-pocket consumer spending.

The 'spillover' from the public sector to the private sector—in drug costs, long-term care and home care costs, among others—opens the door to profit-making in health care delivery. Health care in Canada is a \$72 billion market. American-based multinationals are now well-positioned to move into health care provision, with the support of some provincial governments and large sections of organized medicine.

The Ministerial Council on Social Policy Reform and Renewal advocates further reducing the federal role in health care, and this agenda is aggressively advocated by the premiers of Alberta and Ontario, who support privatization and 'free-market' health care delivery.

The sponsoring organizations of the recent National Health Care Policy Summit included Liberty Health, the MDS Health Group Limited, SHL Systemhouse (all large for-profit health care corporations), and the Canadian Medical Association. Fighting privatization will clearly take political will and commitment.

The AFB will:

- **repeal the CHST, and replace it with a National Health Care Fund.** The Fund will provide stable, increased federal cash funding for health care, at pre-CHST levels. Starting from the 1995-96 funding level as a base, cash funding will grow with the economy, at the three-year floating average per capita GDP increase. Regional equity will be guaranteed through a national baseline per capita entitlement and cash transfers equalized according to provincial tax revenues.
- **enforce the five principles of the Canada Health Act.** The federal government should ensure a publicly open and accessible monitoring process. This will be achieved through a Parliamentary reporting mechanism, and the creation of a Standing Committee responsible for the Canada Health Act. Staff support within Health Canada for monitoring violations of the Act will be increased.

- **establish an arms-length Privatization Alert Group, whose responsibility it will be to assess the impact of government funding cuts at all levels upon Medicare, to collect information on the for-profit sector in health care, and to monitor the effects of free trade agreements, including the Agreement on Internal Trade, as well as the FTA, NAFTA, and the World Trade Organization.**

Health Care Delivery

Without federal leadership, changes in health care delivery will lead to an uneven patchwork of health care services across the country, and poorer provinces will be left behind.

Federal health care policy has not kept pace with rapid change occurring at the provincial and local level, where the principles of the Canada Health Act (CHA) are undermined by the shift to 'community-based' health care, public/private partnerships, and hospital outsourcing. While hospital and physician services, regardless of venue, are insured services under the Act, other types of health care delivery now being developed may fall outside the scope of insured services under the CHA.

The framework for publicly-insured health care provided in the CHA is becoming outdated and inadequate. The definition of "comprehensive" services to which Canadians are entitled must be revised and expanded to reflect the realities of health care delivery in the country. Home care, respite care, pharmacare, and other types of care delivered increasingly outside the current institutionally-based "medical model" by providers other than physicians, must clearly be health services covered by the Act. Such inclusion would ensure that services delivered in these evolving venues are available to Canadians without barriers to access.

One solution is a solid community health centre model for basic health care, based on federally established principles. These principles include: community input and control; a broad spectrum of primary health, social and related services available in one location; cooperative multi-disciplinary teams to deliver care; an emphasis on prevention, health promotion, education services, and community development; and salaried remuneration for health care professionals.

A true community-based model provides the opportunity for those with specific concerns about health care delivery, such as women or ethnic groups, to plan and implement services which meet their needs. Community health centres have a long tradition of success in Canada.

Providing more effective and efficient services in non-traditional ways and in non-institutional settings can potentially lead to a more progressive health care delivery system. Community-based care must not, however, be an excuse for further devaluing the caring work performed by health care workers, 80% of whom are women.

Neither should the downsizing of hospitals simply transfer caregiving from educated and fairly paid caregivers to unpaid caregivers in the home and community. Job losses associated with health "reform" have already been enormous, and the foregone wages of those who lose work time or quit their jobs to care for family or friends is also of serious concern.

The AFB will:

- **amend the CHA to ensure that health care is available (according to the five principles) in out-patient and non-institutional settings.**
- **put an emphasis on creating rather than eliminating high-quality, fairly-paid caregiving jobs.**
- **provide transition funding to plan and implement a coherent and nationally consistent Community Health Centre health strategy.**
- **develop a National Health Human Resource Strategy to address changing needs in health care delivery. Our strategy would focus on re-skilling (not de-skilling) and development of the health care work-force, and recommend ways to make effective use of the knowledge, skills and experience of all health care providers.**
- **continue the National AIDS Strategy past the scheduled ending of federal support in March 1998. We would emphasize support for community-based AIDS programs. Locally-driven organizations connected to those living with HIV/AIDS and at high risk for contracting the disease have provided effective services to their communities. Prevention is particularly important, as the disease continues to spread. There are 2,500 or more new HIV infections each year.**

Socioeconomic Determinants and Health

The federal government must also take responsibility for promoting good health by addressing the problems of rising income disparity, unacceptably high unemployment, and reduced funding for public education. **Unemployment in Canada increases health care costs by close to \$1 billion per year, because of increased health care needs, such as physician visits, hospital in-patient or out-patient care, and mental health services. Socioeconomic equality is thus an important health issue for Canadians.**

Unemployed Canadians are twice as likely to have been admitted to hospital in the past year as those with jobs. Recent population health research shows that those with the highest levels of education and income enjoy better health than those with middle levels of income and education. Those in the middle have better health than the poorest with little education. Hospitalization rates increase with declining income and education levels.

The AFB will:

- **develop strategies to prevent ill-health through the alleviation of poverty in Canada, employment creation, education, child care, and income support.**
- **create a Canadian Council on Health, with a focus on prevention strategies. The Council will also develop national goals for population health, monitor national health trends, and issue an annual Report Card on Health.**

National Drug Strategy

This year's AFB builds upon last year's establishment of a National Drug Program. We need a strong national drug strategy for several reasons. Inequities in drug coverage between provinces are increasing as provincial governments raise deductibles and co-payments, and de-list more and more drugs. Increased drug costs result from the lack of a national evaluation program for new and existing drugs, and public safety is jeopardized by cuts to the Health Protection Branch.

Costs also are rising dramatically because of the federal government's protection of pharmaceutical patents. The lack of prescribing guidelines and monitoring results in the overprescribing of drugs, particularly to women and seniors. Aggressive marketing and promotion by drug companies is also a factor in overprescribing, and consequently in the rise of drug costs.

The AFB strategy would do two things. It would ensure access to drugs and drug delivery mechanisms as a right under the Canada Health Act, providing standardized drug coverage to all Canadians. It would also develop strategies to attack the underlying factors in escalating drug costs.

The AFB will introduce a National Drug Plan which moves toward providing a universal drug program over the next several years. The plan will initially cover all drug costs for everyone whose annual income is below the poverty line. Everyone else will be subject to a co-payment, based on the individual's or family's ability to pay. The program will be developed in consultation with provincial governments, and its cost will be offset by the following measures:

- the repeal of Bill C-91. Rising drug costs resulting from pharmaceutical patent protection are placing an extreme financial burden on individual consumers and governments. Reinstating compulsory licensing will potentially save \$4 billion over 10 years. (Repealing this bill and reinstating compulsory licensing will likely be challenged under the intellectual property rights clauses in NAFTA. Accordingly, we will renegotiate these clauses, as well as similar provisions agreed to at the World Trade Organization.)**
- the introduction of Reference-Based Pricing to lower prescription drug costs. The goal of reference-based pricing is to encourage physicians to prescribe lower-priced but equally effective drugs when they see patients, by providing scientific and cost information to doctors. Newly introduced drugs are very expensive, but not necessarily any better for the patient than older products. The British Columbia government has used reference-based pricing in its Pharmacare program since 1995, and it has resulted in reduced costs.**
- improvements in the Health Protection Branch to guarantee that the drug approval process is safe and fully open to the public. The Branch will also be directed to evaluate existing drugs, and provide current information to health care professionals and consumers about drug effectiveness and the existence of cheaper and equally effective alternative drugs. These measures will help to curb the problems associated with overprescribing.**

Aboriginal Health

With the release of the Royal Commission on Aboriginal Peoples, the federal government has been challenged to address the appalling inequality in the health status of Aboriginal peoples. Aboriginal babies die at twice the national average, and life expectancy is seven to eight years lower for Aboriginal people than for other Canadians. Infectious and chronic illnesses are much more prevalent in the Aboriginal community.

The Commission recommends a new strategy for health and healing, which deals with the root causes of ill-health, provides local control over health and social services for Aboriginal people, and stresses the importance of Aboriginal culture and traditional healing perspectives.

The AFB will commit the government to the implementation of the recommendations dealing with health in the Royal Commission on Aboriginal Peoples.

Four central recommendations are to be implemented immediately:

- 1) reorganization of services under Aboriginal control;**
- 2) training for Aboriginal people to provide services;**
- 3) adaptation of mainstream services; and**
- 4) community infrastructure to deal with housing, clean water, and waste management.**

RETIREMENT INCOME

Canada's public programs account for about half of all income received by Canadians over 65. As we look to the future, we know that the number of people over 65 will increase—according to widely accepted projections, it will double between now and the year 2030. This doubling of the over-65 portion of the population poses two types of challenges. On the one hand, it will increase the expenditures on OAS, CPP, and other public and private programs and measures designed for the elderly. On the other hand, if the incomes of the elderly do not improve, it raises the spectre of an ever-growing number of them forced to live on substandard incomes. The question is how best to balance these conflicting considerations.

Incomes of the Elderly and OAS and CPP Expenditures

If the incomes of today's elderly are assessed in relation to current poverty lines and the ability of retirees to maintain their standard of living in retirement, several things stand out:

- progress has been made in reducing poverty among the elderly, but the overall poverty rate of 20% remains too high and the rate of 50% for the single elderly, who are overwhelmingly women, remains totally unacceptable;
- the incomes of the elderly are heavily concentrated around the median income of the elderly and Statistics Canada's low-income cutoffs;
- many people who have participated for years in workplace pensions seem to make the initial transition from work to retirement relatively comfortably, but many others do not; there is evidence of a continuing decline in the relative living standards of the elderly during the retirement period; and poverty among the single elderly suggests that for many women the death of a spouse triggers a decline in living standards.

About half of all income received by Canadians over 65 comes from OAS, which formally includes GIS and CPP. It tends to be the case that the lower-income elderly rely more heavily on OAS and CPP than do the high-income elderly. Nonetheless, elderly households with incomes in the \$40,000-to-\$60,000 range in 1992 received just over 30% of their income from OAS and CPP.

Also worth noting about OAS and CPP:

- 1) OAS and GIS provide a minimum income floor for the elderly, but it is too low to prevent poverty-level incomes;
- 2) OAS combines with the CPP to replace pre-retirement earnings, but even for people with low levels of earnings, the benefits from these programs are not sufficient to maintain one's pre-retirement living standard in retirement;

- 3) OAS and CPP are much more widely available than workplace pensions and RRSPs;
- 4) OAS and CPP are a more important source of income for older women than older men, reflecting the fact that employed women are less likely than employed men to participate in workplace pensions and RRSP's;
- 5) it is noteworthy that workplace pensions are typically organized on the assumption that full OAS and CPP benefits are available at 65.

As we look ahead, there is good reason to be concerned that, if existing retirement income arrangements are not strengthened, the ageing of the population will bring with it an ever-growing number of the elderly who are denied adequate incomes.

The way in which OAS benefits are indexed is also relevant to the long-term trend in OAS expenditures. OAS expenditure now amounts to 2.13% of national income and 12% of federal government revenues. If OAS expenditures remain price-indexed, they will rise to about 2.8% of national income and 15.8% of federal revenues by 2031, while the proportion of the population over 65 will nearly double. If, however, OAS is wage-indexed after 2000, as the AFB proposes, expenditures will come to represent 3.76% of national income and 21.2% of federal revenues in 2031.

CPP expenditures will increase from their current level of 2% of national income to 3.91% in 2031, and the contribution rate will increase to 13.91%.

Several things about these numbers merit comment:

- 1) They have to be assessed against the background of the doubling of the population over 65.
- 2) The projected age structure of the population, and hence the portion of national income claimed by the elderly through (wage-indexed) OAS and CPP tends to stabilize after about 2030. The ageing process is driven by the post-1966 baby "bust," not the 1950s baby boom.
- 3) OAS and CPP benefits are taxable, and a significant portion of what is paid out in these benefits is recycled through public accounts in the form of personal income tax and sales tax payments.
- 4) Declining debt service payments in the years ahead should make it easier to accommodate OAS payments in particular.

The Federal Government's View

Since coming to office in 1993, the current Liberal government has seized on only one side of the challenges posed by an aging population and has focused only the increase in expenditures under OAS and CPP. It has alleged that the expenditure increases are "unsustainable" and unfair to younger generations. Based on these allegations, the government has proposed cuts to OAS and CPP.

With the apparent blessing of provincial governments, the federal government issued an "Information Paper" on the CPP in February of 1996. The "Information Paper" proposed changes to the CPP of three general types:

- 1) It proposed a more rapid escalation of CPP contributions than is currently planned, so that the CPP reserve fund would build up to the equivalent of six years' expenditures and investment returns on the reserve fund would play a more prominent role in financing CPP benefits than is currently the case. This would allow the CPP contribution rate to remain stable through time. It has been suggested that private fund managers could have a role to play in managing the CPP fund.
- 2) It suggested that the contributory base of the CPP be expanded by reducing or eliminating the current exemption from CPP contributions of low earnings.
- 3) A wide-ranging catalogue of possible cuts to CPP benefits was presented, on the understanding that some combination of them that would reduce expenditures by 10-to-15% will be chosen.

The proposed changes to OAS are even more dramatic. In a document tabled with the 1996 budget, it was proposed that OAS should be eliminated altogether. It would be combined with three other "programs"—the GIS and the aged and pension tax credits—into a single income-tested Seniors' Benefit. For seniors who are members of couples, the income test would jointly assess the incomes of both members. Older married women with little or no personal income could lose their Seniors' Benefit based on their husbands' income.

The government's defence of these proposals is extraordinarily shoddy and lopsided. At no point does the government discuss the implications of its proposals for retirement incomes in the future, or for the rest of the retirement income system. It never clarifies what standards it is using to judge the question of "sustainability". And all of its analysis is based on very pessimistic projections of productivity and national income growth (which is very interesting, given all the structural reforms such as free trade and privatization that were allegedly designed to promote productivity and national income growth.)

In a background document to the 1995 budget, the federal government cited what it viewed as evidence of an affordability problem. It noted a projected increase in the share of national income represented by OAS and CPP expenditures from 5.3% to 8% from 1992 to 2030.

What the government failed to note is that 8% is less than the current average expenditure on similar programs in the industrialized world. It also ignored the fact that the share of national income accounted for by these programs was only going up by 50%, while the share of the population over 65 would double.

The proposed benefit cuts will have an adverse effect on future generations of retirees and on the overall degrees of inequality and low incomes in Canada. There will also be a disproportionate negative effect on women and others who are disadvantaged in the labour market. The loss of women's autonomy in the Seniors' Benefit proposal is particularly regressive.

The government's attempt to sell its proposals as a boon to future generations is a cruel joke. It is offering future generations marginally lower CPP contributions starting in 15 years. But, in exchange, future generations are asked to accept lower retirement incomes from OAS and CPP, and the entire package is premised on slow economic

growth which will be accompanied by high unemployment and slow growth in wages and salaries.

It is difficult to see who—other than the mutual fund managers—will benefit from this package.

Towards Progressive Pension Reform

Changing the indexing of OAS benefits from prices to wages, as the AFB proposes, will ensure that OAS benefits maintain a relatively constant relationship to average wages and salaries and therefore allow the OAS program to play a relatively constant role in replacing pre-retirement earnings.

Another way to look at this change is that it means that retirees share more directly in the ups and downs of economic activity in Canada than they do now.

The Alternative Federal Budget maintains the OAS and GIS as separate programs funded through the Retirement Income Fund. Benefits to seniors will be increased. This could be accomplished in one or more ways, yet to be determined:

Firstly, the GIS could be increased. This would benefit poorer seniors directly; it does suffer, however, from the weakness of discouraging reliance upon "own incomes" in retirement by reducing their value (and that of the CPP) by 50 cents on the dollar.

Secondly, the OAS, which does not treat outside income (and the CPP) in this way below the clawback threshold, could be increased.

Thirdly, the clawback itself could be modified or abolished, because it fails as both social and tax policy. It treats income from social programs as a subordinate class of income for tax purposes. If it is the considered opinion of the government that incomes above the level at which the OAS "clawback" applies are not necessary, then incomes from all sources should be subject to a surtax, not just OAS income. Furthermore, it is discriminatory in the extreme to levy a tax that applies only to Canadians over 65, as the OAS "clawback" does.

These measures are very, very small steps in the direction of progressive pension reform in Canada. There are much bigger issues that deserves the kind of full-fledged debate and discussion the current government initially proposed but has since abandoned.

The biggest issues revolve around three major questions of balance: 1) to what extent should pension benefits and expenditures increase in the face of an ageing population? 2) what is the appropriate balance between public and "private" arrangements; and 3) what is the proper balance among OAS, GIS and the CPP?

Without prejudging the answers to these questions, it is generally true that people would have to increase the earnings they forego prior to retirement in favour of higher pension benefits in order to maintain their standard of living in retirement. And two important points on the public/private issue are that the so-called private institutions of workplace pensions and RRSPs are heavily subsidized by the public through the tax system; and that the public programs have the comparative advantage of being very effective, administratively efficient, and equitable.

The tax support for workplace pensions and RRSPs therefore needs to be reviewed. The overarching question is whether it would make more sense to curb tax support for private pensions and RRSPs in favour of improving public pensions.

HOUSING

In the federal budgets of 1992 and 1993, the previous Conservative and current Liberal governments effectively killed the development of new social housing in this country. Although the Chrétien government continues to provide subsidies to operate the existing stock of social housing, it does not provide any funding for the development of additional units, except for modest measures on reserves and in remote areas.

Over one million Canadian households are in core housing need, according to the Canadian Mortgage and Housing Corporation. Their incomes do not allow them to compete in the marketplace, either for rental housing or for home ownership. These households are in desperate need of housing which they can afford and which will give them security of tenure. A secure home would enable them to participate more effectively in the work-force, or get retraining.

Even more importantly, affordable housing provides children with a stable environment, better nutrition, and a healthy start without the continual disruptions which often scar the lives of children in low-income households. Scarce dollars go first to shelter, with food and other essentials sacrificed.

The 1996 federal budget took the federal withdrawal from housing one step further, by announcing that federal responsibility for administering social housing would be offered to the provincial and territorial governments. Thus we are witnessing in Canada the very rapid withdrawal of the federal government from any role in the provision of affordable housing, and with it the threatened erosion of an asset that Canadians have invested in over the past 30 years.

If they agree to the transfer, provinces and territories will be left holding the stock without the resources to maintain it or the ability to continue to house low-income households, once existing operating agreements have expired and federal subsidies cease. Many will opt for disposing of the more saleable housing, in an effort to maintain what is left. Others will turn to the private sector. Some provinces have already indicated their intention to get out of the social housing business altogether.

Sectoral Management

In order to protect existing social housing, while ensuring that it remains community-based, the Alternative Federal Budget will establish a system of sectoral management in which non-profit and co-op corporations administer the existing developments. Both the Canadian Housing and Renewal Association and the Co-operative Housing Federation of Canada have already presented formal proposals on sectoral administration to the federal government. These proposals outline a program which would allow the non-profit housing sector to respond more effectively to housing need within a framework of senior government accountability.

If the social housing sector is to be a true partner in housing those in need, it must have control over social housing assets so that they can be used to leverage more social housing in the future. Sectoral administration is an essential first step in this process.

The Habitat Agenda

Habitat II, the United Nations Conference on Human Settlements, which was held last year in Istanbul, focused world attention on the critical issues faced by a rapidly urbanizing world. The Habitat Agenda adopted at the conference focuses governments' resources on strategies to provide housing for all, and was proclaimed by participants to be essential to lead the world community into the next century.

Housing is recognized as a distinct, separate and legal human right. All governments are obliged to work towards the full implementation of this fundamental right.

Canada played a pivotal role in developing the Habitat Agenda, and in achieving strong wording around the critical right to housing. Yet Canada does not have an action plan to implement this agenda.

The Habitat Agenda recognizes the need to integrate shelter policies with social development and environmental practices. Emphasis is placed on the shelter delivery system as a means of overcoming marketplace inequities. It reinforces the need for community-based groups to be involved in finding solutions to affordability problems. Governments in Canada will not be able to take action or to act in partnership with the private and community-based sectors without a significant campaign of awareness of the Habitat Agenda, and a close monitoring of its implementation.

Federal leadership is needed to ensure that the resources which have already gone into this process produce long-term results in terms of improved housing policies and systems.

A Renewed Federal Role

The Alternative Budget supports a continued federal role in the broad area of providing affordable housing—both through initiatives which will allow communities and individuals to care for themselves and through the strengthening of the social housing sector. Most critically, this means that there should be a re-commitment to the development of new co-op and non-profit housing, and to providing support to those communities and municipalities which are currently addressing these issues. Both are clearly roles which fall within the federal spectrum.

Research which supports social and affordable housing must continue to be a priority at CMHC. Support must be provided for ongoing communication and an exchange of ideas across the country. The federal government must be the leader in a partnership with the provinces and territories to develop an effective national housing strategy.

Housing and Social Policy

Housing should also play an important part in a renewed social policy. Approximately 35% of total social assistance spending is used to cover the housing costs of welfare recipients. This amounts to \$5.2 billion dollars. Another \$4.1 billion is currently spent on housing by federal and provincial governments through social housing programs. At the same time, households on social assistance

often live in housing which is not adequate for their needs, or requires major repair. Private housing for welfare recipients must meet local safety and building requirements. Provincial governments should monitor value received for housing expenditures and work with municipalities to enforce standards.

The linkages which exist between housing and health, immigration, child poverty, performance at school, social and family disruption, and community vitality warrant the adoption of a joint strategy. In order to find the means to address these concerns, **housing issues will need to be considered concurrently with health and social services matters.**

As an example, since housing is a critical determinant of health, health ministries should consider the benefits in investing in better housing. Leadership in garnering inter-departmental co-operation should come from the federal government. Without leadership, including the setting of standards, little will happen and disparities among provinces will increase.

A Renewed Social Housing Program

The Alternative Federal Budget calls for a renewed social housing program through the establishment of a **Housing Investment Fund** for the production of non-profit and co-operative housing.

A National Retrofit Program will be established to ensure that important programs such as the residential rehabilitation assistance program can continue to revitalize communities and upgrade substandard housing. In keeping with the principle of protecting existing social housing, this retrofit program will be partially targeted to social housing projects in need of renewal. Some of the older high-density developments are in desperate need of repair and could be lost to the affordable stock without some intervention.

A welcome spillover from such initiatives would be a significant boost in job creation. **Each \$1 million spent on renovation creates 34 direct person-years of employment, and each \$1 million on housing construction about 60.** These programs will thus not only provide housing to those who desperately need it, but will also be an important component in reviving the Canadian economy.

UNEMPLOYMENT INSURANCE

Canada's unemployment insurance system has been under constant attack and its benefits repeatedly reduced over the past 20 years. The latest legislative assault on UI--the Chrétien government's Employment Insurance Act (Bill C-12) which came into effect last July--was the fourth since 1990. Their cumulative effect has been to cut coverage, eligibility, and the duration of benefits so deeply that fewer than half the unemployed can now qualify for this entitlement.

The key policy objectives of Liberal UI reform are:

- 1) fiscal: use of the UI account to finance the federal deficit;
- 2) labour market deregulation; and
- 3) constitutional--responding to federal promises in the Quebec referendum: devolution of training and employment programs to the provinces.

