



CITIZENS *for* PUBLIC JUSTICE

December 17, 2008

The Honourable James M. Flaherty
Department of Finance Canada
140 O'Connor Street
Ottawa, Ontario
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Email: jflaherty@fin.gc.ca

RE: Budget 2009

Dear Minister Flaherty,

I am writing on behalf of Citizens for Public Justice (CPJ) to ask that you consider developing a **visionary stimulus package as part of the 2009 Federal Budget**.

CPJ is a national organization that promotes public justice in Canada. Our members live and work in cities and towns across the country. CPJ encourages citizens, leaders in society and governments to support policies and practices that reflect God's call for love, justice and stewardship.

A visionary stimulus package would be designed to limit unemployment and strengthen the stability of families, create a more ecologically sensitive infrastructure, and construct a fairer and more secure global economy.

At its core, **the stimulus package should include a federal poverty reduction strategy**. By helping those most in need, you have the opportunity to assist all Canadians while simultaneously getting the economy back on track.

Parliament unanimously agreed to eliminate child poverty in Canada by the year 2000. Yet the child poverty rate has only dropped 0.5% since this 1989 promise was made. One in nine kids in our wealthy country still lives in poverty. One in four Canadian households pay 30% or more of their income on housing. On average, 704,414 individuals use food banks each month. And current economic conditions are making it more difficult for many Canadian families to meet their basic needs.

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Four provinces either have or are developing poverty reduction strategies and it is time that the federal government takes action. The provincial governments of Newfoundland and Labrador and Ontario have both indicated that without a federal commitment, the goal of reducing child and family poverty will not be achieved. Public justice calls citizens and all levels of government to work together towards the common good and to ensure every person has the resources necessary to live a life of dignity and wellbeing.

In August 2008, Citizens for Public Justice submitted a pre-budget brief to the Finance Committee, entitled ***Vision to Action: Canada Without Poverty: Submission to the Standing Committee on Finance Pre-Budget Consultations*** (attached for your consideration). This brief contained two recommendations:

1. Budget 2009 should announce the federal government's commitment to designing and implementing a **federal poverty reduction strategy**, based on consultations with citizens.
2. Policy initiatives the federal government should undertake in Budget 2009 to demonstrate a serious commitment to reducing poverty should include:
 - Commit to long-term strategic planning with **appropriate funding on affordable housing**.
 - Double the **Working Income Tax Benefit** and raise the cut-off for access so that someone working full-time, year round for minimum wage would qualify.
 - **Reform EI** to give access to people engaged in precarious or non-traditional employment.
 - Create a genuine **national childcare and early learning plan**.
 - **Re-commit to the 1989 resolution** on child poverty, and extend the commitment to ending all poverty in Canada.

Since this brief was submitted, we have continued to consider what is required to address poverty in Canada. In addition to the policy initiatives outlined above, a federal poverty reduction strategy should include an enhanced Child Tax Benefit, increased Employment Insurance benefits, federal minimum wages of at least \$10 an hour, as well as special attention to the needs of Aboriginal, single parent and newcomer families.

This type of spending would deliver a stronger fiscal stimulus than more tax cuts, since low income people tend to spend (not save) their money, and spend in local communities. In the context of the need for economic stimulus, a few measures in particular are worth highlighting.

We acknowledge and appreciate the renewed funding for the Homelessness Partnering Strategy, the Residential Rehabilitation Assistance Program and the Affordable Housing Initiative. But this is not enough. More government action and funding is required help those most in need.

A national "green" and affordable housing strategy would help address the crisis of affordable housing and reduce the financial pressure felt by low-income Canadians. It

would also have a positive impact on the economy. Investing in residential construction would create jobs and generate wages and tax revenues – housing related spending accounted for almost one-fifth of Canada's national economic activity in 2007. Implementing such a strategy would, by extension, benefit all of Canadian society.

We must recognize that the economic crisis of 2008 is partially due to speculation and lack of regulation of financial markets. But the United Nations' Environmental Program has identified "a wider market failure