The first two were clearly part of the Tory strategy on UI. The third, giving the provinces full responsibility for training and adjustment programs, was attempted by the Mulroney government through the failed Charlottetown Accord.

The Mulroney government laid much of the groundwork in 1989 for the Liberal's Employment Insurance Plan. Bill C-21, which was passed in November 1990, cut unemployment benefit coverage and the benefit rate, eliminated the government contribution to UI, and expanded the use of UI funds to replace the cuts to training and employment programs that had been funded from general government revenues over the past 60 years.

Cutting UI protection has been a key element in harmonizing Canada's labour market and social programs with those of the United States under the Free Trade Agreement and NAFTA. The Liberals accelerated that process since coming to power in 1993 by cutting benefits even more deeply and withdrawing totally from training and employment programs. And they have gone much further in treating the UI fund as just another government pot for financing the federal deficit.

It is safe to say that the most vulnerable of workers have been singled out for the most severe penalties under EI: part-time workers and workers in seasonal industries. There are no less than six provisions of EI that are directed at workers who work in seasonal industries--the earnings averaging formula; the intensity rule; the maximum insurable earnings changes; the clawback provision; the minimum work required to qualify; and the shortened benefit period. All of these provisions will particularly hit women, who represent nearly 70% of all part-time workers and hold more insecure jobs, many in seasonal industries.

Employment Insurance

Benefits in the Employment Insurance Act are divided into two parts - Part I "Unemployment benefits," and Part II "Employment Benefits." Unemployment benefits are the insurance benefits. They include regular benefits received by laid-off workers, and

the special benefits (i.e., maternity, parental, sickness). As "insurance" benefits, they are designed as entitlements.

Employment benefits are the so-called active measures. They include training loans and grants, wage subsidies, self-employment assistance, and job creation. They are not entitlements. They are entirely discretionary and paid for from the UI fund. C-21 allows up to 15% of UI expenditures for these Development Uses.

Employment benefits build on the developmental uses strategy which has been since 1989 part of a larger strategy of cutting federal support training and labour market programs. However, unlike the Tories, who also planned a total withdrawal from training and labour market program via a constitutional change (the Charlottetown Accord), the Liberals are doing it through the Employment Insurance Act.

The provisions of Part II ("Employment Benefits") does much more, however, than shift the responsibility for training and employment programs to the provinces. It transfers the ultimate cost of training to individuals. Loans to individuals replace direct federal subsidies to provincially-run community colleges. Part II also allows the federal government and provinces to commercialize training and employment services and run them as a profit-driven service. Some provinces are already moving in that direction.

Part II ("*Employment Benefits* ") has been sufficiently entangled with Part I ("*Unemployment Benefits* ") to give the provinces a role, albeit indirect, in a claimant's entitlement to regular "*Unemployment Benefits*." Claimants who are referred to an employment benefit under the Act can be cut off UI benefits if they refuse such a program. Moreover, they cannot appeal such a referral.

There is nothing in the legislation to stop a province from using employment benefits for workfare or some other kind of forced labour program. Any of the five tools can be used by the provinces and the federal government to pressure UI claimants to accept low-paying, low-skill, low-level jobs.

The Act in fact prohibits the federal government from doing anything in training without provincial agreement. The Act sets a three-year time limit for total federal withdrawal from training. It also maintains, through a new formula, federal dollars for training at about \$2.7 billion for a very long time.

While the non-insurance use of UI has grown dramatically, most of the expenditures are still for unemployment benefits, and that is where the cutting has been deepest. Unemployment benefits have been cut in two ways: 1) by reducing coverage (higher entrance and shorter benefit periods), and 2) by lowering the benefit rate.

Cuts in Coverage

The proportion of unemployed receiving UI benefits has dropped every month since 1990—from 89% in July of 1990 to less than 50% in 1996. By the time Paul Martin had brought down his first budget in February 1994, the Tory cuts had reduced UI coverage to 63%. Bill C-12, together with Martin's 1994 cuts, will reduce coverage to only about one-third of the unemployed.

Even without the C-12 changes, the higher entrance requirements and the massive cuts to the length of the benefit have already reduced coverage to barely one in three of the unemployed in Ontario. In British Columbia, UI coverage has fallen in the 1990s from 85% to 45%. Several Canadian provinces now have lower unemployment protection than some U.S. states.

Shortening the benefit period has left over a million claimants exhausting their benefits before they can find other jobs.

Martin in his first budget reduced the length of the benefit period to half of what it was in 1989. Most claimants had the duration of their benefits cut by between 10 and 16 weeks in the 1994 budget.

Coverage will again drop sharply in 1997 when the minimum work requirements will be measured in hours. New entrants and part-time workers who could qualify under the old system with a minimum of 15 hours a week will now need an average of 35 hours.

Cuts to Benefit Rates

Each UI bill passed in the 1990s has cut the benefit rate—from 60% of weekly earnings to 57% in 1993, and to 55% in 1994. C-12 cuts the benefit rate for more than three-quarters of the claimants. In some cases the effective rate is now as low as 25% of weekly earnings.

The benefit cuts are indirect and continue into future years. Some claimants will have their UI cheque reduced in at least one of three ways. Some will be hit by all three:

1. The roll-back and freezing the maximum weekly benefit at \$413. This affects one-fifth of the claimants and grows each year to about one-third of claimants. The benefit rate will be lowered to less than 50%.
2. Penalty on weeks not worked prior to layoff (variously called the "divisor" or averaging formula). Each week not worked or each week of low earnings in a fixed period of 14 to 26 consecutive weeks prior to layoff reduces the weekly benefit payment. The fixed period varies according to the local unemployment rate. It affects about half of all layoffs. For example, a claimant with 10 weeks before layoff where the fixed period under the Act is 20 would get a benefit equivalent to only 27.5% of pay.
3. Penalties on repeat claims (the so-called intensity rule) reduce the benefit rate by 1% for every 20 weeks of benefits received in previous years, to a maximum reduction of 50% of earnings.

Claimants making more than \$39,000 a year who were claimants in previous years will have benefits clawed back. Some construction workers, and other workers who are vulnerable to seasonal conditions and to the boom-and-bust of the business cycle, will be punished for layoffs that have nothing to do with their current conditions of layoff.

The benefit rate is a long way from where it was in 1971, when it was at 75% for claimants with dependents and 66 2/3% for others. And it is a long way from where it was even three years ago, when it was 60% for all claimants.

The Impact

- **Child poverty:** the parents of many thousands of children will be without income for several months. In the case of seasonal employment, the benefit cheque will hardly be sufficient to pay for food.
- Thousands of women who re-enter the labour force, particularly if they are in part-time jobs, will not qualify for regular benefits if they are laid off, nor for maternity benefits.
- Thousands of laid-off young people, many of them students, will fail to qualify for protection under new rules requiring 26 weeks of work, averaging 35 hours a week; and
- Thousands of seasonal workers will have their weekly benefit cut in half.

Bill C-12 will have a devastating effect on hundreds of communities and whole regions of the country. There is no question that Atlantic Canada and the northern region of every province with seasonal industries will have little or no protection against the loss of earnings due to layoff.

The UI Surplus And Government Deficit

The surplus for 1995 was nearly \$4.3 billion – enough to completely pay off the \$3.6 billion debt of the UI account at the beginning of 1995 and still leave the account with a surplus of \$0.6 billion by year end.

Martin's numbers for fiscal 1996-97 suggest a surplus of \$3.8 billion. We believe that the surplus is more likely to be about \$7 billion, or double the Minister's projection, because he consistently exaggerates the benefit payments and underestimates premium income.

The Liberals' approach to Employment Insurance constitutes a direct attack on women workers, unemployed youth, seasonal workers and poorer provinces. It represents a return to a Canada of the 1920s, where obtaining and retaining employment was largely an individual matter. It was the job of charities and the local community to care for people unable to provide for themselves. This narrow view of the role of government and community—one which tended to be identified more with the local municipalities than with the nation—has re-emerged in Employment Insurance.

For a long time, the constitutional amendment of 1940 that made Unemployment Insurance an exclusive federal responsibility has been interpreted as also conferring upon the federal government the responsibility, as well as jurisdiction, for the unemployed. EI attempts to shift that responsibility back to the provinces and communities.

The responsibility for Unemployment Insurance must be maintained by the federal government, which has the power to combat unemployment, and has the capability of meeting the consequences of unemployment.

Provincial and local communities cannot by themselves bring under control the forces that cause unemployment. They do not have the federal powers—fiscal, monetary, debt management, international trade, and spending powers. The viability of un-

employment insurance depends upon the successful use by the federal government of these instruments of economic policy.

Proposals

The successive attacks on the UI program by both the Liberals and the Tories have been so severe that it would be impossible to reverse them in one budget. Restoring UI to anything like its former role will take many years. This means that difficult trade-offs will have to be made about which elements to strengthen and at what pace. Should the focus be on restoring the benefit rate, lengthening the duration of benefits, or reducing qualifying time? The approach adopted will affect different groups of workers differently, by age, gender, industrial sector, regional location. These are therefore difficult decisions, which cannot be taken lightly.

Our preference is to focus in the immediate future principally on extending protection levels, since this arguably is the most pressing need. Our goal will be to restore benefit protection to 75% of unemployed workers over a five-year period by introducing uniform entrance requirements and by extending the duration of benefits.

A secondary goal will be to gradually restore the benefit rate to 60% of weekly earnings.

To achieve these goals, and also to maintain a healthy surplus in case the economy worsens even more, the AFB will not at this stage reduce premiums, but will keep them at \$2.90 for 1997-98.

The AFB will increase maximum insurable earnings and maintain them in real terms through indexing based on average earnings.

Training will be removed entirely from the UI account and financed out of general revenues.

The benefit structure and premium rates will be redesigned to help enforce employment standards such as: discouraging the use of overtime, encouraging the use of parental and educational leaves, etc.

Control over the terms and conditions of unemployment insurance will be transferred from the government to a joint employer/employee body representing the parties which actually fund UI.

TRAINING

The policy of the federal government with regard to labour force training has changed dramatically over the past decade. Less and less money has been made available to address the growing labour market adjustment problems of fewer and fewer people. Federal training initiatives have become narrower in focus, and policies benefiting the designated groups have been abandoned.

The recent introduction of the Human Resources Investment Fund (HRIF) creates a new set of measures that further aggravate an already deteriorating situation. The National Training Act ceased July 1, 1996, and has been replaced by the E.I. Act. Under Bill C-12, the federal government has announced its intention of withdrawing completely from labour market training and other related labour market services.

The government has commenced a series of bilateral negotiations with the provinces. Alberta signed an agreement in principle in December, 1996, followed by New Brunswick and Newfoundland. B.C., Ontario and Quebec have indicated that they also want to have their own systems.

In each of the remaining provinces, the federal government has historically played a predominant role with respect to funding, program design and delivery systems. Federal withdrawal will likely have serious, if not devastating implications in terms of both facilities and access.

The federal role would be reserved only for such issues as are considered "pan-Canadian: i.e., economic emergencies, national and/or inter-provincial issues (e.g., sector councils), labour market information, labour exchanges and job-banking. All purchase of training is suspended. The transition period has been set from July 1, 1996 to July 1, 1999, and a sum of \$300 million has been earmarked as the "transitional jobs fund."

The current watered-down version of Employment and Training, through HRIF, reduces the labour market tools from 39 to five. These tools, most of which are reduced initiatives of existing programs, are: targeted earning supplements (delayed), targeted wage subsidies, skills loans and grants (delayed pending provincial agreements), self-employment, job creation partnerships, and training purchases (sun-setted till July, 1999).

In the 1996-to-1999 period, HRDC will reduce the amount of training it purchases each year. There will be substantial decreases in the amount of training purchased by the federal government for unemployed Canadians by 1997-98, as new arrangements are finalized with the provinces.

The phase-out periods will be subject to provincial and territorial agreements. Federal training standards that have been established over the years will disappear overnight as each province moves in its own direction. Rich provinces will get richer and poor provinces poorer, and training efforts will reflect these new realities, creating new disparities.

Human Resources Investment Fund (HRIF)

According to HRDC, the system of employment benefits and support measures under the HRIF are based on the following seven principles and two objectives: focus on results, reduce Canadians' dependency on insurance benefits, promote clients; practise self-reliance; make decisions locally; cooperate with others in helping Canadians to return to work; do not duplicate the services of other governments; and respect official languages needs.

The above principles reflect two objectives: 1) to get people off unemployment insurance, and 2) to save money, with a definite emphasis on the latter. This is not the base upon which a training program should be launched. It is clear that the concern is not with training—and this will ultimately lead to the failure of this training strategy.

The HRIF will:

- reduce and eventually eliminate all funding previously allocated for equity-group initiatives;
- confine eligibility to UI and former UI recipients, thus denying labour market training to social assistance recipients and new entrants to the paid labour force;
- lack any national standards, so that provinces, and even municipalities, can set different rules for access and benefits;
- shift most of the cost of training to individuals by way of a loan system.

The HRIF, in short, seems designed to widen the already growing gap between the rich and poor. Programs for the disadvantaged have been all but abandoned by the federal government.

Federal-Provincial Jurisdiction

The federal government has argued that the only way to resolve the constitutional problem of shared jurisdiction is to withdraw entirely from labour market training. At the core of this debate stands the question of Quebec sovereignty. The AFB, as stated previously, recognizes that Quebec has primacy in its jurisdiction over training.

This does not prevent the federal government from maintaining a strong federal presence in the rest of Canada. Nothing, that is, in the way of constitutional necessity.

Efficiency or Universality

The HRIF and the EI "toolbox" announced in last year's budget has failed to materialize in any substantial way. While awaiting the inauguration of these new program initiatives, one community-based training program after another was forced to close its doors.

Access to labour market training and related services has deteriorated rapidly over the past few years. From a high of 83% of the national labour force in the early 80s, only 55% of the paid labour force can now be considered eligible. In Ontario, only 29% of the labour force is eligible.

AFB Measures

Training is not a substitute for jobs. Market forces cannot be relied on to achieve important social and economic policy objectives. Canada needs a comprehensive plan for environmentally sustainable economic development, with a target for full employment.

Working people, however, still need universal access to cohesive, high quality training and labour market services. These are important public policy instruments. They are also significant policy areas of federal responsibility. The economy is national in scope, and so is the labour market.

Accordingly, the AFB will:

- **work in full cooperation with the provinces to develop and deliver effective training and labour adjustment programming;**
- **ensure that labour market policy and programming is consistent with economic and fiscal measures designed to stimulate environmentally sound, sustainable economic development across the regions;**
- **exercise the federal spending power to ensure full access for all Canadians to labour market programs and services, with special efforts being made to improve access for those on social assistance;**
- **maintain full access points to programs falling under shared-jurisdiction through HRCCs;**
- **stabilize local training infrastructure through core funding;**
- **provide effective upgrading programs to help people who are functionally illiterate and thereby improve their readiness for training;**
- **initiate a system of national training standards to be negotiated in all bilateral agreements, based on the principles of universal accessibility, equity, quality, and portable certification; and**
- **shift funding for training from the UI account to the Human Resources budget.**

THE SOCIAL ECONOMY

The October 1996 Employment Summit in Quebec has placed the question of the social economy at the forefront of social and economic policy development. The social economy can be described as made up of non-profit corporations and unincorporated associations, voluntary and non-governmental organizations, co-operatives, mutual insurers, and community economic development enterprises.

In this age of cuts, neo-liberal governments have cast the social economy in a supporting role in their agenda of privatization and workfare. But most organizations in the social economy are active in one geographical area, have small budgets, and few assets or employees.

The social economy relies heavily on direct government financing. It also depends on the physical and social infrastructures (income security programs, hospitals, schools, community centres, libraries, parks, playgrounds) that the social state builds and makes available to all citizens. As the social state withers, so too will the social economy.

The time has come for the federal government to strengthen both the social state and the social economy as a way of building strong, sustainable communities that can resist the ravages of the world market. Canadians need a political act of rolling back the market, of expanding the definition of what is public, of repoliticizing and resocializing economic life.

In an earlier era, many progressives believed that this could be accomplished primarily by nationalizing key industries. While a policy of nationalization had (and still has) a place, it is insufficient as a strategy for change as long as the state is not governed in its citizens' best interests and, most importantly, as long as its citizens cannot genuinely participate in the governance of public institutions.

For this reason, it is time to give more serious consideration to combining forms of representative and direct democracy, by working towards a mix of agencies producing public goods and services—on the one hand, government bodies working in partnership with grassroots movements, and on the other hand, non-owned (non-profit) and co-operative organizations (the social economy).

The goal is to enable local communities and regions to develop their capacity to produce and redistribute wealth, to achieve social integration, and to retain their assets, rather than to see them flow out in the form of profits, interest or debt payments. Such a strategy of community economic development unites the goals of income-generation and of building social networks of co-operation and mutual assistance. It is consistent with the strategy of fostering the growth of locally-based economies proposed in the Environment section of the AFB.

Within the context of a rejuvenated and strengthened public sector, investment in the social economy is to be guided by the following considerations and principles.

Volunteering, co-operation, self-help and mutual assistance, the basic values of a social economy, are essential contributions to a thriving civic community. While promoting these values, the social economy must:

- be the site of good, well-paying and lasting jobs;
- respect the primacy of people and labour over capital;
- promote local initiative;
- emphasize goods and services that meet the needs of the community that produces them;
- ensure the democratic participation of workers and citizens in the decisions that affect them, including the management of enterprises;
- in no way facilitate or encourage the privatization or elimination of public services;
- in no way be used as a substitute for the public or broader public sectors;
- not be used as a vehicle for workfare;
- be subject to all legislation affecting labour and employment;
- ensure equal participation and remuneration of men and women.

The state must provide the required infrastructures and social services; it must ensure that adequate and appropriate financial and technical resources are available to make the development process viable and sustainable.

Three Ways in Which the Federal Government Can Invest in the Social Economy

The federal government can delegate the decision on how to spend tax money to individual citizens, by offering tax credits and deductions for donations to charitable and other organizations; it can allocate funds directly to agencies and projects; it can delegate the decision on how to dispense tax money to “arm’s-length” bodies set up for that purpose.

1. **Tax credits and deductions for donations to charity** are a way to “leverage” higher levels of private funding for charitable organizations. Charitable donations enable registered charities to hire employees, purchase goods and services, and mobilize the unpaid but nonetheless valuable labour of volunteers.

This obviously has a positive impact on the Canadian economy, leading to further production of wealth and generation of tax revenue for governments. A healthy, pluralistic democracy requires a great many organizations to organize, advise, inform and educate its citizens independently of the state. By enabling such groups to raise some or all of their money through charitable donations, government makes them more autonomous. They are less subject to direct scrutiny and to pressure to conform politically than if they got the money in the form of a direct government grant.

There are thus some real advantages to these tax expenditures. However, they are a haphazard way for government to finance services and activities it deems important. In effect, the government delegates its spending power to millions of individuals whose decisions to donate, and to whom to donate, flow from a great many unpredictable motivations.

There is thus little effective targeting of this spending—it may go to those with a higher profile or more efficient fund-raising campaign, rather than to those with the greatest need. Moreover, the level of charitable donations fluctuates considerably from year to year.

Furthermore, tax credits for charitable donations have unfortunately become in part a fund-raising tool for public services, a disguised form of taxation. Health, education, and social services need guaranteed, stable funding as a condition of rational, coherent, long-range planning. They must not depend on the whims of private donors paying "voluntary taxes" in the form of charitable gifts. There is no guarantee that donations will go to the areas most in need. In an age of cuts, they are a poor substitute for lost revenue from government.

2. Direct spending by federal departments on specific programs and projects has a number of advantages. The government can set clear policy directions, set up programs to implement them, and spend taxpayers' money accordingly.

Direct spending through federal programs has been criticized for following a logic often at odds with an integrated approach to local development needs. Groups involved in community economic development have argued that social and economic development should be conceptualized on an integrated, territorial basis, viewing the diverse needs and assets within a community as a totality, rather than isolating certain target populations and developing separate programs and bureaucracies for each of them.

Groups representing disadvantaged constituencies may also be concerned that their autonomy may be jeopardized by the implicit or explicit threat of loss of funding, should they dissent from government policy. Finally, the bureaucratic requirements of government spending programs may threaten the specific organizational cultures and practices that make up the richness and diversity of the social economy.

3. Setting up non-profit funding agencies at arm's length from government and with boards representing community stakeholders can be a way of maintaining a coherent overall strategy, while gaining the necessary local perspective and input. Several models of this already exist, for example the community economic development model. Another possible model would be the federal research councils (NSERC, MRC, SSHRC) or the Canada Council. Governments could also do more to support initiatives such as labour-sponsored investment funds, co-operative financial institutions, micro-credit systems, and so on.

A key difficulty in the establishment of arm's-length bodies is ensuring their accountability and representativeness, as well as the transparency of their decisions. The actions of government bureaucracies are, at least in theory, subject to the principle of parliamentary sovereignty and ministerial responsibility. The model of community boards is intended to inject an element of greater democratic participation by the people who will be directly affected by decisions. Great care must be taken, however, to avoid such bodies becoming autonomous, opaque bureaucracies accountable to no one but themselves.

Specific Budget Measures

To help the thousands of charitable organizations that benefit the public, the AFB would give consideration to enhancing the charitable tax credit, possibly by introducing an enhanced tax credit of 40% for donations in excess of a "stretch" target which is equal to the greatest amount donated in any prior year by the donor and his or her spouse.

However, given the current tendency for governments to use charitable status as a means of "privatizing" the funding of large public bodies, such as municipalities, hospi-

tals or universities, there is a need to clarify the definition and purpose of charitable status. Pending a thorough review, this budget will maintain the existing provisions regarding tax credits and deductions for charitable donations.

The Alternative Federal Budget will set up an arm's-length body, the Equity Participation Foundation, to ensure that no group in Canadian society is excluded from full democratic participation in government and society (see the **Social Policy** section).

The AFB will provide support to the social economy through grants and contributions from federal departments and agencies under existing and new programs. These include enhanced transfer payments to other levels of government.

As indicated in the **Employment** section, community economic development must be an integral part of the AFB's job creation strategy. The federal government should actively encourage local governments and community organizations to set up community development corporations. New funding will be made available to the Aboriginal peoples for economic development and CED initiatives.

Other policies include setting up a CED agency within the Department of Industry to provide financial and technical assistance to such initiatives, and compelling banks, trust companies and other deposit-accepting institutions to make at least 2% of all their loans to CED and co-operative ventures. The creation of social capital funds outlined in the **Employment** section will also ensure that the requisite capital is made available for worthwhile community-based ventures.

The AFB proposes a strategy of health-care delivery revolving around the community health centre model, which combines the respective strengths of the public sector and the social economy.

Beyond these specific recommendations, given the enormous diversity of federal, provincial and municipal agencies and programs affecting the social economy—whether in the areas of credit, employment, taxation, social services or political representation—it is imperative that a thorough review be done as soon as possible. Only an overall portrait of all government relations with the social economy can make it possible to propose a coherent and comprehensive federal policy for the sector. A task force should therefore be set up—

- to propose ways of streamlining and coordinating the federal government's activities in the social economy, in particular with respect to investment in, and support for, community economic development, co-operative and non-profit enterprises;
- to analyze federal intervention in the social economy in the light of the shifting of responsibilities between the federal and provincial governments;
- to investigate the appropriateness of setting up sectoral arm's-length granting councils for the social economy; and
- to provide a thorough analysis and overview of all tax measures relating to non-profit organizations (including registered charities), co-operatives and community economic development enterprises, and to propose reforms it deems necessary.

ABORIGINAL ISSUES

Much of Canada's wealth comes from the lands which were obtained from the Aboriginal peoples. Canada has not honourably or appropriately compensated Aboriginal peoples for those lands and resources and for the wealth which Canadians continue to benefit from every day. It is time to set matters right and to formalize the relationship between Aboriginal peoples, Canada and the provinces. The debt to Aboriginal peoples is owed by all Canadians. As a national issue, it is also a moral, legal and financial federal responsibility.

A renewed relationship between the Aboriginal peoples and the rest of Canada must be based on respect and become one of equals sharing commonly owned resources. Aboriginal peoples did not surrender their powers of government when and if they surrendered their lands, and so they retain inherent rights of self-government. It is time to recognize the rights of self-government of all Aboriginal peoples.

Not only must Aboriginal peoples be invited to participate in the government of this country as equals, but they must also be guaranteed equality of condition. The social conditions in which most Aboriginal people find themselves in this country are intolerable and unacceptable, and it is imperative that we work together to find solutions.

Since last year's Alternative Federal Budget, the Royal Commission on Aboriginal Peoples has issued its Report. The policies pursued by previous Alternative Federal Budgets have implemented many of the recommendations of the Royal Commission. We have ended the government's practice of cutting funding to Aboriginal programs, restored funding in many areas to earlier levels, and set aside monies for negotiating and implementing self-government with First Nations. With this Alternative Federal Budget we continue with those policies and provide additional funding for this.

We also implement the recommendation of the Royal Commission that the federal government take a lead role in the renewal of the relationship between all aboriginal peoples and Canada: First Nations, Metis, Non-Status and Inuit. We accept that this renewal should be guided by mutual respect and cooperation, and should take place on the basis an acknowledged right of all Aboriginal peoples to self-government. This will require that we set aside sufficient resources in this Alternative Federal Budget to begin negotiations towards establishing a forum which will facilitate meaningful self-government. Consistent with our position in previous Alternative Federal Budgets, we leave it up to the Aboriginal peoples themselves to decide the details of the renewed relationship.

First Nations Issues

Transfer to First Nations of Administration of Government Services

Most, if not all, First Nations are ready at this time to take control of the administration of services and programs delivered by government. Some services have already been transferred or are in the process of being transferred: education, health, and others. This process should continue as negotiations towards self-government proceed.

In the past, the federal government has decreased and limited funding available to First Nations during the process of transferring the administration of programs and government services. This should not be permitted to continue. In fact, it should be recognized that transfers will initially require higher levels of financing than delivery through federal or provincial ministries, so as to allow First Nations to gather and develop the expertise and infrastructure necessary for the exercise of self-government, as well as acknowledging the demographics and other realities, such as servicing their constituents who reside outside their territories.

With the transfer of administrative powers to First Nations, the need for the Department of Indian Affairs will lessen and it will ultimately cease to exist. For this to happen smoothly, appropriate education and training needs must be met.

First Nations Self-Government Negotiation

A full and equal relationship between First Nations, Canada and the provincial governments cannot be settled once and for all solely with cash payments and the entrenchment of limited First Nations rights. Rather, it will require ongoing discussions, negotiations and adjustments such as are normal between federal and provincial governments today.

As they emerge, First Nations governments must be assured of adequate and stable funding. It is necessary, therefore, to provide budget resources for a thorough review of constitutional and fiscal matters related to self-government, and to allow for a forum where First Nations, federal and provincial governments can decide on how First Nations government is to be funded.

First Nations Treaty Settlement

An inevitable consequence of formalizing relations with First Nations will be the settlement of outstanding obligations to them. Many First Nations are still owed lands and monies from existing Treaties signed in good faith in the past. These obligations must be met in full.

In addition, a number of First Nations have never entered into a formal relationship with Canada. These First Nations must be invited to enter into Treaty with Canada. The Treaty settlement process must be acknowledged and accelerated with adequate funding and compensation.

First Nations Self-Government Implementation

There is no single model for First Nations government. First Nations are culturally and politically diverse and so, too, will be their governmental institutions. It will be necessary to work with individual First Nations as they move towards taking up full powers of self-government. To this end, monies will be set aside to begin negotiations with First Nations, establishing framework agreements, setting the parameters for negotiations, and establishing mutually acceptable details.

Negotiations will proceed as First Nations are ready to enter into the process, alongside Treaty settlement or other negotiations if necessary. Each First Nation will decide for itself when it wishes to enter into the process and may also decide how the negotiations are to proceed. First Nations may negotiate individually or in groups.

Non-Status, Metis and Inuit Issues

It is indisputable that, in Canadian constitutional law, the Inuit fall within federal jurisdiction. We accept the reasoning of the Royal Commission on Aboriginal Peoples that the federal government also has responsibilities towards the Metis peoples and to Non-Status Aboriginal Peoples. These responsibilities arise through S.91(24) of the Constitution Act and through the federal government's lead role in colonizing Aboriginal lands.

We accept that the federal government has duties of a fiduciary nature to all Aboriginal peoples, not just to First Nations.

We acknowledge that provincial and territorial governments also have some obligations towards Aboriginal peoples. We believe that the intricacies of the relationship between federal, provincial and Aboriginal groups, organisations and governments should be negotiated rather than referred to the courts. We believe that the historical and constitutional makeup of Canada gives the federal government the lead role in facilitating negotiations between Canada, the provinces and Aboriginal peoples. To that end, the Alternative Federal Budget will set aside extra funding to establish negotiations between Canada, the provinces and Aboriginal peoples.

The off-reserve, Metis, and Non-Status peoples will be invited to participate in negotiations to establish the parameters of their governing institutions. These discussions will proceed in accord with the wishes of the Aboriginal peoples. Off reserve, Non-Status and Metis peoples may negotiate their future relationship on a community, regional or national scope. As part of its fiduciary obligations to Aboriginal peoples, it is the responsibility of the federal government to ensure meaningful provincial and territorial government participation in negotiations. We note that self-government arrangements for Inuit people are already well-advanced.

Urban Aboriginal Issues

Urban Aboriginal peoples at present are not well served by the existing governmental structures. We accept the suggestion of the Royal Commission that urban Aboriginal peoples be encouraged to develop their own governmental structures within urban settings. Urban Aboriginal Peoples may wish to move to self-government as unique communities in their own right, or they may wish to participate in concert with umbrella organizations such as First Nations governments or the Metis organizations.

Certainly, clear formal linkages between urban structures and First Nations/Metis/Inuit and provincial/territorial governments will be essential as various government models are implemented.

It is up to Urban Aboriginal Peoples to decide the appropriate forum for negotiating self-government arrangements. Adequate new funding will be made available for the negotiation of urban Aboriginal self-government.

Aboriginal Peoples: Interim Measures

It may be several years before these issues are fully addressed and Aboriginal peoples take up their rightful role in Canada. Through the intervening years, the federal government will take the lead role in ensuring the improvement in the quality of lives of all Aboriginal peoples. Until self-government is implemented, the Federal Government will remain responsible for the delivery of many governmental services to First Nations.

There will be no cuts in governmental services delivered by the federal government to Aboriginal peoples.

Aboriginal peoples today fare less well than other Canadians, in terms of life expectancy, health, education, employment, quality of housing, and exposure to violence. These conditions must not be allowed to persist. Social conditions in all Aboriginal communities must be improved with all speed to a level equal to those of other Canadians.

The current plans of government with respect to social programs and other expenditures threaten to make living conditions for all Aboriginal peoples much worse than they are already. We take a different approach. There are no cuts to Aboriginal spending in this Alternative Budget. On the contrary, initiatives elsewhere in this Budget (in housing, employment creation, child care, taxation, and transfers to low-income households) should have a large, direct, beneficial impact on all Aboriginal peoples. In addition, there will be a significant increase in funding of First Nations health care facilities, with particular emphasis on preventive medicine.

New funding will also be made available to the Aboriginal peoples for economic development, and community development initiatives.

In these ways, we hope to significantly reduce the social inequality between Aboriginal peoples and the rest of society.

This Budget will also reverse announced cuts to the Aboriginal Economic Programs, since it is the lack of economic development that is partly responsible for the abysmal living conditions of Aboriginal people. Additional funding will be made available to Aboriginal Friendship Centres.

Finally, concerted efforts will be made to support and strengthen the development of Aboriginal culture. Native Citizens' Programs will be reinstated, as will funding for the Northern Native Access Program and the Aboriginal-Women's Program.

CANADIANS WITH DISABILITIES

As a group, Canadians with disabilities are disproportionately represented at the lowest levels of our country's economy. According to Statistics Canada, almost half of Canada's 4 million citizens with disabilities are without jobs. Most of those who are unable to work or have not found jobs live well below recognized national poverty line standards. Nearly half of them (48%) have personal incomes of less than \$10,000.

Even many Canadians with disabilities who have found employment receive very low wages and are often employed in short-term jobs which do not address their long-term economic needs. **The Alternative Federal Budget will improve the economic situation facing people with disabilities.**

To achieve this objective, the Alternative Federal Budget will adopt many of the recommendations found within the recent report of the Task Force on Disability Issues. This report, *Equal Citizenship for Canadians with Disabilities: the Will to Act*, was written by a federal government task force created by the Ministers of Human Resources Development, Finance, Justice, and National Revenue.

Training and Employment

In the area of labour market access, the Alternative Federal Budget will establish a fund to provide innovative approaches to integrating individuals with disabilities into the labour force. In addition, the Vocational Rehabilitation of Disabled Persons Program will be reorganized, in consultation with the disability community, and will be adequately funded.

Monies will be allocated for the purpose of labour market research and education on the training and employment needs of Canadians with disabilities. These active measures, which were proposed by the federal task force, will be supported by this Alternative Federal Budget.

In addition to the above measures, which are vital to begin addressing the unemployment and poverty of Canadians with disabilities, it will be necessary to protect their training and employment needs in all future planning on labour market issues.

All training and employment policies, programs, and services must respond to the needs of Canadians with disabilities. For example, services funded by Employment Insurance dollars must be accessible to Canadians with disabilities who have not earned the required credits to qualify for EI.

Tax Reform

In the area of tax reform, the Alternative Federal Budget will immediately begin supporting the employment objectives of Canadians with disabilities by removing barriers to employment. A 100% refundable income tax credit will be provided for people with disabilities who leave income support programs to participate in the labour force.

Such a refundable tax credit will support people with disabilities who want to move off income support programs and become involved in the workforce. It will help cover employment support costs such as attendant care, special transportation, and sign language interpretation. This initiative will reduce expenditures in income support program budgets.

The Alternative Federal Budget will also make changes to the federal income tax system to offset the costs that Canadians with disabilities incur directly because of their disability. The Disability Tax Credit and the Medical Expense Tax Credit will be enhanced to provide greater coverage of the cost of disability. These measures will allow people with disabilities to keep more of their hard earned money in their pocket rather than spending it on disability expenses which they cannot control. (See the Taxation section for more details.)

Housing

Access to affordable and accessible housing is a priority concern of people with disabilities across Canada. The federal government can play an important role in developing housing options for people with disabilities through the Canada Mortgage and Housing Corporation. The Alternative Federal Budget will maintain a federal role in the area of social housing for people with disabilities by allocating monies targeted for the purpose of ensuring suitable housing for Canadians with disabilities.

International Development

In the area of international development programming, the Alternative Federal Budget will ensure that the needs of people with disabilities are not forgotten. Over the years, Canada has gained a reputation of concern for issues affecting people with disabilities in other countries. Through the Canadian International Development Agency, the Alternative Federal Budget will provide special support to disabled peoples' organizations and other non-governmental organizations which commit to undertake projects concerning people with disabilities.

Special Ministry

The appointment of a Minister with Special Responsibility for Issues of Canadians with Disabilities will be supported. This new minister will provide a leadership focus within the federal government to ensure a coordinated government response to the urgent issues facing Canadians with disabilities. Future government planning and policy development will be evaluated by this minister to ensure it is consistent with federal responsibility to protect the equality and full participation of citizens with disabilities.

Organizational Funding

The Alternative Federal Budget recognizes the value of organizations of citizens with disabilities. These organizations coordinate the views and aspirations of citizens with disabilities, and they provide necessary research advice to all governments on the complex issues concerning disabled Canadians. Since a healthy democratic nation must have participation from all sectors of society, monies will be allocated from the Equity Participation Foundation to fund organizations of persons with disabilities.

EQUITY PARTICIPATION FOUNDATION

In a truly democratic society, an effective means of ensuring access to public debate and the political process is through strong, healthy social advocacy organizations capable of generating the necessary social and political analyses. Such organizations play an important role in the democratic process by raising critical issues, ranging from the environment to health concerns such as AIDS and breast cancer, to disability, to human rights, to equity issues, to violence against women and children, to poverty, to international development issues.

Advocacy organizations represent the diversity and complexity of today's world, and give voice to Canadians who would otherwise be marginalized or excluded from the political process.

There has been a concerted effort in recent years to diminish the effectiveness of advocacy organizations by labelling them as "special interest groups," as if the advocacy they do is self-serving and of value only to a small minority of Canadians. Critics have gone so far as to claim that such groups have captured government agendas and that their lobbying efforts undermine democracy. The propaganda campaign against advocacy organizations has given governments a rationale for reducing and eliminating funding for these organizations.

The withdrawal of public funding has meant that many organizations have had to shut their doors. Those that remain have had their effectiveness and potential reduced as a result of staff reductions and overextended staff and volunteers. This will have the effect of stifling progressive debate on public issues. In addition, an unhealthy backlash flourishes in the fear generated by the loss of jobs and economic security.

As governments retreat from their role as arbiters of fairness, equity, and regulation, as has the federal government, it is ever more important to ensure that community organizations, including equity activist/advocacy groups, have the capacity to promote public debate.

For example, the decision of the government to delay the eradication of poverty; the elimination of national standards for welfare; the imminent privatization of social housing, prisons, the health care system, and other social trusts; the reduction in services to the disabled; cuts to and elimination of programs and services to immigrants and refugees—all are examples of key issues affecting the quality of people's lives which need to be kept on the public agenda.

Equity for women, visible minorities, gays and lesbians, the disabled, and Aboriginal peoples is on the wane. Social activists worked for years to raise public awareness of equity issues, yet efforts to obtain redress and equity are being overturned at an alarming rate in the current neoconservative climate.

There must be renewed commitment to support the non-profit and volunteer sectors, and strengthen their ability to lobby and provide leadership and direction for strategic action in the future.

Accordingly, the AFB sets up an Equity Participation Foundation which will provide stable funding for organizations that work to give marginalized Canadians a voice, provide needed services to disadvantaged groups of Canadians, and/or provide a voice for progressive public policies.

The Foundation will be empowered to fund, among other things, collective actions and organizing on behalf of people who experience discrimination and economic injustice.

FOREIGN POLICY: AID, TRADE AND DEFENCE

Promoting Sustainable Human Development

Canada's policies in foreign affairs, international trade, aid and defence will be based on an analysis of a rapidly changing global context for our vision of a peaceful, ecologically sustainable and equitable world. Our policies will be informed by the values of democracy, respect for human rights, economic justice, and the rule of international law.

Currently, the voices that call for global integration of market forces operating through finance, investment and trade speak loudly and have great influence. Our policies will add Canada's voice to others calling for international action to eradicate poverty, increase employment, and promote social cohesion and ecologically sustainable development.

Building on commitments made at the Copenhagen World Summit for Social Development, Canada will work towards these goals by: exploring new regimes for global taxation, seeking appropriate regulation of transnational corporations, as well as national and global mechanisms for wealth redistribution, environmental protection, social development, fair trade and labour rights.

Foreign Aid

Canada's reputation has been tarnished recently by previous governments that dramatically reduced Canadian Official Development Assistance (ODA). If cuts announced by the Liberal Government were to be implemented, Canada's ODA by 1998-99 will have been reduced by more than 40% in real dollars since 1991/92. From a high of 0.49% of GNP in 1991/92, ODA as a proportion of GNP will have fallen to a low of 0.26%, the lowest level in 30 years.

Recent Canadian pronouncements that Canada will again work to achieve the internationally recognized target of 0.7% of GNP "when Canada's fiscal situation allows it" are ethically indefensible in light of the growing numbers of people living in poverty around the world.

This Alternative Federal Budget will reverse this declining trend in ODA. The Alternative Federal Budget reaffirms the target of 0.7% of GNP for Canadian ODA directed to development cooperation. It sets out a framework for a) arrest and decline, and b) renewed growth in ODA by between 8% and 10% a year, to approach a target of 0.40% of GNP by 2000-01.

The goal for Canadian ODA is the eradication of poverty through Sustainable Human Development (SHD, while realizing that SHD involves much more than flows of investment and the development of commercial activity. While economic growth remains important, it alone will not automatically deal with poverty and unemployment, nor create the foundation for social, economic and ecological sustainability.

Our foreign policy framework will begin to put in place partnerships based on international cooperation and reciprocity. CIDA and Foreign Affairs will be directed to explore several pilot programs for reciprocal policy dialogue, involving both government and civil society actors, between Canada and appropriate developing countries. This policy dialogue, with sustainable human development as a policy framework, places priority on democratic decision-making at all levels, respect for human rights and the rule of law, government accountability and transparency, the empowerment of women and gender equity, the well-being of children, and the development of civil society, to name but a few. The link between more equitable and sustainable solutions at home and abroad is fundamental to the perspective of our Budget.

An ODA strategy for the eradication of poverty will necessarily focus on human needs, including primary education, primary health (including reproductive health service), clean water, sanitation, affordable housing, and secure access to nutritious and adequate food. In addition, Canadian development cooperation will place particular importance on jointly planned programs with civil society organizations committed to the broader priorities of sustainable human development

This budget re-commits the government to public education and engagement of Canadian citizens in development cooperation, and directs 2.5% of ODA for these purposes.

Multilateral Policy

Canada's foreign policy has long been committed to pursuing peace and security through multilateral organizations. More recently, it has become increasingly apparent that these same institutions—the United Nations, the International Monetary Fund, the World Bank, Regional Development Banks, and the World Trade Organization—are in need of fundamental reform if they are to contribute to meeting sustainable human development.

Canada will use its leverage, alone and in alliance with like-minded states, to promote the democratization, transparency and accountability of those institutions to the world's peoples. Unreformed, they are too often the tools of the rich and powerful, rather than true aids to balanced development, particularly for the poorest and most indebted countries.

Our policy framework will promote Canadian initiatives in global fora, including the G-7, to become a bridge between the large and small states, the developed and developing, and work for policies that are more equitable in their results.

Freeing money to roam the globe for short-term gain, removing controls over investment and trade, creating a "level playing field"—all give the illusion of equality of opportunity, but the reality is of increasing inequality between and within nations. The IMF and World Bank should also be pressed to replace structural adjustment programs, which are geared to debt repayment and greater international integration, with programs geared more to the revival of production for local markets.

Canada's Defence Forces

The Alternative Federal Budget proposes to focus the mandate for Canada's defence forces so that it is both affordable and makes a strategic contribution to common security. We will achieve these goals by shifting from multi-purpose, combat-capable, air, land and sea forces towards a military capacity focused on:

- 1) peacekeeping, limited peacemaking and emergency humanitarian support and policing;
- 2) surveillance and control over Canada's air, space and water;
- 3) coordination of search and rescue operations; and
- 4) assistance to civilian authorities.

This more limited mandate will set the training and equipment requirements, and lead to increased collaboration with civil society. They will be achievable through a steady reduction of National Defence spending. Restructuring and retooling the capabilities of Canadian military forces will make these forces increasingly relevant to a foreign policy devoted to common security.

Nuclear Disarmament

Recent Canadian initiatives to ban the production, stockpiling, sale and deployment of landmines are to be welcomed, as is help in de-mining. Future initiatives will commit resources for the urgent need to clear land mines from previous zones of conflict. These resources will be made available to appropriate skilled organizations established for this purpose, with particular assistance to domestic agencies in the countries concerned.

Participation in the negotiations to limit—and eventually ban—the production, stockpiling, use, or threat of use, of nuclear weapons and the verification of compliance, will remain a high priority. It is regrettable that Canada did not choose to participate in the reference to the International Court of Justice relating to the legality of the use or threat of use of nuclear weapons. Our foreign policy framework will explore the contribution to activities Canada can undertake to comply with the Court's findings. It is our hope that efforts will be redoubled in the negotiations to achieve complete nuclear disarmament.

The Arms Trade

Controlling and limiting the global arms trade is a deep concern for Canada's foreign policy. The AFB will direct its efforts in multilateral institutions to put in place severe restrictions on arms transfers. In line with this objective, particular attention will be placed on strengthening current Canadian restrictions on the transfer of military commodities, banning transfers to those countries where systematic human rights violations occur, to those countries engaging in various forms of armed conflict, and to countries that do not report dealings in international arms to the UN Arms Registry.

All military commodity transfers will be subject to an "impact assessment review" to assure Canadians that these commodities will make a positive impact on the security of people living in the recipient country and region.

Trade

Canada's foreign policy puts a strong emphasis on promoting trade in the global market. This is understandable, even commendable, so long as the goal of economic growth through trade is subordinate to concerns for civil, political, economic, social and cultural rights, including labour rights, social development, and the environment.

At the World Trade Organization, there are as yet no provisions to deal with the environment, social impact, and internationally recognized labour rights, nor the growing income and wealth inequality among countries. In implementing the current agreement under the WTO, provisions that would benefit the weaker economies are moving very slowly, while those that benefit the stronger economies are proceeding on a fast track.

A foreign policy framework for solidarity and sustainable human development will seek to transform current regimes from "free trade" to "fair trade". The latter is trade that is mutually beneficial and contributes to a gradual closing of the gap between rich and poor.

In a world with finite natural resources, there can be no morally justifiable or realistic alternatives to policies which lead to greater equality. Canada will therefore be changing its current diplomacy, now exclusively geared to maximizing self-interest, to one that favours dialogue and negotiation for the benefit of all the world's people.

We will support negotiation of those parts of NAFTA that are most prejudicial to genuine economic and social development. In particular, the prohibitions on capital controls must be replaced. The inability of the Mexican government to control speculative and unproductive capital movements was a root cause of Mexico's 1995 financial crisis. Governments of sovereign nations must be able to exercise more control over the movement of capital.

Other provisions of NAFTA requiring amendment include:

- the government procurement code which limits the use of government purchasing for job creation;
- the prohibition on national content requirements;
- the articles that erode national sovereignty over natural resource and basic food production;
- the requirement that countries with balance of payments problems follow IMF structural adjustment programs; and
- the prohibition of compulsory licensing of patented pharmaceuticals (this also requires amendment of the intellectual property code of the World Trade Organization).

In addition, a social charter on internationally recognized labour, environmental, civil, political, economic, social and cultural rights must be negotiated as an integral part of NAFTA.

We will vigorously pursue debt relief for highly indebted developing countries, and especially for the least developed (primarily African) debtor-nations. All forms of debt—not only private and bilateral, but also multilateral debt, including debts owed to the IMF and World Bank—should be written down more quickly and unrelated to current policies of IMF conditionality.

IMMIGRATION

Over the past several years, Canada's reputation as a generous and humanitarian country where immigrants and the world's refugees can find a safe haven has been seriously eroded by the federal government.

Although the government claims its 1997 Immigration Plan recognizes "the importance of promoting immigration as an instrument of positive social and economic development," its actions reveal an immigration policy driven by anti-immigrant backlash, a "law and order agenda," and spending cuts to social programs. Federal immigration policy today attacks the poor, working class Canadians, the unemployed, women, refugees, immigrants, children, and people of colour.

The government has reduced its Red Book promise to ensure that annual immigration be set at 1% of the population, which would be approximately 300,000. The level for 1997 has been set at about 220,000.

The \$975 head tax introduced by the Chrétien government in 1995 erected a new systemic barrier to immigration. The tax is equal to two months' salary for a domestic worker in Canada. According to the Canadian Council for Refugee Studies, it is equal to one year's salary for an accountant from El Salvador, and three years' salary for a nurse in Sri Lanka.

This tax, plus existing fees, would raise the cost for a family of four applying for landed immigrant status to \$3,160. Those sponsoring their families emigrating to Canada are now required to pay a cash bond of \$10,000. There has been a noticeable drop in family class immigrants due to restrictive processing policies which include the head tax, DNA tests, punitive identification requirements, and systemic barriers in processing immigrants and refugees. Federal cuts have also restricted access to language training and immigration settlement services. Fees are now charged to immigrants for these services.

The government's immigration policy is clearly class-based—many would describe it as racist—in that it discriminates against people from poorer countries who are predominantly people of colour. The government has indicated that it accepts the right-wing myth that, in order to build this country, we need to bring in a greater proportion of "economic" or "business class" immigrants. Significantly, the projected number of family class immigrants, at 60,500 in 1996, is much lower than the government's previous target figure.

The government's own statistics show that half of Canada's labour force growth is accounted for by immigrants, and there are no studies which conclusively link unemployment levels with immigration levels. Even the government admits that it is a myth that immigrants take jobs away from Canadians. The shift from family class to business class immigrants only fuels negative and harmful stereotypes about the poor generally, and of other countries in particular—that they have less to contribute to Canada simply because they come here poor.

This attitude, in part, accounts for the decline in the number of government-sponsored refugees. According to a 1993 UNHCR report, *The State of World Refugees*, there are approximately 17-23 million refugees in the world living in dire straits. An additional 26 million refugees have been displaced within their own borders. Approximately 10,000 women, men, and children become refugees every day. As of March 1997, refugees who apply to stay in Canada under humanitarian or compassionate grounds must pay a \$500 fee.

These policies suggest that the Chrétien government has abandoned the humane and constructive views on immigration held by previous Liberal governments, and now believes that immigrants and refugees are a burden on society and on Canadian taxpayers. Immigration was perceived as a way to build the Canadian economy and to bring in new ideas and perspectives. Multiculturalism was seen to be a positive influence in our society.

This Liberal government's immigration and refugee policy will be remembered as one which precipitated an attack on the most vulnerable groups in society — immigrants and refugees fleeing abject poverty, hunger, and social instability.

The AFB repeals the head tax and reinstates funding for immigration services. It also reorders priorities in the government's immigration plan to eliminate all systemic bias along class and racial lines.

THE ENVIRONMENT

Toward a Greener Economy

A responsible long-term economic program must have as its central pillar a coherent strategy for reducing the use of materials, resource and energy consumption, and extensive growth. The production of waste and pollutants must also be minimized and our economic system organized in such a way that waste from one process is the input for another process.

The integrity of the system as a whole requires the elimination of processes which create waste that cannot be used as input material elsewhere. Toxic substances must be curtailed and closely regulated; production processes which disrupt many others must be phased out and replaced; processes which meet several objectives at once must be favoured (such as the use of human labour, since it is solar-powered via food, and produces waste which is usable by many other organisms).

A second pillar of a responsible long-term economic program is to reduce the role of market signals in decisions concerning the overall ecosystem. Markets and monetary values are notoriously deficient indicators over the long term, and do not accurately reflect broader societal values.

Continuing to draw down non-renewable fuels and other resources can only be justified as interim activities which must eventually be phased out as part of the transition to a more sensible long-term economy.

The Alternative Federal Budget supports the following steps toward achieving this long-term vision:

- 1) **Developing an alternative progress indicator to the current GDP measure and the kinds of negative processes which can accompany it. This alternative indicator will be a useful means of gauging real progress toward economic social and environmental goals. We will develop the Genuine Progress Indicator (GPI) to replace the GDP as the main summary indicator of our national well-being. It will make adjustments to account for resource depletion, income distribution, housework, and other non-market activity, unemployment and underemployment, pollution costs, and long-term environmental damage: the life span of consumer durables and infrastructures; military expenditures; sustainable vs. non-sustainable investments. (A technical paper on the GPI will accompany the release of our Alternative Budget.)**
- 2) **Fostering the growth of locally-based economies to enhance ecological sustainability and help resource-based communities, especially those in the North, develop alternative economic strategies.**
- 3) **Strengthening environmental regulatory regimes with a range of policy measures to ensure that markets do in fact incorporate most of the environmental and social costs of market-based production.**
- 4) **Protecting national policy freedom to use trade policy to advance environmental goals.**

- 5) **Providing international leadership on environmental policy issues, including developing international standards to regulate trade and investment**
- 6) **Developing achievable strategies for meeting Canada's international commitments on CO-2 reduction, ozone-depleting chemicals, and toxic substances.**
- 7) **Adopting policies to enhance the use of high-skilled labour-intensive activities, and policies to facilitate shorter working hours. (See Employment section for public investment initiatives that further environmental and social objectives.)**
- 8) **Removing tax and direct subsidies for resource depletion, transportation, energy, and non-green technology development.**
- 9) **Promoting research on the ecological effects of production processes, pollution, climate change, social policy, etc. (This would involve, for example, reinstating funding for various bodies engaged in this research, such as the federal departments of health, agriculture, forestry and fisheries, the world-renowned Freshwater Institute, and Statistics Canada's enviro-indicators and dissemination program.)**
- 10) **Reducing waste at all stages of production processes, and reducing the transportation of goods by developing shorter-loop systems.**
- 11) **Putting the emphasis on social justice, a more equitable distribution of income, social programs, and human capital development.**

A key priority for the 1997 AFB is to ensure that Canada meets its international commitments on global warming. At the 1992 Rio Summit, Canada signed the UN Convention on Climate Change committing to reduce CO-2 emissions to 1990 levels by the year 2000. Scientific consultants to the government estimate that, at current rates of emissions, Canada will not only fail to meet that commitment, but will surpass those emission levels by 10%—and by 34% in the year 2020.

Predictably, the oil and gas industry is pushing the government to maintain its ineffectual voluntary compliance system, and pressing it not to sign any further legally binding greenhouse gas reduction targets.

Other sectors must also bear some of the blame. Households are responsible for 25% of greenhouse gas emission, while non-energy industries account for 40%.

The federal government (along with several provincial governments, notably Alberta and Ontario) is moving away from its international commitments. Announced federal spending on energy efficiency and alternative energy has declined by 22.4%, from \$62.9 million in 1995-96 to \$48.8 million in 1997-98. Government consultants say the current voluntary reporting requirements by industry make it almost impossible to monitor progress.

The AFB will introduce a range of initiatives to reduce greenhouse gas emissions:

- begin to raise fuel economy standards on vehicles;
- provide financial support for research into the use of non-fossil fuels (hydrogen ethanol etc);

- support research to develop greater efficiencies in electric motors;
- establish an energy efficiency program, including building retrofits (see **Employment** section.)
- commit to a **renewable energy target** for Canada equivalent to that established by the European Energy Charter—15% of total energy use by the year 2010. (Canada is currently at 6%.) The federal government should commit to buying power from alternative energy sources (electricity from wind, solar, biomass, and fuel cells) well beyond the \$600,000 reportedly now committed;
- provide new subsidies for both inter-city rail and urban mass transportation; and
- implement a carbon atmospheric user fee. (See **Taxation** section for elaboration of this and other environmental taxation measures.)

Restoring Federal Environmental Capacity

According to government estimates, Environment Canada's budget will fall 31%—from \$726 million in 1994-95 to \$495 million—in 1997-98; (a further \$17 million reduction is planned for 1998-99). The number of staff will be reduced by one-quarter or 1,400. During the same period, The budget of the Canadian Forest Service (CFS) of Natural Resources Canada will be reduced by \$125 million and staff cut by 40%. While forests are under provincial jurisdiction, CFS provides invaluable and baseline data analysis that provinces individually could not afford to provide.

Fisheries and Oceans' budget will be cut by \$211 million, or 27%, from 1994-95 to 1997-98. The department is offloading its responsibilities in freshwater research, monitoring and enforcement to the provinces.

The National Parks division of Heritage Canada has lost a large part of its operating budget, with the result that service delivery of our National Parks system has been privatized. This is neither economically nor environmentally sustainable.

All four of these departments are crucial to the monitoring, enforcement, research and showcasing of Canada's national and international environmental obligations. Cuts to these departments total \$1.7 billion during this three-year period.

The AFB will begin immediately to restore funding to these departments. It will also focus some of the Emergency Employment Investment funds into jobs in research and conservation—well-paying, highly-skilled jobs for youth.

CULTURE

Canada's arts and cultural industries are intrinsic to our sense of nation, to the cultivation of a shared identity, and to a prosperous economy. Our ability to survive as a nation depends upon looking beyond the bottom line obsessions of the debt and deficit. Government must assume a more active role in the sustenance, development and promotion of the rich diversity of cultural expression in Canada, and facilitate access of artistic and cultural materials to all Canadians.

Toward this end, the 1996 AFB outlined a number of proposals designed to strengthen the arts and cultural community, and introduced a national universal access fund for the information highway to encourage broader participation in the emerging information technologies.

Sadly, the current federal government has opted for a different set of choices, one that will seriously undermine Canada's cultural infrastructure. Despite campaign promises to the contrary, the Liberals have slashed funding to the CBC. Meanwhile, private media conglomerates are increasing their stranglehold on the marketplace, threatening to further limit the range and diversity of voices finding expression in the media.

Cuts to the Canada Council have put an end to operating support for arts service organizations and training institutions. The decision to suspend the Art Bank purchase program deprives many artists of an important element of their income.

While the Canada Council has managed to absorb most of the spending cuts through administrative economies, the next spending reduction, slated for April 1, 1997, will likely come out of direct grant programs. Already among the lowest paid in the Canadian work-force, artists and cultural workers will see their income further reduced as a result of these cuts.

Federal and provincial spending reductions in book publishing have already forced the closure of Coach House Press. Other Canadian publishers face an uncertain future unless support is bolstered.

Reductions in Cultural Expenditures

The first major reductions in cultural spending occurred between 1989-90 and 1991-92. Despite intense industry lobbying, the federal government decided to eliminate the exemption of books, magazines and newspapers from the Federal Sales Tax (FST) when it replaced the FST with the GST in 1991.

Prior to 1995, federal cuts to culture were made almost exclusively by eliminating indirect supports. Direct federal spending on culture stayed relatively stable in real terms from 1984-85 to 1994-95, reaching a peak in 1990-91. However, with Paul Martin's 1995 budget, direct federal support began to decline dramatically. In relation to 1984-85, direct cultural expenditures for the current fiscal year, 1996-97, are 20% lower. Put another way, if direct cultural expenditures had kept pace with inflation, they would have been \$371 million higher than their current level. When indirect and direct cuts

are combined, federal expenditures on culture, if they had kept pace with inflation, would have been more than \$1 billion higher today.

In real terms, overall federal cultural spending is down an astonishing 41% since 1984-85.

The Choices for Culture

Canada's cultural riches, the most tangible and enduring manifestations of our sense of nationhood and identity, are clearly threatened by the course that has been set out by Conservative and Liberal governments. The heritage and cultures of First Nations people, of our immigrant communities, and the influences of French and English traditions, can only remain an enriching part of our legacy if the federal government encourages and supports policies and programs which facilitate the continuing expression of our cultural diversity.

1. Building a Future for the CBC

In real terms, the CBC's parliamentary appropriation has declined by more than 25% since 1984-85. The total projected reduction to the CBC's parliamentary appropriation will reach more than \$400 million by 1998. The situation is even more dire when measured on a per capita basis. Based on the latest round of cuts, CBC funding will decline in constant dollars to \$19.11 per capita in 1997-98—47% lower than in 1984-85.

It's also important to recognize the ripple effect generated by these reductions on the entire cultural community. The cuts to the CBC will result in fewer artists and creators employed by the Corporation, which was, prior to the latest cutbacks, the largest employer of artists in Canada. Reductions in programming will also mean lost revenue to orchestras and festivals which received broadcast rights from the CBC.

The CBC, if it is to survive as a national public broadcaster, needs stable multi-year financing. The latest rounds of budget cuts must be reversed, and taken from general revenues.

The further \$100 million per year allocated to the Cable Production Fund early in 1996 should be reallocated to the budget of the CBC. The Cable Production Fund already receives \$50 million a year and is largely used by private commercial production companies whose sole responsibility is to their shareholders, not the public.

2. A National Content Development Strategy

Because of government cutbacks and neglect, Canadian cultural expression is suffering. According to the most recent statistics, the situation in Canada is nothing short of a crisis:

- 90% of revenues in the film industry are for foreign films;
- 93% of video rentals are of foreign films;
- 83% of television distribution revenues are for foreign programs;
- 87% of sound recording sales in Canada are for foreign material;
- 88% of sound recording profits go to foreign-controlled corporations;

- 80% of magazines bought on newsstands are foreign; and
- 57% of books sold by publishers are authored by non-Canadians.

More than ever, we need a **National Content Development Strategy** to ensure that the diversity and full range of voices that make up Canada get heard over the din of the giant American entertainment conglomerates.

The **Alternative Federal Budget** outlines plans for the federal government, in close collaboration with the cultural sector, to develop and fund a comprehensive **National Content Development Strategy** to ensure that appropriate policies and levels of support are made available for the fostering of creative talent in all forms by and for Canadians. The **National Content Development Strategy** will explore ways to:

- define the respective roles of the CBC/SRC, Telefilm Canada, the National Film Board, the CRTC, and the Cable Production Fund in the development of Canadian film and video as well as multimedia products;
- define the substantive roles of the Canada Council and the National Arts Centre as vehicles for the development and promotion of Canadian talent in literary, visual, media and performing arts;
- raise the level of investment in Canadian production required for broadcasters, and provide support for Canadian independent film producers;
- encourage the government to adopt a "Canadian-only" policy in any partnerships between Canadian cultural institutions and new technology interests;
- establish a secure, stable, and multi-year funding arrangement for all our cultural agencies, so that they can achieve Canadian content goals;
- eliminate the notwithstanding clause in NAFTA and affirm the right of the government of Canada to promote and sustain the arts and cultural industries within any multilateral trade agreements; and
- promote the "digitization" of Canadian materials and collections so that they may be accessible on the Internet; and
- continue to develop a **National Universal Access Fund**, financed in part by government and in part by service providers, to promote affordable access to new communications networks and to encourage the dissemination of Canadian content on those networks.

3. Canada's Magazine Industry

The magazine industry in Canada has suffered tremendously since 1991 when the GST was applied to magazines and books. Since then, 100 titles have disappeared. That means fewer opportunities for Canadian ideas to be promoted and shared.

The **Postal Subsidy Program** provides for preferential postage rates for mailing Canadian magazines to subscribers. The Program has been a critical component of the industry's ability to function over the last 125 years. Paul Martin's 1995 budget outlined a 24% reduction in the subsidy over two years. According to Canada Post, any additional reduction to the program will increase costs dramatically for Canadian publishers who are in no position to absorb further cuts.

The **Alternative Federal Budget** will therefore:

- stop reductions to the **Postal Subsidy Program**; and
- remove the GST on Canadian magazines and books.

4. Multiculturalism: Celebrating our Diversity

Cultural policies must reflect Canada's linguistic and cultural differences. Regrettably, however, the current government is slashing funding for programs and organizations that promote a greater understanding of our multicultural heritage.

Grants to multicultural organizations are being reduced by 9%, while funding for programs designed to celebrate our cultural diversity and promote cross-cultural understanding are being slashed by more than 67%. Official languages programs are also being cut by more than \$11 million. Native citizen programs are also being cut by more than \$2.5 million.

The Alternative Federal Budget will enhance funding for those programs which promote an understanding and appreciation of Canada's different linguistic and cultural communities.

5. Copyright Reform

The current reform of copyright legislation (Bill C-32) is a welcome step in the direction of bringing Canada's intellectual property legislation into the modern age. It will provide royalties to producers and performers of sound recordings; impose a levy on recordable, blank audio tapes; introduce provisions to give exclusive distributors of books in Canada greater protection; and establish exceptions from copyright laws for libraries and non-profit educational institutions.

The current law, however, fails to balance adequately the rights between creators and users, to the detriment of creators. Furthermore, if amendments to the bill help achieve the balance intended, it will impose new responsibilities on the Copyright Board. The government must recognize that this new responsibility necessitates increased resources for this important agency. The Copyright Board is one of our most efficient and frugal agencies in the cultural sector.

Accordingly, the Alternative Federal Budget will:

- strengthen copyright protection for creators and consult with the Copyright Board in order to ascertain an appropriate increase in its allocated budget to cover its increased responsibilities.**

AGRICULTURE

The farming sector has been hit hard by recent federal budgets, especially by the elimination of transportation assistance. Government support programs have provided disproportionate benefits to large corporate farmers, while doing little to support family farms and beginning or struggling farmers.

The Alternative Federal Budget recognizes the importance of a healthy farming sector and the crucial role to be played in creating and maintaining this sector by sound government policies in the areas of farming, transportation, and regional development.

The Family Farm Support Program

The Alternative Federal Budget will maintain Crop Insurance and the Cash Advance Program at current levels. The NISA program, which mostly benefits large farmers, will be abolished and replaced by a new Family Farm Support Program (FFSP). The FFSP will provide a gross income guarantee for individual family farms, based on cost of production and capped at a level which will concentrate benefits on smaller farms.

This program will be funded by compulsory contributions by farmers, based on gross farm sales, with the federal government contributing a multiple of the funds contributed by farmers. The program will accommodate differential transportation costs, in effect recognizing the importance of transportation to balanced rural development.

Farmers who are currently in supply management programs that cover the cost of production will not be included in the FFSP unless their supply-managed sales are below the gross income level. Such farmers will, however, qualify for support on commodities not covered by supply management.

Farmers will have to comply with land-set-aside programs to qualify for benefits under the FFSP and, in the longer term, move to a more environmentally sustainable system of agricultural production.

Orderly Marketing

The Alternative Federal Budget will allocate funds to build the case for restoring the underpinnings of our orderly marketing and supply management systems. This initiative recognizes the importance of these systems to both farm and food security in Canada. It will set the stage for Canada to lead the world in designing a sustainable food system.

The supply management system used to be based on import controls, which were replaced by decreasing tariffs under the GATT. Under the 1999 round of GATT (now the World Trade Organization), pressure will be exerted to remove the remaining tariffs, and these pressures must be firmly resisted. (The system benefits farmers by providing a cost-of-production formula, and benefits consumers by preventing over-production and guaranteeing products of vastly superior quality to those in the U.S.)

Orderly marketing is effected through "single-desk" selling agencies, such as the Canadian Wheat Board (CWB). If buyers were able to deal with farmers in western Canada on an individual basis, they would pay them the lowest price possible. In the "single-desk" approach, farmers are assured of receiving the highest price possible.

An independent evaluation of the CWB by three economists last year showed that single-desk selling earns western Canadian farmers \$265 million more per year than they would earn without the CWB.

To protect these systems from further attack, both inside and outside the farm community, and from both inside and outside the country, appropriate funding will be made available from the Equity Participation Foundation.

Transportation

Small and medium farmers are very concerned, as they should be, about recent developments in transportation. The loss of the Crow rate (and related programs in the Atlantic region) are having, and will continue to have, a very negative impact on the rural economy.

The privatization and de facto deregulation of rail services pose additional threats. There is a need, and a strong case to be made, for keeping the transportation system and its freight rates closely regulated.

The Canadian Wheat Board should invest \$100 million in the purchase of Government of Canada hopper cars, at no cost to the federal budget.

Support for Young Farmers

The average operating age of farmers in Canada has never been higher, and so there is a need to encourage young people to enter this vitally important sector. Access to capital is a major barrier preventing young people from taking up farming. The Alternative Federal Budget will therefore establish a low-interest capital loans program to facilitate their entry.

Sustainable Agriculture

Operating expenditures of the Department of Agriculture must be directed away from support of chemical-based large-scale agribusiness towards sustainable agriculture practised by small and medium farmers on an individual or cooperative basis.

More emphasis will be placed on balanced rural development, local processing, and community self-sufficiency. Funding will be redirected and, if needed, increased to meet these new approaches.

More employment creation funds will also be channelled into the rural sector of the economy.

TAXATION

The income of the average family in Canada is lower today than it was 20 years ago. On top of that, average families now pay a larger share of tax in Canada, thanks to the "tax reforms" of the Mulroney government that increased taxes on average families while at the same time reducing taxes on the wealthy.

The goal of this year's Alternative Federal Budget is to address the crisis in public services funding in Canada created by 20 years of regressive policies and economic mismanagement. The goal of our tax package is to restore our capacity to pay for Canada's public services, and to do so fairly and responsibly.

Rebuilding fiscal capacity fairly means targeting tax increases to those who can afford to pay, and whose economic circumstances have improved dramatically in the past 20 years. Middle-income families cannot be expected to pay higher taxes to address a fiscal problem they did not create. Working class families and the poor need some relief, not a tax increase.

Rebuilding fiscal capacity responsibly means taking into account the pressures on public finances created by international capital mobility and creating a package of tax changes designed to increase public revenue while minimizing any negative impacts of tax increases on economic activity.

Our analysis of Canada's tax system shows that much of the fiscal gap we face can be dealt with simply by addressing obvious problems with our current tax and financial system.

Canada is one of the few countries in the OECD that does not levy a tax on transfers of large pools of wealth between generations.

Canada's system of tax-delivered subsidies to corporations has been cited even by the International Monetary Fund as excessively generous.

The profits of Canada's major banks and other financial institutions are well above the average for the economy, and well above what would be expected in an industry that benefits from significant regulatory protection.

Canada's system for integration of business and personal income taxation is much too generous and delivers little in the way of economic benefit.

Canada loses hundreds of millions of dollars in potential revenue through exemptions to the non-resident withholding tax in excess of those provided for in tax treaties with other nations.

The benefits provided for in the current RRSP system are biased heavily in favour of the highest income earners in Canada.

Canada has no effective "green" or environmental taxation.

Taxation of Income from Capital

The core of the taxation strategy of the Alternative Federal Budget for 1997-98 will be a series of measures designed to restore balance to the tax system by increasing taxes on capital and income from capital. It will do so carefully and strategically. In this increasingly integrated world economy, no country can make tax policy without reference to its impact on capital mobility.

Eliminating Tax Preferences

Nearly 30 years after the Carter Commission made the phrase "a buck is a buck" famous in its recommendations for a tax system that treated all sources of income the same way, regardless of their source, a buck in Canada is still not a buck.

Capital gains income is taxed at an effective rate that is 25% lower than the rate of tax paid on wage and salary income. Capital gains on farming assets and small business assets are exempt from tax entirely, to a maximum capital gains exemption of \$500,000. Dividend income receives preferential treatment through a system of credits.

We see no case based on fairness to give preferential tax treatment to unearned income. The general 25% exclusion should be eliminated.

In the same category is the 25% exclusion from tax of the proceeds of employee stock options. This is a clear giveaway to the most highly paid executives in Canada, and cannot be justified under any circumstances.

Wealth Taxation

Canada is virtually alone in the OECD countries in not having a wealth tax of any kind. Only Australia and New Zealand share with Canada the distinction of not taxing wealth in any form. In effect, this country is a tax haven when it comes to wealth taxation.

Most countries with wealth taxes raise between 0.3% and 0.75% of GDP from these taxes. The United States, for example, raises about 0.3% of GDP in the form of wealth taxes. At a minimum, we would expect that Canada could generate at least the same percentage of GDP from wealth transfer taxation as the United States. With a more aggressive approach to tax design and administration, perhaps modelled on the German system, we would anticipate that Canada could generate revenue of between 0.4% and 0.5% of GDP.

Corporate Income Taxation

Although there has been a great deal of discussion of the issue of tax expenditures in Canada in recent years, these measures continue to be used by governments to deliver hidden subsidies to corporate taxpayers and as instruments of social policy in the personal income tax system.

With public spending at all levels under much tighter scrutiny and fiscal capacity in Canada under such strain, both political and economic, it is time for a major assault on tax-delivered subsidies to the business sector. Such tax expenditures must be shown to be of clear benefit to the Canadian economy and be justified annually

alongside alternative measures, just as spending programs must now be justified in the estimates process.

Small Business Taxation

Canada's preferential rate of taxation for earnings of Canadian-controlled private corporations is extremely generous by international standards, and far too generous under the current economic and fiscal circumstances. Although one of the most obvious problems was addressed in 1994 when the small business benefit was restricted for very large Canadian-controlled private corporations, two other serious and costly problems remain.

One is the significant tax advantage to operating as an incorporated small business rather than as an individual.

The second problem concerns the small business credit, which, even with the changes adopted by the federal government in 1994, still deprives the government of \$2.5 billion in tax revenue.

We believe that the economic benefits associated with small business development can be realized with tax-based incentives much closer to international norms.

Corporate Tax Credits and Deductions

Consistent with our belief that public industrial policies have an important role to play in shaping Canada's future economic destiny, we support the use of tax incentives as one of a number of industrial policy instruments available to governments.

At the same time, however, we believe these tax-system-delivered subsidies should be treated as tax expenditures. At a minimum, this requires disclosure, accountability, annual approval, regular review and value-for-money audit—the same standard that applies to all other areas of public spending.

The basic criterion for continuing with a tax expenditure can be summed up in the following straightforward question: would the provision be considered acceptable and justifiable if it were provided through an otherwise identically designed direct grant program?

After the reduced tax rates for small business and manufacturing and processing, the most significant tax expenditures in the corporate tax system are the provision for deduction of depreciation for tax purposes at rates in excess of economic depreciation; the fast write-off for Canadian exploration and development expenses; and the scientific research and experimental development tax credit. The Alternative Federal Budget will propose ways of reducing the tax revenue losses from these four measures.

Other corporate tax expenditures that need to be addressed include meals and entertainment deductions, lobbying expenses deductions, and the overseas earnings of life insurance companies.

Executive Salaries

The huge and widening gap between average wages and salaries in Canada and the salaries and bonuses paid to corporate executives at the top end of the scale is of real concern to many Canadians. They frankly have trouble understanding how any executive could be "worth" the high six- and seven-figure salaries that are becoming common-

place in Canadian big business. And they wonder how countries like Japan and many European countries manage to survive with ratios of top salaries to average wages much smaller than those found in Canada.

We cannot prevent corporations from paying these salaries. But we can make our disapproval clear by denying corporations a tax deduction for salaries in excess of what is considered a reasonable relationship between executive salaries and what average working people earn.

A Surtax on Bank Profits

Most Canadians have been shocked by the fact that Canada's chartered banks managed to earn steadily increasing profits throughout the most difficult recession to hit this country since the 1930s. In 1996, the six largest chartered banks reported profits in excess of \$6 billion.

The banks owe their privileged position in our economy to public regulation, which protects their status as one of a very limited number of institutions permitted to take deposits from the public. When that privileged position results in the earning of profits far in excess of normal rates of return in the economy, a public policy response is required.

We would establish an excess profits tax, applicable in the first instance to financial institutions. Excess profits would be defined as that portion of an institution's rate of return on shareholder equity that is in excess of the average rate of return for all corporations in the non-financial sector of the Canadian economy.

A More Progressive Personal Income Tax System

New Tax Brackets for Very High Incomes

While we accept in general the argument that Canada's top marginal tax rates have to be monitored carefully in relation to those in other countries, we believe that there is room in the current system for an increase in marginal tax rates applicable to very high income individuals.

New federal tax brackets will be added to the current system for those earning very high incomes. This would still leave regular top marginal tax rates at reasonable levels, and would generate a substantial amount of additional revenue.

An End to Surtaxes on the Poor

Lower-income Canadians have paid more than their share of the price for Canada's fiscal crisis in the form of reduced services and curtailed entitlements. In our view, it is unacceptable that these individuals should be required to pay a surtax on their federal taxes as well.

RRSPs – Who benefits? Who pays?

The special tax treatment accorded to retirement savings is by far the most significant tax expenditure in the personal income tax system, with a cost in foregone rev-

enue of nearly \$22 billion in 1993—\$16 billion after taking into account tax paid on withdrawals.

The increases in maximum RRSP contributions introduced by the Mulroney government have been of great benefit to people with higher incomes who can save 18% of their income, but have offered little to working people.

The skewed distribution of the tax subsidy for retirement income delivered through the RRSP system is well documented. For example, in 1993, over 46% of RRSP contributions were made by the top 12.5% of tax filers. Because the deduction for contributions is worth more, the higher your income, the greater the tax advantage.

Data made available in 1996 for the first time have cast doubt on the role of RRSPs in providing for retirement income. According to Statistics Canada, between 1990 and 1994 Canadians under age 65 withdrew \$16.6 billion from RRSPs, and used a further \$4.4 billion in the Home Buyer's Plan. Those withdrawals were disproportionately from middle- and lower-income tax filers, raising serious questions about the role of the RRSPs in the retirement income system.

Tax assistance for retirement saving is paid for through general taxation. We are all paying for the generous improvements Brian Mulroney made in the tax position of high-income savers.

Given the skewed distribution of the benefits from the current RRSP system, it would be possible to reduce the maximum contribution and restrict the amount of tax subsidy with no negative impact whatsoever on the vast majority of contributors to RRSPs.

Consumption Taxes

The GST

Sales taxes are by their very nature regressive. The lower one's income, the greater the proportion of income must go for sales tax payments. The Alternative Federal Budget is committed to the withdrawal of the GST as soon as this can be achieved without drastically reducing government revenue. Because the \$18 billion the GST now raises is urgently needed to pay for social programs (which themselves have a very strongly progressive impact), we reluctantly opt to retain it for the 1997-98 fiscal year. We will, however, begin immediately to explore more equitable sources of tax revenue so that the GST can be eliminated as soon as it is practicable to do so.

In the meantime, three steps will be taken to make the current GST somewhat less onerous:

First, the adverse effects of the GST on low-income families and individuals will be lessened by increasing the GST credit in the personal income tax act. (The amount of the increased GST credit will be announced in the actual AFB document.)

Second, the GST will be removed completely from books and magazines. (The application of the GST to Canadian magazines and books has turned this country into one of the world's highest-taxed jurisdictions for reading material.)

Third, the harmonization of provincial sales taxes with the GST will be eliminated immediately. (This harmonization, as it has been carried out in Atlantic Canada, has reduced the fiscal capacity of provincial governments and resulted in a significant transfer of the consumption tax burden from business taxpayers to individuals. The AFB will cancel the agreement to harmonize the GST and provincial sales taxes in Atlantic Canada, and terminate any negotiations currently under way for harmonization in other parts of Canada.)

In the longer term, there are a number of possible options for reform. The GST could be replaced by a European-style value-added tax. Such a tax could build in higher rates of tax on luxury items and lower rates on necessities, so as to make the impact of the tax less regressive.

The rate structure could also be adjusted to reflect environmental objectives, e.g., by taxing (re)used products or products made from recycled materials at a lower rate, or by taxing toxic substances at a higher rate. The general rate of tax could also be reduced as finances improve and social programs are renewed.

GST reform could also be addressed in the broader context of the division of taxing responsibilities between the federal government and the provinces and territories. One option would be for the federal government to vacate the sales tax field entirely, in exchange for an expanded role in the taxation of capital and income from capital.

Such an exchange would give provinces exclusive jurisdiction over a tax base which it is relatively easy for provincial governments to defend, in exchange for a tax base which is much more easily defended by the federal government.

Gasoline Taxes

Although the 1995 Federal Budget did increase gasoline taxes by one cent per litre, we believe that a greater increase would still be appropriate on environmental grounds.

Cigarette and Tobacco Taxes

The federal government has already moved part way towards reversing its tobacco-tax-reduction policy with the recent increases in tobacco taxes. Completing the reversal of this policy—reinstating tax levels at their pre-1994 level—would be an important further step in putting Canada's anti-smoking policy back on track.

Environmental Taxation

Interest has been growing in the use of the tax system to achieve environmental quality goals. Increases in consumption taxes such as the excise tax on motor vehicle fuels raise additional revenue to help compensate Canadians for the environmental impact of gasoline consumption and act as a modest disincentive for motor vehicle fuel consumption.

One of the effects of tackling the issue of subsidies to the oil and gas industry in the income tax system would be to level the playing field between renewable and non-renewable energy production.

Rather than propose new tax expenditures for environmentally friendly industries, the Alternative Federal Budget will eliminate provisions of the Income Tax Act that provide incentives for non-renewable resource extraction. To this end, the 1997 AFB will:

- **establish tax-free dedicated funds for natural resource extraction site rehabilitation, or, alternatively, require resource companies to post bonds or pay a levy to cover site rehabilitation;**
- **impose a national atmospheric user fee per tonne of carbon contained in energy sources; such a carbon fee could serve as an indicator of government policy intentions as well as a source of revenue to support subsidy programs for environmental retrofits in the residential and commercial sectors, urban mass transit, and environmental research and development;**
- **introduce a hazardous product inputs tax, beginning with products such as mercury that have already been identified on short lists of environmentally hazardous materials;**
- **levy a product design fee or advanced disposal tax, as recommended by federal government consultants; this fee—paid by the domestic producer or importer and earmarked for waste diversion—would vary depending on the cost of diverting the waste at the end of its “life,” and would have a number of fee categories, such as hazardous waste and short-life products.**

Corporate Minimum Tax

The ability of many profitable corporations to structure their affairs so as to pay no corporate income tax has been a major issue of fairness in the federal tax system for more than 20 years. Every year, literally billions of dollars in profits are received by corporations that pay little or no corporate income tax. It is important to stress that **these untaxed profits arise because corporations are able to take advantage of legitimate provisions of the corporate income tax and not because anyone is necessarily doing anything illegal or illegitimate.**

Given this perspective, there are two approaches that could be taken. One would be to focus on the provisions themselves, and eliminate those which are felt not to be worthy of support. This first approach would imply the elimination of most tax preferences.

The other would be to take the position that, while the individual provisions may be worthy of support, the result — profitable corporations paying no tax — was not intended; that corporations should not be able to stack favourable tax provisions so as to eliminate their tax liability. This approach would suggest the application of a **minimum corporate tax that would override special tax preferences.**

Financial Transactions Taxation

Taxation of International Currency Transactions

We remain committed to the goal of re-regulating the capital market. We call for measures to reduce our general social vulnerability to the power and mobility of financial capital.

To achieve this goal, we will work with other nations to establish a Tobin tax on international currency transactions. Such a tax, named after its Nobel prize-winning originator, economist James Tobin, would tax all international currency transactions at a rate of approximately 0.25%.

The primary purpose of such a tax would be to act as a disincentive to international currency speculation. It would also give more leeway for countries to adopt autonomous monetary policies by opening up a gap between domestic and international interest rates.

It has been estimated that, even after allowing for tax avoidance and changes in patterns of transactions and providing for an exemption for official transactions, a Tobin tax at a rate of 0.25% would raise \$US300 billion a year.

To be effective, however, a Tobin tax would have to be levied by all of the major players in the international financial economy. The problem of tax havens could be addressed by levying punitive rates of tax on transactions involving such havens, but the refusal of even one of the major industrialized countries to participate would destroy the effectiveness of the tax.

We anticipate that most countries would want to participate in an international Tobin tax regime. When the topic was raised by Canada at the Halifax G-7 meeting several years ago, it generated a great deal of interest, and a number of studies are currently under way.

If an international currency transactions were to be established, Canada's share of the revenue, based on our current share of the international market, would be about \$7.5 billion a year. As has been proposed by most advocates of such taxes, we would favour reserving a substantial proportion of the revenue raised by such a tax for international development support.

Domestic Financial Transactions

Should Canada have a domestic financial transactions tax?

In recent years, there has been considerable discussion of the potential for a domestic financial transactions tax in Canada as a replacement for the GST. In the 1996-97 Alternative Federal Budget, we made a commitment to explore the feasibility of such a tax.

We do not propose a general tax on financial transactions in the 1997-98 Alternative Federal Budget. Our research has shown that the revenue potential for a financial transactions tax falls far short of that required to replace the GST, and has raised questions about the distributional impact of such a transactions tax. It has also raised questions, which we have not been able to answer to our satisfaction, about its impact on the monetary system in a renewed regime of monetary regulation.

Tax avoidance could be massive and difficult to predict. All taxes are subject to avoidance. Financial transactions taxes would be particularly vulnerable to avoidance.

By their very nature, a financial transaction can be moved easily to another jurisdiction, changed to a form of transaction or contract that is not subject to tax, or disguised as a non-taxable transaction.

Although the potential tax base appears to be huge—in the neighbourhood of \$25 trillion—much of the tax base would disappear if even a nominal tax were to be applied. Some transactions would simply not take place; others would take place in other jurisdictions; and still others would be diverted into other forms that would be impossible to tax effectively.

Three-quarters of the tax base for a financial transactions tax would consist of trades in government securities—provincial and federal government bonds. Because capital is mobile internationally, the burden of a transactions tax would be borne by the borrower—in this case, Canadian governments, and through them Canadian taxpayers generally.

In addition, a transactions tax would almost certainly destroy the market for Canadian 90-day Treasury bills, a major source of revenue for the federal government in recent years. Governments would be forced to do all of their borrowing in longer-term bond markets, at higher interest rates.

In those areas in which a transactions tax would appear to fall on the biggest users of the financial economy—banks and other large corporations, the final incidence of such a tax is difficult to predict, given the ability of corporations to pass on cost increases to individuals.

Financial transactions taxes much more modest in scope (and revenue potential) exist in a number of jurisdictions, most notably Japan, Switzerland, and Britain. These taxes typically apply small fees to various types of stock market transactions and generate nominal revenues in the range of 0.05 to 0.1% of GDP. There seems to be no valid reason why a modest tax of this kind should not be introduced in Canada.

A tax on trades in equities at rates similar to those in other countries would raise about \$190 million, according to a review of transactions taxes by the Library of Parliament.

Another approach would be to address a major gap in the base for the goods and services tax by including financial services (other than interest payments) in the base of the GST. The tax would apply, for example, to the commissions and fees charged by investment brokers.

Alternative

A million jobs...

Federal

... and economic security.

Budget

A budget for the future.

1 9 9 7

**Coordinated by the Canadian Centre for Policy Alternatives and
Choices: A Coalition for Social Justice**

OVERVIEW

To budget is to choose between different economic and social policies. Budgets, therefore, are about basic values and political priorities. The priorities and values of the federal Liberal government are distorted. They fight inflation by throwing hundreds of thousands of Canadians out of work. They force increasing numbers of Canadians to live in poverty by cutting unemployment insurance benefits for workers and social transfer payments for those unable to work and for those for whom there are no jobs. They cut funding for health, education and other services which Canadians regard as important, and they slash government programs and jobs which Canadians value and are prepared to pay for. All of this in the name of deficit reduction. They refuse to balance the country's books by raising taxes on those most able to pay—the wealthy and those corporations paying little or no tax.

The broad outlines of what the Liberal government's 1997 budget will contain are already known. These were laid out in the 1996 federal budget and are bad news for the average Canadian. Government spending will be slashed by a further \$3.2 billion, with \$2.5 billion of this reduction coming out of social programs. The effect of these cuts, as they filter down to the provincial and lower levels of government, and to hospitals, colleges and universities, will be further cuts to public services and further losses of good quality jobs across the country.

Public sector cutbacks over the last two years have cost the economy 3% of income growth (some \$24 billion) and 280,000 jobs. Forecast cuts for all levels of government for the coming year will cost a further 1% of GDP (about \$8 billion). These losses of growth and jobs will heighten the general insecurity of all Canadian workers and serve to hold back economic recovery, since the fear of losing one's job and the general climate of insecurity is largely responsible for workers being reluctant to spend money on housing, cars, consumer durables, and consumption generally. What few safeguards the poorest in our society have left are also being threatened by reductions in federal transfer payments for social assistance.

The recent drop in interest rates gives the government some unexpected flexibility, even in the very narrow fiscal framework within which it has chosen to operate. We forecast that this will give the government a windfall of some \$4.4 billion extra on next year's budget. Adding in the contingency funds, which are purely window-dressing and not likely to be used, the government will have as much as \$7.4 billion more than it needs to meet its own fiscal targets.

The bulk of this surplus will likely go into deficit reduction, with small amounts being made available for the proposed infrastructure program and a new—and deeply flawed—integrated

child benefit. The Alternative Federal Budget would use all of these funds to tackle Canada's pressing social problems, especially unemployment and poverty, reversing those federal government policies which have actually worsened these problems. But we would go further to argue that the government must do much more than this and cast off the fiscal straightjacket in which it has fettered itself.

We believe that the Liberal government's approach to budgeting—slashing spending, cutting back the public sector, and maintaining an unfair tax system—is ill-advised and does great harm to millions of Canadians. The Alternative Federal Budget outlines a different approach, one which we believe is more responsive to both the needs and preferences of the people of Canada, and one which takes a positive, constructive and more humane approach to dealing with the serious economic and social problems facing the country. It is rooted in basic principles agreed upon in advance by the many groups across the country participating in the AFB exercise. These consist of a commitment to:

- full employment,
- a more equitable distribution of income,
- the eradication of poverty,
- economic equality between men and women,
- the protection of civil, political, economic, social and cultural rights,
- improvement in the environment,
- the strengthening of social programs and public services, and
- the creation of a more just, sustainable and peaceful world order.

In line with these principles, the Alternative Federal Budget has five major components, which are outlined more fully in the Framework Document which was released in January. These components are closely interrelated and mutually reinforcing.

First of all, the Alternative Federal Budget seeks to address the No. 1 problem facing Canadians, which is that of unemployment. Job creation is therefore the cornerstone of our budget. It will be achieved by a combination of measures. Monetary policy will be pursued in a manner which will not only further reduce real interest rates but, equally importantly, will keep them low over the medium term. There will be a major shift in fiscal policy away from cuts in program spending and towards employment maintenance and creation.

Secondly, our Budget announces a frontal assault on poverty, not just on the terrible blight of child poverty, but also on the family poverty which gives rise to child poverty. Our poverty reduction program, recognizing the many causes of poverty and its unequal incidence, will put in place a number of employment, income support and public services to allow all Canadians a basic quality of life, with equality of opportunity and dignity.

Thirdly, the Alternative Federal Budget seeks to preserve and strengthen social and other important programs financed by the federal government. It categorically rejects both the need for, and the desirability, of cutting back spending on these programs,

and underscores and reinforces the central role of federal spending in setting national standards for them, with due regard for the need for special arrangements with Quebec.

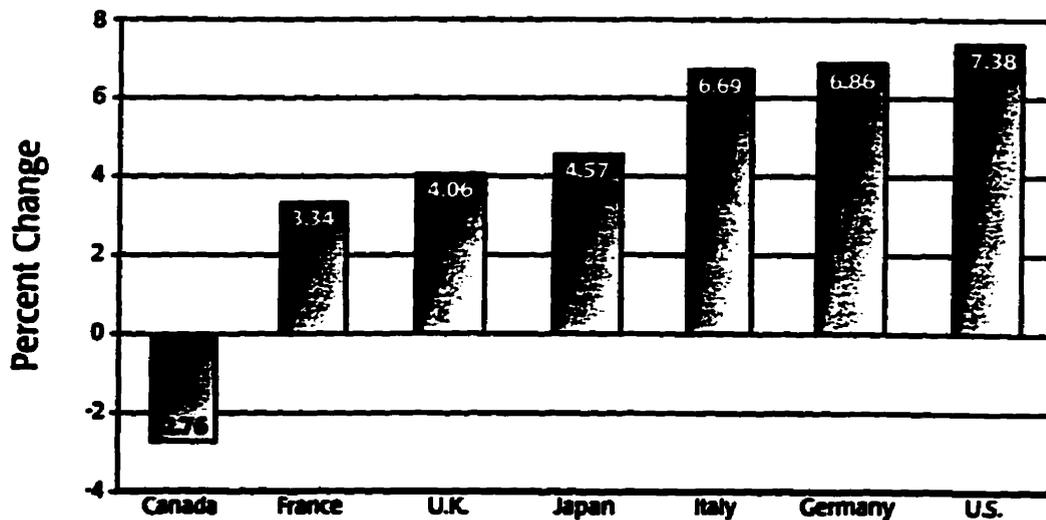
Fourthly, while our Budget would finance these initiatives mainly out of increased revenues from a more rapidly growing economy resulting from putting more Canadians back to work, it would also fund them partly by introducing a fair taxation policy, so that those who can afford to pay taxes do actually pay them. Taxes on the poor will be reduced.

Finally, it will achieve all of this while, at the same time, meeting responsible targets for the management of debt. We take seriously the

need to reduce the burden of government debt in Canada, and we show that this can be done without sacrificing the goals of employment creation, poverty alleviation, and the maintenance and strengthening of social programs.

We have always been confident that many Canadians supported our view that there are alternative ways of managing the country's economic and fiscal policies. We are encouraged by the recent **Globe and Mail/Enviro-nics** poll which found that a majority of Canadians now support increased public spending for employment creation and the protection of social programs and are not in favour of across-the-board tax cuts. We believe that what follows is consistent with this majority view.

Growth in Real Per Capita GDP G-7 Comparisons, 1990-1995



MACROECONOMIC AND FISCAL POLICY

Recently the Minister of Finance declared that "There have never been a better set of economic indicators than now." He was referring to the the reduced budget deficit and to falling interest rates last year, which he sees as being causally related, and projecting from these that Canada's "fundamentals," as the business community loves to call them, are now in order. Prosperity is just around the corner.

While we welcome the decline in interest rates and acknowledge the need to reduce the budget deficit over time, we do not accept that the reduced deficit has been responsible for the lower interest rates, nor do we believe that Canada's "fundamentals" are in order. We are not convinced that interest rates will remain low, since we fear that the Bank of Canada would choke off any significant signs of recovery in the economy by raising them at the first sign of sustained improvement in growth or the unemployment situation.

We see declining interest rates resulting from a failure of economic policy, not from its success. The pervasive loss of confidence in the economy, as unemployment remains in the 10% range and as government cutbacks reverberate down to the lowest levels of decision-making in the country, has destroyed people's sense of security and willingness to spend on large items such as houses, cars and furniture. It is, in our view, the resulting poor performance

of the economy and the threat of even more serious unemployment problems which were responsible for the Bank of Canada's decision to bring down interest rates last year—a drop, incidentally, which puts the lie to the argument that the Bank cannot influence interest rates in this country.

What definition of "fundamentals" are the government and the business community using when per capita income remains below its 1989 level, when over 1.5 million Canadians remain unemployed, and when the number of Canadians living in poverty exceeds 5 million (700,000 of whom have been forced into poverty since the Liberals came to power)? How can the Liberal government ever be expected to address the twin problems of unemployment and poverty when it accepts that there is a "natural rate of unemployment" in the 8%-to-9% range, below which it refuses to go, and a maximum annual rate of economic growth of 2.5% over the medium term, above which it refuses to go, for fear of fuelling renewed inflation?

The Alternative Federal Budget takes the view that interest rates still remain relatively high in real terms, especially at the long end of the market. Most importantly, the Bank of Canada must take steps to keep interest rates low over the medium term. The Alternative Federal Budget forecasts the same nominal rates as the government and private sector forecasters over

the next two years, but lower nominal rates thereafter, by one percentage point. Real rates (after inflation) are forecast to be slightly lower in 1997 and 1998 due to a slightly higher rate of inflation (Table 1).

Monetary policy, therefore, remains important to the economic strategy underlying the **Alternative Federal Budget**. Low interest rates are critical, both for employment and income growth, and to reduce the cost to the government of servicing its debt. Lower real rates along the lines suggested would also reduce the value of the Canadian dollar slightly, eventually per-

haps to the 70-cent range. This would provide a modest stimulus to export industries, but we believe that, with supportive fiscal measures, the main impact of lower interest rates will be to promote expansion in domestic goods industries.

The monetary and fiscal policy measures outlined in this Budget will lead to an increase in the rate of inflation, but by no more than eight-tenths of a percentage point in 1997 and by one percentage point thereafter, given available excess capacity and the scope for reducing importers' margins (i.e., competition will moderate the extent of price increases caused by the weaker dollar).

TABLE 1 - MACROECONOMIC & FISCAL PROJECTIONS

	1995 (act)	1996	1997	1998
PAUL MARTIN'S OUTLOOK				
GDP (nominal) - Fiscal Year: \$b	780	803	842	883
Real growth rate	1.4%	1.8%	3.2%	3.1%
GDP deflator	1.6%	1.2%	1.6%	1.8%
90-day interest rate - Ave Forecast	6.3%	4.4%	3.1%	3.5%
Real Interest rate	4.7%	3.2%	1.5%	1.7%
Labour Force: millions	14.97	15.18	15.39	15.60
Employment: millions	13.55	13.66	13.96	14.25
Unemployment Rate	9.5%	10.0%	9.3%	8.7%
ALTERNATIVE BUDGET				
GDP (nominal) - Fiscal Year: \$b	780	803	855	914
Real growth rate	1.4%	1.8%	4.0%	4.1%
GDP deflator	1.6%	1.2%	2.4%	2.8%
90-day interest rate	6.3%	4.4%	3.1%	3.5%
Real Interest rate	4.7%	3.2%	0.7%	0.7%
Labour Force: millions	14.97	15.18	15.45	15.72
Employment: millions	13.55	13.66	14.12	14.62
Unemployment Rate	9.5%	10.0%	8.60%	7.00%
Poverty Rate	17.9%	18.5%	16.5%	14.5%

To reinforce our policy of low interest rates, and to reduce our dependence on banks and foreign lenders, the Bank of Canada will be required to increase its holdings of federal government bonds by an amount equal to 2% of outstanding net debt per annum for each of the next five years. This will increase the Bank's holding to 15% of outstanding debt, still considerably less than the 25% it held in the 1970s. Effectively, this will reduce debt servicing charges to government, since the Bank is publicly owned. These savings are built into our debt servicing projections in Table 4. Some portion of these bonds could be long term so as to put additional downward pressure on long-term interest rates, which remain quite high even now.

To guard against these Bank of Canada purchases leading to excess creation of money and a precipitous fall in the dollar, the Alternative Federal Budget restores the ability of the Bank of Canada to impose reserve requirements on the chartered banks.

We also take steps to make the Governor and Board of the Bank more accountable to the public, by requiring that the Governor be appointed from outside the Bank for a fixed term, and by providing for more public airing of monetary policy issues.

To help further reduce dependence on overseas borrowing, we will convert Canada Savings Bonds (CSBs) into Debt Victory Bonds, and make them redeemable with flexible rates and more conveniently RRSP-eligible.

We think that the increased sale of real-interest bonds, including CSBs, will help the government raise capital at lower real interest rates by reducing uncertainty about future inflation.

We will require all retirement plans to hold a minimum proportion of federal bonds in order to qualify for tax deductibility.

The Alternative Federal Budget takes the following steps to reduce our vulnerability to the power and mobility of financial capital, so as to ensure that our interest rate and economic growth targets are met:

- We gradually eliminate the allowable 20% foreign investment quota on tax-assisted pension plans. Pension managers could still invest overseas if they wished for portfolio diversification reasons, but contributors would not receive a tax subsidy for this portion of their savings.
- We tax the overseas earnings of insurance companies and enforce the statutory withholding tax on income of foreign investors.
- We introduce a surtax on interest earnings by Canadians on holdings of foreign bonds.
- We promote the introduction of a "Tobin tax" on international financial transactions, in cooperation with other countries.
- We tighten bank regulation and accountability to consumers and legislate greater transparency in bank ownership, derivation of charges, details of credit given and refused.
- We redirect a small portion of pri-

vate financial institution assets into capital funds designed to promote local community economic development and provide risk capital for small businesses.

Table 1 contains the latest available economic forecasts upon which the Minister of Finance is preparing his 1997 budget. A real growth rate of GDP of just over 3% is expected in each of the next two years, about double the rate of the current year. The unemployment rate is expected to remain close to 9%, though, which is unacceptably high. The **Alternative Federal Budget** accepts the government's forecasts of nominal interest rates, but forecasts a slightly higher inflation rate and therefore lower real interest rates (real rates are simply

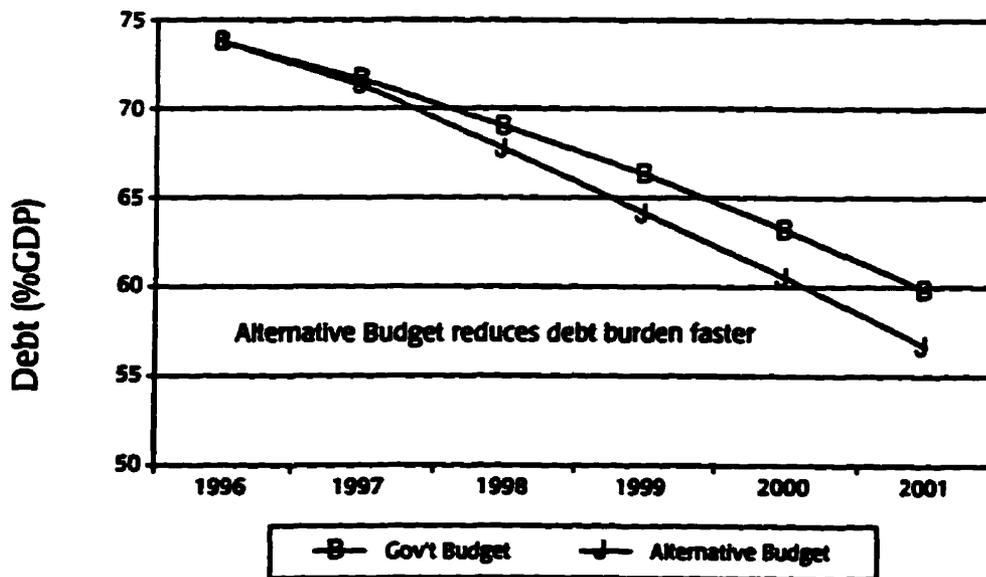
nominal rates minus the rate of inflation) in response to our monetary/fiscal policy mix.

The greater fiscal stimulus in the **Alternative Federal Budget**, combined with a lower dollar and lower real interest rates, leads to an increase in real growth of GDP to about 4% in each of the next two years and the creation of 170,000 additional jobs next year and 200,000 in the following year. The **Alternative Federal Budget** will reduce the unemployment rate to 8.6% in 1997, to 7% the following year, and to about 5.0% by the year 2001.

As the unemployment rate falls, so will the rate of poverty, now standing at the shameful level of 18.5%. Increased

Reducing the Debt Burden

Alternative Budget vs. Gov't Budget



employment will cut the poverty rate by 3% over the next two years, and by 5 percentage points over the next five. Increased income support and other anti-poverty measures in the **Alternative Federal Budget's** social program, will further reduce the poverty rate, to well below 12% by the year 2001. These are our policy target goals and we challenge the federal government to match or exceed them.

The Alternative Federal Budget will reduce the ratio of federal debt to GDP to 60% over the next five years. As it happens, meeting our debt target will automatically lead to our meeting the government's deficit-to-GDP targets for the next two years (2% and 1%). We are not, however, prepared to go faster than this, as we expect the government to do, for this could be accomplished only at the unacceptable expense of cutbacks to social programs.

Our Budget also balances the budget by the year 2000. Government net borrowing requirements will fall to zero well before that, and net borrowing from overseas will fall as increasing amounts of government debt are held by the Bank of Canada and by national lenders, and as the current account of the external balance of payments improves.

Our projections, like those of Finance Minister Martin, are premised on lower interest rates having an expansionary effect on growth and job creation. Should this fail to materialize, then job creation and poverty reduction would have to fall back entirely on fiscal expansion. If this were to be the case, it would not be possible to adhere to current forecasts of reductions in the deficit-and-debt-to-GDP ratios. Our preference, of course, is to avoid this situation, and the programs of employment creation and public spending which follow are designed, in part, to provide what we consider to be a necessary supporting stimulus to lower interest rates.

OUR STRATEGY FOR JOBS

The **Alternative Federal Budget** will spur the creation of almost two million new jobs over the next five years, some 930,000 more than revised estimates suggest are likely to be created under current government policies. This would be achieved by pursuing a combination of five strategies for job creation.

1. An Expansionary Macroeconomic Policy

The macroeconomic policy described above is more expansionary than the government's because it reduces real interest rates a little in the first two years, and thereafter both nominal and real rates, relative to what the government is likely to do. More importantly, by increasing government spending, the **Alternative Federal Budget** allows

for a bigger net fiscal stimulus than does the government's approach, even though the deficit declines every year.

2. The Emergency Employment Investment Program

This program finances investment in environmental, social and traditional forms of infrastructure to the tune of \$3 billion in each of the next two years. Priorities include capital investment in public transportation, water and sewage systems, waste reduction and recycling (\$800 million), the retrofitting of public buildings (\$100 million), the building of co-op and other forms of social housing (\$500 million), the installation of computers in public libraries and post offices, provision of community-based, not-for-profit child care (\$500 million), and elder care centres, home care and serv-

EMERGENCY EMPLOYMENT INVESTMENT PROGRAM*

	1997-98 \$ millions	1998-99 \$ millions
ENVIRONMENTAL/ SOCIAL INFRASTRUCTURE	800	800
BUILDING RETROFITS	100	100
ADDITIONAL SOCIAL HOUSING	500	500
ADDITIONAL CHILD CARE	500	500
OTHER SOCIAL INFRASTRUCTURE	200	200
"RESEARCH, TECHNOLOGY AND CONSERVATION"	800	800
COMMUNITY DEVELOPMENT	100	100
TOTAL	3,000	3,000

* These expenditures are included in Table 2 where they are allocated by Ministry responsible

ices to assist victims of violence and abuse (\$200 million). Additional funding will be made available for new community development initiatives focusing on community infrastructure and not-for-profit community-based economic development, providing employment opportunities for traditionally disadvantaged groups (\$100 million).

The intention is to use this fund to leverage additional capital funding from other levels of government. Projects will originate from lower levels of government, and the federal government will be prepared to finance up to 50% of the cost of acceptable projects.

Some \$800 million of this program will be devoted to increasing federal investment in research, conservation and innovative technology, through the National Research Council, the Departments of Environment, Energy and Natural Resources, Fisheries and Oceans, Forestry and Agriculture. Universities and colleges will receive additional research funding, support for graduate students through the government's granting councils, and some equipment and infrastructure support.

Care will be taken to ensure that the jobs created are accessible to both UI and social assistance recipients. Measures will be taken to ensure that the employment needs of groups traditionally disadvantaged in the labour market—youth, women, people with disabilities, people of colour, Aboriginal Peoples, and others—are addressed in this program.

3. New Structures for Renewed Economies

We are committed to developing alternative tools to help democratize local and national economic development. Banks, insurance companies, and other financial institutions will be required to deposit a small proportion of their total assets, now in excess of \$1.5 trillion, to **National Capital Funds** to provide badly-needed risk capital to small Canadian companies, cooperatives, and community development corporations. They would deposit 0.1% of their assets in year 1, 0.2% in year 2, and 0.3% in year 3, giving the Funds a core base of about \$4.5 billion at the end of that time. (To put the 0.3% deposit rate into perspective, this is only one-eighth of the typical administration fee on a mutual fund.) The Funds will be used to establish sector development banks and provincial and local development corporations administered by representative boards. This is an off-budget item, and the program will be evaluated after three years to review the adequacy of the funding base.

The **Alternative Federal Budget** also takes a number of steps at the micro level to influence otherwise market-driven decision-making in the corporate sector. It stops giving no-strings-attached tax breaks for research and development, and shifts to results-driven, repayable assistance in risky investment areas. It encourages cooperative ventures in research and development, expands funding for sector-based joint business/labour training programs, and introduces public sector procurement

councils to give Canadian companies a bigger share of purchases in the health and computer equipment fields. Taken together, these and other initiatives in the areas of research and international trade facilitate the pursuit of a national industrial strategy to help build a more productive Canadian economy.

The Framework Document of the Alternative Federal Budget also outlines a series of initiatives designed to promote community economic development.

4. Maintaining and Strengthening Employment in the Public Sector

The Alternative Federal Budget recognizes the importance of public sector services and jobs and reverses recent

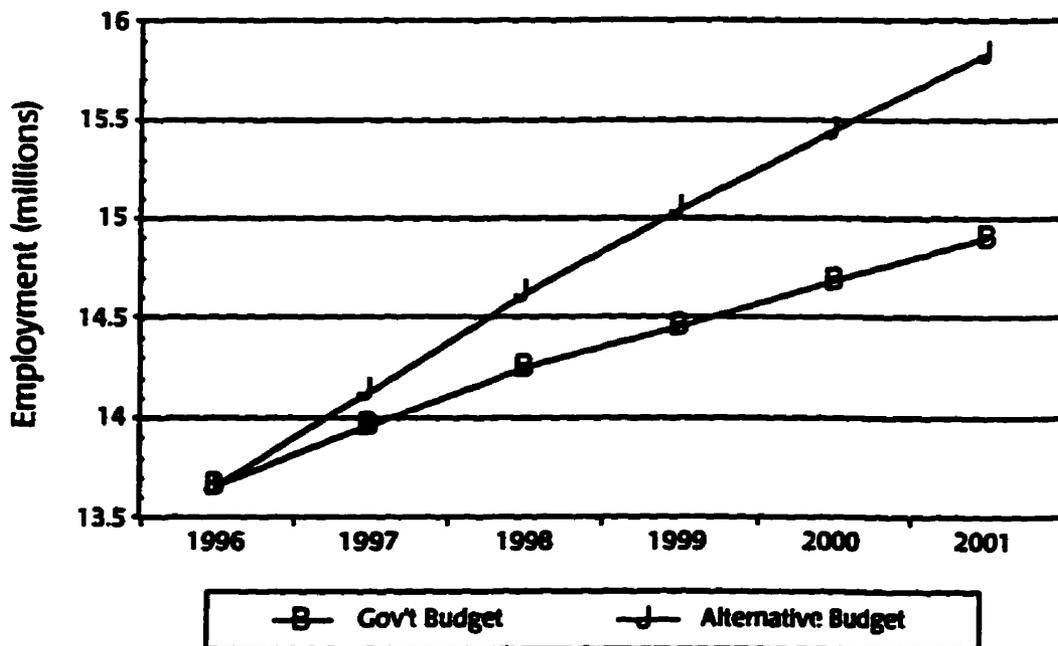
policies which cut them back. Transferring some of the surplus generated in high-productivity private sector industries to the public sector will strengthen the essentially labour-intensive sector of the economy, a sector which also provides well-paying and satisfying jobs to many women employees. The shifting of income from the private sector to the public sector, through tax revenues from economic growth and additional tax measures outlined later, will strengthen our social services and public investment, while at the same time generating worthwhile jobs.

5. Reducing Working Time

The Alternative Federal Budget also takes steps to reduce the length of the working week under federal juris-

Creating Jobs in Canada

Alternative Budget vs. Gov't Budget



diction to 36 hours, and reduce reliance on overtime to share out available jobs more equitably. Workers will have the right to refuse overtime, and total paid overtime in any one year will be limited to 100 hours. Our Budget also lengthens family, parental and educational leaves and changes Canada Pension Plan and Canada Labour Code terms to encourage more flexible work-time arrangements. The UI and/or the tax system will be adjusted to help workers take more advantage of educational leaves.

The jobs crisis is the No. 1 concern of Canadians. The **Alternative Federal Budget** shares that concern and seeks to make a significant dent in the unemployment problem. We recognize, however, that there are no quick and easy solutions, and that sustained efforts over a number of years will be required. Our proposals represent only first steps, albeit significant ones, in the direction of a lasting solution.

\$ 1 BILLION WORTH OF JOBS

JOB CREATION IMPACT OF \$1 BILLION WORTH OF VARIOUS FEDERAL GOVERNMENT ACTIONS

Direct hiring	56,000 jobs
Spending on goods and services	28,000 jobs
Infrastructure spending	26,000 jobs
GST cuts	17,000 jobs
Corporate tax cuts	14,000 jobs
Personal income tax cuts	12,000 jobs
Payroll tax cuts	9,000 jobs

Source: Informetrica

PROGRAM SPENDING

The 1997/98 Alternative Federal Budget will restore program spending to the 1994/95 levels of \$118.7 billion, an increase of 9% over 1996/97. This increase will make up only some of the ground lost to cutbacks since 1993/94, when program spending exceeded \$120 billion. In addition, however, a further \$3.0 billion will be made available for the Emergency Employment Investment Program, to help address the jobs crisis facing Canadians. Our Budget does not, however, seek simply to reverse the cuts in program spending which have occurred in recent years. Instead, it sets new priorities for government policy, with special focus on job creation and poverty reduction.

1. A Frontal Assault on Poverty

The additional growth in the economy provided for in this Budget through monetary policy, special employment initiatives, and the blend of spending and taxing measures which follow, will reduce poverty in two ways: first, by reducing the unemployment rate; for every 1% drop in this rate, the poverty rate falls by 1%. But many poor families already participate in the labour market, while others are unable to do so. Employment creation must therefore be supplemented by a variety of other measures, including income support, provision of public services, and the reduction of taxation on low-income families.

Anti-poverty measures must attempt to address the many forms of poverty and the many and diverse obstacles faced by poor families which deny them the basic comforts and security enjoyed by the majority of Canadians. The following proposals outlined later in the Alternative Federal Budget will each make a contribution to poverty reduction, though this is not always their first objective:

- Reinstating cuts to income support and strengthening the system: \$1.9 billion;
- Enhanced child benefit: \$1.20 billion;
- Child Care Investment Fund: \$0.5 billion;
- National Drug Plan: \$0.65 billion;
- Increased retirement benefits: \$0.5 billion;
- National Housing Fund: \$0.5 billion;
- Enhanced UI benefits: \$1.0 billion + savings from reduced unemployment beyond Martin's estimates: more than \$1.0 billion;
- National Advance Maintenance Child Support System. At no cost to the Budget, this will greatly assist custodial parents and children;
- Additional training funds for social assistance recipients: \$0.2 billion;
- Additional funding for Aboriginal services: \$0.4 billion;
- Reduction in low income surtax: \$0.55 billion;
- Increase in GST rebate: \$0.87

billion; and

- Increased tax credits for people with disabilities: \$0.3 billion.

While it is difficult to determine precisely how much benefit the poor will derive from these proposals (since some of them will also benefit people who are not poor), it is unlikely to be less than \$6.5 billion in 1997 and will be in excess of \$10 billion in 1998. This package, together with the job creation program, which could lift as many as 60,000 people per year off the welfare rolls (in addition to those who might secure employment on the government's base case scenario), constitutes the most significant anti-poverty program this country has seen in recent history.

2. National Social Investment Funds

The **Alternative Federal Budget** places highest priority on maintaining and strengthening expenditures on social programs, which we consider to be **social investments** that are important for the future well-being of all Canadians, not just the poor, and for the future prosperity of the country itself. Our expenditure plans are to be found in **Table 3**, along with a comparison with federal government spending in 1996/97.

The **Alternative Federal Budget** again rejects the concept of the **Canada Health and Social Transfer (CHST)**, the policy values underlying it, and the cuts to social programs which motivate it. The **CHST** is profoundly changing the structure of Confederation, offloading the cost of social programs onto provinces, and abandoning national stand-

ards that have been built into our social security system over the last 55 years. It attacks the poor by abolishing the cyclical and cost-sharing nature of social assistance payments.

The **CHST**, however, is only one of many assaults on our social programs being carried out by the Liberal government. The **Unemployment Insurance** scheme has been gutted, child care and social housing have been all but abandoned, and plans are currently under way to attack public pensions. These measures by the federal government greatly threaten the economic and social security of Canadians. They reduce the collective responsibility Canadians have to one another, and must be reversed if the values of a caring society and a united Canada are to be maintained.

The **Alternative Federal Budget** creates a number of **National Social Investment Funds**, each with its own funding formula appropriate to the needs of the social sector it covers. Each Investment Fund also has its own national standards, which raise important political and constitutional issues. Until there is a resolution of the **Quebec-Canada** relationship, our approach to federal-provincial fiscal relations recognizes the need for **special arrangements with Quebec** which may not be open to other provinces.

We recognize that **Quebec** should have primary responsibility and jurisdiction over social programs. This recognition does not, however, justify devolution of responsibility for social pro-

**TABLE 2 - ALTERNATIVE BUDGET - PROGRAM SPENDING
1997/98-1998/99**

	Actual 1994/95	Likely 1996/97**	AFB 1997/98	AFB 1998/99
NATIONAL SOCIAL INVESTMENT FUNDS				
\$MILLION				
1. HEALTH CARE FUND	8,987	7,410	9,381	10,411
2. POST-SECONDARY EDUCATION FUND	2,858	2,251	2,891	3,133
3. INCOME SUPPORT FUND	7,023	5,717	7,500	8,200
4. CHILD CARE FUND	350	350	893	1,396
5. RETIREMENT INCOME FUND	20,000	21,907	23,239	24,604
6. UNEMPLOYMENT INSURANCE FUND	14,684	13,465	15,000	16,000
7. HOUSING FUND	1,988	1,973	2,472	2,570
EQUITY PARTICIPATION FOUNDATION			100	150
VETERANS PENSIONS	1,975	1,939	1,888	1,840
EQUALIZATION	8,549	8,796	9,200	9,600
TRANSFERS TO TERRITORIES	1,196	1,129	1,196	1,232
VRDP-DISABILITIES	201	155	189	208
FIRST NATIONS	3,759	4,190	4,442	5,085
COMMON SECURITY	15,935	13,924	13,580	13,146
AGRICULTURE	2,080	1,762	2,330	2,685
INDUSTRY (Inc. INFRA)	3,547	3,782	5,182	5,269
ENVIRONMENT	716	554	801	861
TRANSPORT	2798	1,579	1,626	1,675
NATURAL RESOURCES	1,423	771	948	1,033
FISHERIES	778	775	848	874
IMMIGRATION ETC	659	692	928	949
HUMAN & TRAINING (Ex VRDP, STU LOANS)	3,669	3,493	4,354	4,428
JUSTICE	3,376	3,305	3,351	3,452
HERITAGE/CULTURE	2,906	2,657	2,783	2,883
RESTRUCT. CHARGES	2,600	0	0	0
GENERAL GOVT. SERVICES & OTHER (inc)	6,649	5,524	6,578	7,016
TOTAL PROGRAM	118,700	108,100	121,700	128,700
% CHANGE		-8.9	12.6	6.8
**1996/97 Likely: CHST allocated among Health, P-S and Income Support in 1994-96 proportions				

grams in the rest of Canada, which we see as a prescription for shredding the national social safety net. We recognize joint federal-provincial responsibility, with a federal leadership role in funding social programs, as well as in setting and enforcing national standards. Common standards throughout the whole country, including Quebec, could be achieved through the negotiation of a social charter.

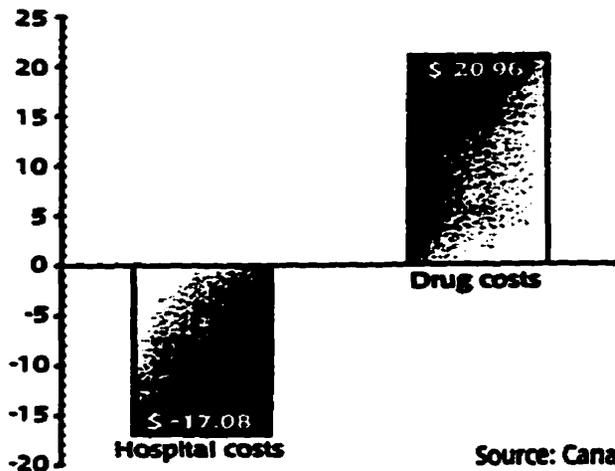
D) The National Health Care Fund

This Fund will renew the federal government's commitment to and support for a national Medicare program based on the five fundamental principles of the Canada Health Act: universality, accessibility, portability, comprehensiveness, and public administration. Provinces are to adhere to these principles in order to receive federal funding. A Privatization Alert Group will be established to protect against erosion of the system.

Federal cash funding for health care will be stabilized in the first instance, and then allowed to grow with the economy. The National Health Care Fund will be funded next year at the 1995/96 level of cash transfers, of \$6.736 billion. Essentially, this reverses the \$1.5 billion cuts to health care implied in the introduction of the CHST (which, of course, no longer differentiates between the uses to which the reduced transfer will be put: health, post-secondary education or social assistance). These cash transfers will increase in subsequent years at the rate of increase-of-GDP averaged over the previous three years, which is estimated at 4.3% for 1997/98. The monies will be used to maintain quality hospital care and community care, to reverse damaging cuts to the system, and to strengthen new health initiatives.

The National Health Care Fund will also contain provision for the health

Changes in per-capita expenditures on health care, 1991-93



Source: Canadian Health Coalition

care needs of First Nations people, implementing the major recommendations of the Royal Commission on Aboriginal Peoples. These provide for Aboriginal control over health services, training in service provision, adaptation of services, and building supportive physical infrastructure in communities. In recognition of the acuteness of those needs, spending in this area will increase by 20% in 1997/98 to \$403 million, and by a further 10% in 1998/99. The balance of the budget of the Department of Health will increase by 3% in each of the next two years.

Along with a commitment to ending fee-for-service physician payment, and to building a future national public continuing care program, two major innovations will also be financed under the new National Health Care Fund. The first of these will be a new National Drug Plan, to be phased in over several years in partnership with the provinces. Some \$650 million will be provided for this in 1997/98, and a further \$650 million in 1998/99, but the amounts could be more if provinces were to use some of the reinstated health transfers for this purpose. Also, the considerable amounts already spent on private drug plans will be folded into the system, so that employers do not reap windfall gains from the national plan. Access to a drug plan should not be tied to one's place of employment nor require Canadians to be institutionalized or drawing social assistance.

Central to the National Drug Plan

is the repeal of Bill C-91 and the reintroduction of compulsory licensing, which will potentially save \$4 billion over ten years. This will require the renegotiation of intellectual property rights clauses in international trade agreements. Reference-based pricing for drugs will also be introduced, giving physicians information about lower priced but equally effective drugs.

This year's Budget also provides conditional funding to the provinces, in the amount of \$100 million, to support the development of community health centres as the main source of primary health care for Canadians, and amends the Canada Health Act to guarantee health care availability in non-institutional settings. The Alternative Federal Budget continues the National AIDS strategy at previous funding levels, and provides for a National Health Human Resources Strategy to reskill staff to meet changing needs in health care delivery. The Community Action Program for Children, which seeks to improve the health and well-being of young children, will be fully funded. The Liberal government, despite its claims of concern about poor children, plans to cut this program by 40% in the coming year. Other major initiatives in preventive health will be our Budget's anti-poverty campaign and the creation of a Canadian Council on Health.

The Health Care Fund will therefore be funded as follows, with 1996/97 figures being shown alongside for comparison:

	1996-97	1997-98	1998-99
	\$ Millions		
Health Transfers to Provinces	5,587	6,736	7,027
First Nations Health	346	415	457
Other Health,	1,477	1,580	1,827
National Drug Program		650	1,300
TOTAL	7,410	9,381	10,411

These expenditures are included in Table 2 under the Health Care Fund

Federal health care funding will rise from 0.85% of GDP in 1996/97 to 1.09% in 1998/99.

ii) The National Income Support Fund

The Alternative Federal Budget proposes that the federal and provincial governments jointly develop a National Income Support Fund to provide a floor of financial support below which the income of no Canadian can fall. This will reinstate a funding mechanism for social assistance and related services that was effectively abolished with the introduction of the CHST. It will include a cash component that will remain sustainable over time and that has a contra-cyclical component to compensate the provinces for greater caseloads due to economic downturns.

There will be two levels of income support. Level 1 sets the income floor of social assistance at 60% of the Statistics Canada Low-Income Cut-Offs for the current year, rising to 75% over five years. Level 2 provides additional funding for special needs, such as disability, and related services. Provision will also be made for gradually phasing in com-

penensation to the three provinces affected by the previous capping of CAP.

We propose that the federal contribution for the fiscal year 1997-98 be set at \$7.2 billion. This is equal to the federal contribution to CAP for 1995-96 (\$7.1 billion), less the estimated amount of money in CAP spent on child care in that year (\$350 million), plus an extra \$400 million. In 1998/99, the fund will rise by an estimated \$0.7 billion, but in both years will be enhanced by the significant savings in social assistance as people are able to go off welfare to take advantage of the job opportunities made available under our job creation program.

In order to access federal funding, provinces will have to respect the following conditions:

- i) An adequate level of income will be given to any Canadian in need.
- ii) A fair process for assessing need.
- iii) Acceptance of a mechanism for accountability and enforcement.
- iv) An appeal process in recognition of the fact that social assistance is the program of last resort for in-

come support.

- v) Assistance will be offered on the basis of need only and not made conditional upon participation in community work or any other form of work-for-welfare or learn-for-welfare programs.
- vi) Provinces must not impose any minimal residency requirement as a condition for eligibility to social assistance.
- vii) The regular monitoring of the well-being of people on income support.
- viii) Active consultation with recipients before any program changes are made.

The **National Income Support Fund** will also incorporate an **Enhanced Child Benefit** which will provide direct and immediate relief to poor families with children. This will be implemented through the income tax system and should be seen as a vital component of the much broader strategy for reducing poverty, which includes job creation, tax reduction, and the strengthening of other social programs. The **Enhanced Child Benefit** will be available to all poor families with children, whether they are working or not, and cannot be deducted from provincial welfare payments. It is accompanied by a recommendation to raise the minimum wage in all jurisdictions across Canada to increase work incentives and reduce poverty among working people.

The **Enhanced Child Benefit** will be set at a level of \$1,000 per child, doubling the existing benefit, and will rise to \$1,500 per child in 1998/99. It will be

delivered quarterly and cannot be deducted from provincial social assistance payments. With the reduction in child poverty due to increased employment, the benefit will amount to \$1.2 billion in 1997/98 and \$1.65 billion in 1998/99.

A **National Advance Maintenance Child Support System** will be established, in cooperation with the provinces, to ensure that child support payments are actually made. This will prevent support-paying parents moving from one province to another to evade their responsibilities. The system will make support payments and recover them from the parent responsible. It will be financed off-budget and all administrative costs will be recovered. This will be an important anti-poverty measure for custodial parents and their children.

iii) The Post-Secondary Education Fund

This fund will restore and enhance the federal government's contribution to the financing of higher education. It will set clear national standards and also provide for the gradual replacement of student loans by grants.

Initially, transfers to provinces will be restored to their 1995/96 level of \$2.1 billion and indexed by the three-year moving average of GDP, which will be 4.3% for 1998/99. In effect, this reinstates the approximately \$455 million cut to education implied in the CHST level for 1996/97.

A new **Higher Education Act** will define the federal government's role in this field and will require provinces to

adhere to principles of public education, accessibility, comprehensiveness, and the transferability of credits. The Act will not apply to Quebec, with which separate negotiations will take place on the transfer of funds, based on the above principles. An **Advisory Council on PSE** will be established, representing students, support staff, and faculty members, and including groups whose access to PSE has been traditionally restricted, such as Aboriginal Peoples, to negotiate with the provinces/federal government over post-secondary funding and arrangements. The Council will also advise on an appropriate future funding formula for PSE.

The long-term goal of the **Alternative Federal Budget** is to replace the **Canada Student Loan Program** with a **National Grants Plan**. In the interim, a more limited grants program will be introduced, targeted at students with high needs. The **Post-Secondary Education Fund** will contain a provision of \$250 million for student grants in year 1 and \$400 million in year 2, this funding to be increased as resources permit. Initially, these grants will be targeted at first-year students with high needs, and at single parents, providing 80,000 students with grants of \$3,000 each (the average level of tuition fees in Canada) in year 1.

Grants to first-year students have been shown to encourage persistence, while single parents now comprise almost 20% of all **Canada Student Loan** recipients. The grants will be allocated through the usual needs assessment process. Budgets for subsidizing inter-

est on student loans, and related expenditures, will be maintained at current levels of \$520 million.

Funding for **First Nations' education** will be maintained and increased by 10% in each of the next two years (to \$21 million and \$23 million, respectively).

This year's **Emergency Employment Investment Program** provides significant funding for research at post-secondary institutions and for the rehabilitation and/or replacement of educational buildings and equipment. It also stresses the necessity of providing young graduates with suitable employment prospects.

iv) The Child Care Fund

The **Alternative Federal Budget** proposes federal-provincial negotiations to establish a cost-shared **Child Care Investment Fund** at levels consistent with, though slightly higher than, the promises made in the **Liberal Party's Red Book**. This would combine cost-shared expenditures previously met through the **Canada Assistance Plan**, of about \$0.35 billion in federal money, together with other federal child care expenditures. These would include the **Children's Special Care Allowance** of \$43 million, and the **Aboriginal Headstart Program**, \$30 million in the coming year, and new child care money amounting to \$0.5 billion in 1997/98 and \$1.0 billion in 1998/99.

In future years, the Fund would also encompass tax breaks for child care, as in the **Child Care Expense deduction**,

but no provision is made for this measure in our 1997/98 Budget.

This Fund will require the support of a federal policy framework based on principles that ensure high-quality services for children from coast to coast, compatible with provincial/territorial/First Nations jurisdictions, and the need for appropriate local strategy to provide planning and service delivery.

The Child Care Fund will be based on the principles of accessibility, affordability, high quality, comprehensiveness, portability, and accountability for public funds. It will establish a process for public scrutiny and debate. Negotiations with the provinces, territories and Aboriginal Peoples for the use of this Fund to support child care plans will be based on the above principles.

A national child care program is essential for social justice, gender equality, poverty eradication, and improving national economic performance.

v) The Housing Fund

This will comprise monies currently spent through the CMHC (\$1.972 billion) plus the \$0.5 billion in the Emergency Employment Investment Program for the building of between 10,000 and 14,000 co-op and social housing units. In 1997/98, the base funding of CMHC will be raised by 5% to allow for improved maintenance of the housing stock. Day-to-day management of housing units will be devolved to co-op and not-for-profit corporations.

vi) The Retirement Income Fund

The Alternative Federal Budget recognizes the important role that public support has played in reducing poverty among the elderly in Canada and seeks to strengthen that support. It rejects the proposal currently being considered by the federal government for a single income-tested Senior's Benefit, based on family income, as this would particularly harm women seniors. Instead, we maintain the OAS and GIS as separate programs funded through The Retirement Income Fund. The OAS will be raised by \$500 million, net of the clawback, in each of the next two years to strengthen support to seniors, especially poorer ones, and the OAS will be indexed to average wages and salaries rather than to the price level.

Although not part of the federal budget, we would maintain and strengthen the CPP and would resist any attempt to replace it with private pension schemes based on RRSPs. Indeed, the Alternative Federal Budget reduces benefits to higher income groups from RRSP deductions, as we feel these help contribute to gross inequalities of income and wealth in Canada.

vii) The Unemployment Insurance Fund

With the implementation of the Employment Insurance Act, Bill C-12, in July 1996, UI benefits have been further eroded, so that less than 40% of the unemployed are now covered, compared with 87% in 1990. This Bill has been particularly discriminatory against

women workers, young workers, part-time workers, seasonal workers, and the workers of the Atlantic provinces and the north.

The benefit rate, which was 60% in 1990 and 55% in 1994, has been cut for three-quarters of all claimants and for some is now as low as 25%.

So massive have been the attacks by this and predecessor federal governments on the Unemployment Insurance system that it is simply not possible within one or even a few budget years to repair the damage done. The **Alternative Federal Budget** seeks, therefore, to gradually rebuild the system, concentrating in the first instance on reversing the damage done in Bill C-12, by improving the accessibility of the scheme for those who are actually unemployed.

The **Alternative Federal Budget** therefore creates a new **Unemployment Insurance Fund** designed to restore benefit protection to 75% of unemployed workers over a five-year period, by reversing the punitive increase in entry requirements introduced in recent years and by extending the duration of benefits.

Gradually, over time, we would restore pre-1994 conditions of entitlement and benefit duration, aiming at a benefit rate of 60% of weekly earnings. This would reverse the requirements in last year's legislation that discriminate against women, seasonal and part-time workers, young workers, and people living in the Atlantic provinces and the north.

The Fund will maintain premium contributions at their existing levels, but raise maximum insurable earnings from \$42,380 to \$45,000 and maintain them in real terms by indexing them to average earnings. In future **Alternative Federal Budgets**, the issue of the maximum insurable earnings and the progressivity of the UI system will be examined in more detail.

In 1997/98, \$1 billion is added to federal forecasts of benefit payments. However, given the improved employment situation which our economic and fiscal policies will bring about relative to those being followed by the federal government, the number of workers needing to rely on UI will fall by an estimated 100,000. Actual monies available to strengthen the system will therefore be in the \$2-3 billion range. In 1998/99, the **Alternative Federal Budget** will add another \$1 billion to improve coverage, again not counting monies freed up from lower unemployment. These monies will go a significant way towards restoring the program to its original design.

In our future Budgets, consideration will be given to a complete recasting of the UI system so that it better reflects contemporary labour market conditions, the nature of work, and the insurance needs of workers.

The **Unemployment Insurance Fund** will include costs of administering the system, some \$1.2 billion, but it excludes expenditures on training, which are shifted into the Human Resources budget.

OTHER PROGRAM SPENDING

The Alternative Federal Budget maintains veterans' pensions and equalization payments at anticipated levels. It restores transfers to the Territories to 1994/95 levels and raises them by 3% in 1998/99.

The Alternative Federal Budget restores the budget for the vocational rehabilitation of disabled persons to its 1995/96 level, and adds a further 10% in 1998/99. People with disabilities will benefit significantly from the job creation aspect of our Budget and from the poverty alleviation measures. Federal dollars will be used to install and meet national standards for programs for people with disabilities, and consumers themselves will have a greater say in how program dollars are used. Access to training spots will be guaranteed to people with disabilities, at least in proportion to their representation in society and, ideally, more than proportionately. Employment support costs will be 100% deductible through a refundable income tax credit, and the Disability Tax Credit and Medical Expense Tax Credit will be increased by 50%, at an estimated total cost, on the tax side, of some \$330 million in year 1 and \$360 million by year 2. Some portion of the additional co-op and social housing will be reserved for people with disabilities; a special Minister with Responsibility for Issues of Canadians with Disabilities will be appointed; and funding will be provided by CIDA for international

development programming for people with disabilities.

Significant increases in funding for Aboriginal Peoples will be provided to cover the costs of moving to self-government and land claims and implementing the recommendations of the Royal Commission on Aboriginal Peoples. Increases of 10% and 15% (of \$402 million and \$643 million) are provided over the next two years. Some of this additional funding will be made available for economic development and the support of Aboriginal institutions in rural and urban areas.

First Nations and other Aboriginal Peoples will be important beneficiaries of improvements in housing, employment prospects, and income support for poorer families, at least to the extent of 10%, their rough share in the incidence of poverty.

A new Equity Participation Foundation will be established to provide funding for organizations that work to give marginalized Canadians a voice, to provide needed services to disadvantaged groups, and to provide a voice for progressive public policies. It will operate at arms length from the government, will fund advocacy and service organizations for women, the disabled, Aboriginal People, people of colour, immigrants, refugees, gays and lesbians, small farmers, unorganized workers, etc. It will receive initial funding of \$100 million a year.

The Alternative Federal Budget supports the NAC/CLC demands for \$50 million to be made available for women and violence services, and provides funding for this and the other demands made on the Women's Poverty March in 1996 (in General Government Services).

Other measures of support for the social economy or third sector include community economic development initiatives outlined in the employment section and community health centres in the health care section. We deplore the federal government's using the social economy sector as a vehicle to carry the burden from its cuts to public services. The Alternative Federal Budget sets up a task force to review and make recommendations on the relationship between government and the social economy according to criteria set out in the AFB Framework Document.

The Alternative Federal Budget will again have a Common Security Fund. This contains the Defence budget, which will be cut by \$0.86 billion in each of the next two years, with cuts being focused on military personnel, on European activities, transportation costs, and contracting-out. Capital costs will be reduced and suppliers assisted (by \$0.11 billion per year) in converting production to peaceful uses. Defence spending will be redirected towards peacekeeping and national security, broadly defined to include protection of fishing, improved surveillance, search and rescue, disaster relief, and environmental protection.

The international assistance envelope of Foreign Affairs will be increased by 8% in 1997/98 and by 9% in 1998/99, with the objective of reaching an interim goal of devoting 0.4% of GDP to foreign aid by the year 2001. The Alternative Federal Budget reaffirms the ultimate goal of 0.7% of GDP for external assistance, but recognizes that reaching this level will take time. Aid will be targeted to the poorest in the poorest countries, focusing on basic human needs, equity, and sustainable economic, social and political models of development. Resources will be made available for public education and participation in development cooperation by Canadians, to the tune of 2.5% of ODA.

Canada's policies towards nuclear weapons, the arms trade, international trade and investment, and participation in multilateral organizations will be restructured as laid out in the AFB Framework Document to ensure a more peaceful, equitable, stable and cooperative world order.

The Alternative Federal Budget recasts Agricultural spending, creating a new Family Farm Support Program, which will replace contributions in the 1995/96 budget to both GRIP and NISA, amounting to some \$445 million, and add \$300 million in each of 1997/98 and 1998/99. This program will also be funded by contributions from farmers based on gross farm sales, and will provide an income guarantee for individual family farms based on cost of production and capped so as to benefit mainly small farms. Benefits will be sensitive to transport costs.

Research funding to agriculture will rise by \$50 million from employment creation, and the operations of the department will be recast to better encourage balanced rural development and sustainable farming systems. Other spending will rise by 3% in 1998/99.

The budget for **Industrial, Regional, and Scientific-Technological Support Programs** will be a major beneficiary of the employment creation component of the **Alternative Federal Budget**. From a base of \$3.78 billion in 1996/97, it will rise to \$5.18 billion in 1997/98 and \$5.27 billion in 1998/99. This budget will contain the \$800 million infrastructure components of our job creation plan, as well as \$100 million in community development funds. It will also handle \$800 million in added research support for the National Research Council, the NSERC, and the SSHRC, which includes funding for post-secondary equipment and infrastructure. These funds will create significant new employment opportunities, especially for younger people.

The budget of the **Environment** department will be increased by \$55 million to \$0.59 billion, or by 10% on its 1996/97 base, after cuts of over \$170 million since 1994/95. A further \$100 million will be added from the job creation fund for research and conservation and \$100 million for the National Retrofit Program targeted at public buildings. The base will increase by an additional \$60 million in 1997/98, underscoring the importance we attach to regulating and monitoring activities which should be carried out by the department.

The **Transportation** budget will be set at the 1996/97 level, plus an additional 3% per year in each of the next two years.

The **Natural Resources** budget will be expanded by \$77 million, raising it by 10% over 1996/97 and helping restore the \$230 million cut since 1994/95. To this base (which will rise by 10% in the following year) will be added \$100 million in research and conservation funds from the **Emergency Employment Investment Program**.

The **Fisheries** budget will be maintained at 1996/97 levels in the coming year, and will grow by 3% in 1997/98. To this base will be added \$50 million in research and conservation funding.

The **Immigration** budget will increase by 3% in each of 1997/98 and 1998/99 in order to restore immigrant services. The principal development in this sector, however, will be that the **Alternative Federal Budget** will repeal the head tax on immigrants (increasing net spending by about \$215 million) and will reorder priorities in the government's ten-year plan to do away with systemic bias along class and race lines.

Under the heading **Human Resources and Training**, the **Alternative Federal Budget** will locate all training dollars currently spent from the UI fund (about \$1.9 billion) and will add a further \$0.2 billion for training to ensure that such facilities are available equally to those drawing UI and those drawing social security assistance. (Funding for student loans, VRDP and

Children's Special Allowance are taken out of this heading in our budget.) The base of the budget will be 1995/96, rising by 3% in each of the next two years. The government's approach to training will be revisited, tying training more closely to job creation, retaining a federal role in this area by providing clear national standards and support for such important aspects of training as apprenticeships and employment equity.

The Justice budget remains at its 1995/96 level. The Alternative Federal Budget, however, shifts money within this portfolio, maintaining cuts last year to the budget of the Canadian Security Intelligence Service of some \$17 million, and reallocating it to Legal Aid and the Canadian Human Rights Commission to offset recent cuts and to strengthen these programs. The Justice budget will be increased by 3% in 1998/99.

The Heritage and Culture budget is increased by \$125 million per year. Some \$25 million of this, together with the \$100 million allocated to the Cable Production Fund in 1996, will be reallocated to the CBC. These measures will restore cuts to the CBC, the Canada Council, museums, art galleries, film and libraries, as well as to official language programs, race relations, and cross-cultural understanding. The Alternative Federal Budget also reinstates Native Citizens' Programs which were slashed back badly last year, and

provides additional funding for Aboriginal Friendship Centres, the Northern Native Broadcast Access Program, and the Aboriginal Women's Program. Our budget also abolishes GST on reading materials, ends cuts to the postal subsidy program, reasserts Canada's right in international trade agreements to pursue a national cultural content strategy, and makes provision for increasing public access to the electronic highway.

Total program spending, including that on the Emergency Employment Investment Program, will grow at 12.6% in 1997/98, and at about the same rate as nominal GDP in 1998/99. This relatively high-growth rate in year 1 is unavoidable if social programs are to be restored, Canadians put back to work, and a frontal assault made on the problem of poverty. As a share of GDP, program spending in 1997/98, at 14.3%, will even then still be below its 1995/96 level of 14.4%.

The category General Government Services and Other contains some central agencies of government, such as Parliament and Public Works, but is also a residual category in our Budget. There is sufficient room in this item to provide for substantial pay equity awards, to meet complaints which have been outstanding for 15 years. There will also be funds for improvements in public sector pay and benefits which have been frozen for so long. This would greatly improve morale and the attraction and retention of competent federal government staff.

FINANCING OUR PROGRAM

Over the next two years, the revenue required to finance our program will be \$25.9 billion, over 70% of which will flow automatically from growth in the economy. The balance will be raised by a series of **Solidarity Tax** measures, designed to raise taxes on corporations and the wealthy and reduce the tax burden of the poor, while at the same time allowing for the maintenance and strengthening of important social programs and the reduction of the burden of debt.

Over the next two years, the cumulative net increase in new taxes will be \$5 billion and \$2.5 billion, respectively, after cumulative reductions in the taxation of low-income families of some \$2.9 billion and \$0.45 billion, respectively. The **Solidarity Tax** measures will raise an additional \$10 billion by the year 1999.

Table 3 outlines where we expect to find those revenues, and detailed explanations of our revenue options are to be found in the Framework Document and in an accompanying technical paper. Underlying our approach to taxation is the belief that there is scope for modest and carefully targeted tax increases which will, in any case, be reversed starting in the year 2000, so that by the year 2002 the net increases in the **Solidarity Tax** will be zero, although reductions in taxes will affect the poor and middle classes, rather than the rich and the corporations.

To begin with, the **Alternative Federal Budget** will speed up efforts to collect outstanding taxes, in line with recommendations of the Auditor General. By increasing staff at Revenue Canada, we believe we can improve the collection of outstanding personal and corporate income taxes (estimated at over \$6.6 billion) and of uncollected GST (perhaps as much as \$13 billion) by at least \$660 million a year in the near future. We believe these estimates to be modest and reasonable.

In 1997/98, the **Alternative Federal Budget** begins phasing in a tax on wealth transfers at death, along the same lines as that in the United States. This will exempt transfers between spouses and the first \$1 million, and will apply to both bequests and substantial gifts prior to death. It will raise about 0.4% of GDP and will be phased in over two years, yielding an additional \$1.7 billion in year 1 and \$3.3 billion in year 2. A closely related measure would be to end the notorious protection of family trusts from capital gains, highlighted by the recent Bronfman case, which CHOICES is still pursuing in the courts. This will bring in an estimated \$300 million in 1998/99.

On the corporate taxation side, we impose an **excess profits tax** on banks and other financial institutions, to yield \$496 million in 1997/98, and a **corporate minimum tax**, as proposed

**TABLE 3 - ALTERNATIVE FEDERAL BUDGET:1997/98-1998/99
REVENUE PROPOSALS (\$ MILLIONS)**

	1997/98	1998/99
CORPORATE		
MINIMUM CORPORATE TAX	504	
SR AND ED CREDIT	299	
HIGH SALARIES TAX	50	
MEALS AND ENTERTAINMENT	271	
LOBBYING	50	
EXCESS PROFITS FINANCIAL INSTNS	496	
SURTAX FOREIGN INTEREST	300	
WORLD EARNINGS LIFE INSURANCE	60	
WITHHOLDING TAXES	518	
PERSONAL		
FAMILY TRUST EXCLUSION		300
EMPLOYEE STOCK OPTIONS	57	
LIMIT RRSPs/RPPs	748	
CAPITAL GAINS SMALL BUSINESS	936	
MEALS AND ENTERTAINMENT	69	
ENHANCED CHILD BENEFIT	-1,200	-447
ENHANCED DISABILITY CREDITS	-330	-30
HIGH INCOME TAX BRACKETS	775	
WEALTH TAX	1,690	1,690
END LOW INCOME SURTAX	-550	
CIGARETTES/TOBACCO		495
GST ON BOOKS	-47	
GST REBATE	-870	
GST FINANCIAL	190	
GREEN TAXATION		
CARBON TAX		500
RESOURCE WRITE-OFFS ETC	340	
COLLECTION OF BACK TAXES	660	
TOTAL	5,016	2,508

by the Ontario Fair Tax Commission, to yield \$528 million per year. This will effectively limit the ability of companies to stack favourable (and legal) provisions of the corporate Income Tax Act so as to eliminate their tax liability. We envisage a rate set at half the corporate income tax rate. We also eliminate the deductibility of the remaining meal and entertainment allowance, raising \$271 million (and for individuals also, gaining \$69 million), eliminate the deductibility of corporate lobbying expenses (\$50 million), halve the SR & ED credit by tightening eligibility rules (\$299 million), restore the rates of withholding tax to treaty levels (\$518 million), and limit the deductibility of salaries over \$300,000 as expenses for tax purposes, to yield an additional \$50 million.

As previously stated, we will also tax the overseas earnings of life insurance companies (\$60 million) and impose a surtax on overseas interest earnings (\$300 million), more for purposes of providing incentives for domestic lending than for additional revenue.

On the personal taxation side, there will be absolutely no increase in taxation for low and middle-income earners (those earning less than twice the average industrial wage) in 1997/98.

Two new personal income tax brackets will be added for high-income earners: a 32% rate for those earning in excess of \$100,000 and a 34% rate for those earning more than \$150,000. This will yield \$775 million. We will reduce

the RRSP deductible limit and adjust the pension maximum in such a way that tax expenditures will be reduced by a minimum of \$755 million. This will have no impact on those earning up to twice the average industrial wage, or approximately \$60,000. We will eliminate the exemption of 25% of income from stock options, raising \$57 million.

In 1997/98, the Alternative Federal Budget will significantly increase the after-tax income of low-income families by eliminating the surtax on incomes below \$20,000 and phasing in a 3% surtax on those earning \$20-25,000. This will cost \$550 million a year. We also increase the GST credit for low-income children and adults by \$60, at a cost of \$870 million, and introduce a new low-income enhanced child benefit of \$1,000 per child in year 1 and \$1,500 per child in year 2, as a major element in our war against poverty, costing \$1.2 billion in year 1 and \$1.67 billion in 1998/99.

In the field of Green Taxation, a new Carbon Tax will be introduced in 1998/99 as an atmospheric user charge, designed to reduce carbon emissions. This will yield \$0.5 billion in that year. The special tax treatment of resource industries in terms of generous allowances and write-offs, which benefit mainly the oil and gas industries, will be ended, bringing in \$340 million.

The GST on books and magazines will be abolished entirely, at a cost of \$47 million, while the GST will actually be extended to cover brokerage

fees and commissions on financial instruments, raising \$190 million. The tobacco tax will be restored to pre-tax-cut levels in year 2, to bring in \$495 million.

The \$500,000 capital gains exemption for small businesses will also be abolished in 1997/98, with some offsetting adjustments to their ability to provide for retirement through RRSPs. This will raise \$936 million, net of those adjustments.

In effect, the tax measures proposed in the Alternative Federal Budget concentrate on collecting outstanding taxes, closing off corporate loopholes, and introducing tax increases only on the wealthy while reducing taxes on the poor. Some progress is made in the introduction of green taxation. We believe that these measures are moderate, feasible and fair, and that they will appear so to the vast majority of Canadians.

FINANCING OUR PROGRAMS 1997/98 - 1998/99

	1996/97	1997/98	1998/99
TOTAL REVENUE \$B	134.3	147.8	160.2
INCREASED REVENUE NEEDED		13.5	12.4
FROM GROWTH		8.5	9.9
NET NEW TAXES		5	2.5

FISCAL FORECAST

The fiscal implications of the proposals in the **Alternative Federal Budget**, both short and medium term, are summarized in Table 4. It can be seen that we reach our objective of reducing the proportion of debt-to-GDP to 60% or less by the year 2001; that is, within the forecast five-year time frame. This is the principal fiscal objective of the AFB, since the relative level of debt is much more important to money markets and, more importantly, future generations of Canadians, than is the deficit-to-GDP ratio. Nonetheless, the deficit ratio declines steadily over the five-year period to zero by the year 2001.

Our deficit for 1997/98, at \$16.6 billion, though down from the current year, is likely to be higher than that planned by the government, which we estimate could be as low as \$11 billion, unless new policy directions are taken. We feel that a slowing down of the rate of deficit reduction is in order, given the fragile state of the economy and of worker and consumer confidence, and the unacceptably high rates of unemployment and poverty, but this does not prevent us from reaching our medium-term debt-to-GDP ratio target.

There is a strong possibility that this year's deficit will be lower than the government's last forecast of \$21.8 billion, which does not appear to fully account for the drop in interest rates and the growth in tax revenue. We estimate what this year's deficit will be closer to

\$17.8 billion, due to lower interest rates, higher revenues, and lower-than-planned program spending. This outcome is built into our own projections.

The amount of money spent on servicing the national debt in the **Alternative Federal Budget** forecast falls every year, and this is the main area of expenditure cuts in our Budget. As a result, the share of debt charges in GDP declines steadily over time, from 5.5% in 1996/97 to 3.3% by the year 2001.

Expenditure on government programs rises sharply in the coming year as we seek to create jobs, reduce poverty, and shore up ailing social programs, rising to 14.3% of GDP. This, however, does not restore the share of spending in GDP to its 1995/96 level, but leaves it well below the levels of earlier years. From 1998 on, expenditure continues to rise in dollar terms, but declines steadily relative to GDP to the year 2001; thereafter, it stabilizes at 13.3% of GDP.

Government revenue rises strongly over the next three years as the **Solidarity Tax Package** is phased in, peaking at 17.7% of GDP in 1999. Revenues continue to rise thereafter, but solely in response to the underlying growth in the economy. As a proportion of GDP, revenue begins to fall in the year 2000, stabilizing at 16.6% early in the new millennium. In the fourth year, the additional taxation raised in the **Solidarity Tax Program** will, in fact, no longer be

TABLE 4 - ALTERNATIVE BUDGET - FINANCIAL PROJECTIONS

	1996/97 Projected	1997/98	1998/99	1999/2000	2000/2001	2001/2002
\$ BILLIONS						
REVENUE	134.3	147.8	160.2	172.3	177.5	185.9
PROGRAM SPENDING	108.1	121.7	128.7	135.4	140.4	146.8
OPERATING BALANCE	26.2	26.1	31.5	36.9	37.2	39.1
DEBT CHARGES	44	42.76	41.1	40.8	39.3	36.4
TOTAL SPENDING	152.1	164.46	169.8	176.2	179.6	183.2
DEFICIT	-17.8	-16.62	-9.6	-3.8	-2.1	2.8
NET DEBT	592.1	608.72	618.32	622.1	624.2	621.4
GDP	803	854	913	971.0	1,032.0	1,097.0
AS % GDP						
REVENUE	16.7	17.3	17.5	17.7	17.2	16.9
PROGRAM SPENDING	13.5	14.3	14.1	13.9	13.6	13.4
DEBT CHARGES	5.5	5.0	4.5	4.2	3.8	3.3
DEFICIT - / SURPLUS +	-2.2	-1.9	-1.0	-0.4	-0.2	0.3
NET PUBLIC DEBT	73.7	71.3	67.7	64.1	60.5	56.6
% CHANGE						
REVENUE	2.5	10.1	8.4	7.6	3.0	4.7
PROGRAM SPENDING	-2.9	12.6	5.8	5.2	3.7	4.6

needed as budget surpluses will be experienced and tax reductions could then take place, even as the burden of debt is being steadily reduced. Tax reductions will be geared to low- and middle-income earners, but the monies would also be available for new or additional program spending, e.g., the National Drug Program, raising UI benefits, or increasing student grants, if these were felt to have a higher priority at that time.

Should the growth in the economy, jobs as well as income, exceed the forecast expectations, the Emergency Employment Investment Program and the Solidarity Tax package would be scaled back.

In conclusion, both the short-term and medium-term fiscal objectives of the

Alternative Federal Budget are compatible with humane economic and social policies. Our fiscal framework is both prudent and feasible.

The Alternative Federal Budget demonstrates that the current wholesale attack on social programs by the Liberal government is unnecessary and unwise. By recasting monetary and fiscal policy and by introducing a fairer taxation system, the Alternative Federal Budget is able to reduce both unemployment and poverty significantly, maintain and even enhance our social programs, and at the same time steadily reduce the burden of the national debt. Fiscal prudence and a humane approach to economic policy need not, therefore, be incompatible. ■

Canadian Centre for Policy Alternatives
804-251 Laurier Avenue West
Ottawa ON K1P 5J6
Tel: (613) 563-1341
Fax: (613) 233-1458
e-mail: ccpa@policyalternatives.ca
www: <http://www.policyalternatives.ca>

CHOICES: A Coalition for Social Justice
409-275 Broadway
Winnipeg MB R3C 4M6
Tel: (204) 944-9408
Fax: (204) 957-1508

APPENDIX 3

ALTERNATIVE FEDERAL BUDGET

BUDGET SCHOOL EVALUATION

My knowledge of the Alternative Federal Budget prior to this event:

No knowledge 0 1 2 3 4 Very knowledgeable 5

My knowledge of the Alternative Federal Budget after participating in the workshop:

No knowledge 0 1 2 3 4 Very Knowledgeable 5

My comfort in discussing the Alternative Federal Budget with others who are not yet aware:

Not comfortable 0 1 2 3 4 Very comfortable 5

Any questions about the Alternative Federal Budget were answered at this workshop:

No questions 0 1 2 3 4 Questions were adequately answered 5

Rate the policy direction that the Alternative Federal Budget is taking:

Do not agree 0 1 2 3 4 Strongly agree 5

I was encouraged to participate further in the AFB and would feel comfortable doing so.

Do not agree 0 1 2 3 4 Strongly agree 5

So far, these budget schools have included both the fiscal information and the political strategies. Please tell us what balance between those two suits your needs:

Please complete this evaluation and submit to the facilitator at the end of the workshop. Include any other comments on the back.

Thanks for your cooperation!

THE ALTERNATIVE FEDERAL BUDGET

WHAT DO YOU THINK?

THE DEBT AND THE DEFICIT

Is deficit reduction important to you? Does the deficit target of less than 3% of GDP seem realistic to you?

What would you be willing to sacrifice and not willing to sacrifice in order to meet such a deficit target?

TAXES

Should overall corporate tax increases be part of an overhaul of the Canadian tax system? _____

What other taxes could be increased in order to bring about greater fairness in the tax system? _____

JOBS

What do you see as a primary concern relative to unemployment or job creation in your region?

What role should the federal government play in redistributing work time?

SOCIAL POLICY

Do you think a National Social Justice participation foundation should be included in the 1997 Alternative Federal Budget as is proposed by the Social Policy group? Do you have additional suggestions for the Social Policy portfolio?

What do you see as the role of the federal government in health care? Is universality being undermined and if so do you see this as being a priority?

INCLUDE ANY FURTHER COMMENT ON WHAT YOU HAVE SEEN OR WOULD LIKE TO SEE IN THE ALTERNATIVE FEDERAL BUDGET.

Thanks for your feedback! Please submit to facilitator at the end of the workshop or send to:
CHOICES
409-275 Broadway
Winnipeg, Manitoba
R3C 4M6 FAX: 204-957-1508

THE ALTERNATIVE FEDERAL BUDGET REVIEW
INTERVIEW QUESTIONS
(General - For all respondents)

GQ__

Name_____

1.0.0 How were you involved in the AFB

- 1 **Policy Chair**
- 2 **Community/Media**
- 3 **Organizing**
- 4 **Steering Committee**
- 5 **Working Committee**

GENERAL

1. The steering Committee agreed to a set of principles at the onset of the Alternative Federal Budget. In your personal view, were the following elements addressed to your satisfaction in the 1997 Alternative Federal Budget. Please elaborate on your response as you wish.

1.1.0 i) (a) Is there a commitment to full employment underlying the economic policy of the AFB?(Was full employment addressed to your satisfaction?)
Yes___
No___

1.1.1 Explain_____

1.1.2 (b) Were you satisfied that the creation of jobs was a priority in the AFB?
Yes___

1.1.3 No___
Explain_____

(c) Do the AFB policies protect jobs? (Do they acknowledge the need to be aware of how they may impact on existing jobs.)

1.1.4 Yes ___

No ___

1.1.5 Explain _____

(d) Does the AFB acknowledge youth unemployment as a problem?

1.1.6 Yes ___

No ___

Does it give priority to job creation for this group?

1.1.7 Yes ___

No ___

1.1.8 Explain _____

ii) (a) Is a more equitable distribution of income and wealth adequately addressed in the AFB?

1.2.0 Yes ___

No ___

1.2.1 Explain _____

(b) Is there a more equitable tax system developed in the AFB? (Does this meet your satisfaction)

1.2.2 Yes ___

No ___

1.2.3 Explain _____

(c) Is the eradication of poverty given adequate attention?

Yes ___

No ___

Explain _____

iii) (a) Is there a commitment to economic equality between men and women in the AFB? (explicit?implicit?)

Yes ___

No ___

Explain _____

(b) Is there equal treatment of all individuals and families including same sex and non-traditional families? (Is this explicitly discussed?)

Yes ___

No ___

Explain _____

iv) Are the rights of labour within the collective bargaining framework protected and strengthened in both the public and private sectors?

Yes ___

No ___

Explain _____

v) **Is safeguarding the environment, both nationally and internationally addressed to your satisfaction?**

1.5.0 Yes ___

1.5.1 No ___

Explain _____

vi) **Do the policies in the AFB take into consideration international impacts? (Do they take care not to exploit or take advantage of those living outside of Canada?)**

1.6.0 Yes ___

1.6.1 No ___

Explain _____

vii) **Is the crucial role of public services sufficiently acknowledged and supported in the AFB?**

1.7.0 Yes ___

1.7.1 No ___

Explain _____

Was the process by which the AFB was developed sufficiently inclusive?

2.1.0 Yes ___

2.1.1 No ___

Explain _____

Did you have any concerns about the AFB throughout your involvement that you would have liked addressed?

3.1.0 Yes ___

No ___ (Explain and skip to 4.1.0)

3.1.1 Explain _____

If *yes*. Did you discuss your concerns with anyone from the steering committee/working group or others?

3.1.2 Yes ___

No ___ (Explain and skip to 4.1.0)

3.1.3 Explain _____

If *yes*. Were you satisfied with the response?

3.1.4 Yes ___

No ___

3.1.5 Explain _____

The aim of the AFB was that it would be built by consensus. This would require compromise between the various labour and community groups who participated. Do you feel that there is evidence of compromise in the AFB final documents?

4.1.0 Yes ___

4.1.1 No ___
Explain _____

Do you have any comments about the AFB process that would improve the exercise in the future?

5.1.0 Yes ___
No ___
5.1.1 Explain _____

Do you have any comments about the content of the AFB that would improve the exercise in the future?

5.1.2 Yes ___
No ___
5.1.3 Explain _____

Do you see a role for the private sector in the development of the AFB?

6.1.0 Yes ___
No ___
6.1.1 Explain _____

Do you think the AFB is realistic?

7.1.0 Yes ___
No ___

7.1.1 Explain

Do you plan to participate in the AFB next year?

8.1.0 Yes ___
No ___

8.1.1 Explain

**RESPOND TO THE FOLLOWING IF
YOU WERE INVOLVED IN
COMMUNITY OR MEDIA
ORGANIZING**

Questions for Community Organizers

C1.1.0 Describe your involvement with the AFB.

Were you involved in a budget school or forum in you community?

C1.2.0 Yes ___
No ___ (skip to 1.4.0)

If yes, did you feel well supported by the Winnipeg Working Group?

C1.2.1 Yes ___

No ___

C1.2.2 Explain _____

Were you involved in organizing the release of the AFB in your community?

C1.3.0 Yes ___

No ___ (skip 1.5.1)

If yes, did you feel you were provided with the information and support you required?

1.3.1 Yes ___

No ___

1.3.2 Explain _____

RESPOND IF YOU WERE INVOLVED IN EITHER THE STEERING COMMITTEE OR THE WINNIPEG WORKING GROUP

Questions for Steering Committee members

As a member of the steering committee/working group did you feel your concerns were adequately responded to at meetings?

S1.1.0 Yes ___

No ___

S1.1.1 Explain _____

Did you feel that meetings were sufficient in terms of number and content?

S1.2.0 Yes ___
No ___

S1.2.1 Explain _____

Were you always able to attend?

S1.2.2 Yes ___
No ___

S1.2.3 Explain _____

Did financial or other constraints (personal or within your organization) ever effect your attendance or involvement with the committee?

S1.2.4 Yes ___
No ___

S1.2.5 Explain _____

S1.3.0 **How were you involved in the AFB outside of your role on the committee?**

All AFB policies were given final approval by the steering committee. Were you satisfied with the final outcome?

S1.4.0 Yes ___
No ___

S1.4.1 Explain _____

Did you feel that any one group involved had more power than others in terms of final decisions on the AFB?

S1.5.0 Yes ___
No ___

S1.5.1 Explain _____

Did you ever feel that your views were not considered?

S1.6.0 Yes ___
No ___

S1.6.1 Explain _____

S1.7.0 **How would you describe the relationship between the steering committee and the Winnipeg working group in terms of responsibilities, work structure?**

S1.8.0 Describe any tensions (that you are aware of) between the AFB organization and other organizations with regard to how to organize an alternative federal budget?

**RESPOND IF YOU PARTICIPATED
IN POLICY DEVELOPMENT**

All AFB policies were given final approval by the steering committee. Were you satisfied with the final policy document that you were involved in developing?

P1.1.0 Yes ___
No ___

P1.1.1 Explain _____

Did you feel your role as a policy chair was valued and respected by the steering committee?

P2.1.0 Yes ___
No ___

P2.1.1 Explain _____

Did the steering committee recommend changes in the policy document that you participated in developing?

- P3.1.0 Yes ___
No ___ (skip to 4.1.0)

Do you feel you were consulted about the changes you were requested to make?

- P3.1.1 Yes ___
No ___

P3.1.2 Explain _____

Did you feel that any one group involved had more power in the decision making process than others?

- P4.1.0 Yes ___
No ___

P4.1.1 Explain _____

Did you feel that your views and suggestions were considered and respected?

- P5.1.0 Yes ___
No ___

P5.1.1 Explain _____

APPENDIX 4

The following table lists individuals who participated in the interview component of the evaluation of the Alternative Federal Budget.

Their role and relationship to the community are also indicated.

PARTICIPANTS TO BE INTERVIEWED

LEVEL OF PARTICIPATION

Name	Telephone	Policy				Working Group			Community Organizing			Location	Affiliation	
		Chair	Steering Committee	Working Group	Community Organizing	Community Organizing	Community Organizing	Community Organizing	Community Organizing	Labour or Other	Gender			
Essylt Jones	204-942-1420	X			X						Winnipeg	Labour	F	
John Loxley	204-474-9274		X c		X						Winnipeg	Academic	M	
Robert Chernomas	204-474-9510	X									Winnipeg	Academic	M	
Lynn Toupin	613-789-0096	X	X								Ottawa	Community	F	
Neil Cohen	204-942-6556	X									Winnipeg	Community	M	
Marcella Munroe	613-233-1764	X-Media	X			X					Ottawa	Community	F	
Cristobal Young	604-479-7231	X									Victoria	Community	M	
Marianne Roy	514-598-2000		X			X					Montreal	Community	F	
Caroline Coombs	514-931-1898					X					Montreal	Community	F	
Terry Hendrickson	604-879-1209					X					Vancouver	Community	F	
Mary Boyd	902-892-9074					X					P.E.I.	Community	F	
Floyd Howlett	705-742-4175					X					Ontario	Community	M	
Don Kossick	306-933-4141					X					Sask.	Community	M	

Phil Lancaster		X				Winnipeg	Community	M
Victor Dobchuck	204-774-5877	X-Media			X	Winnipeg	Community	M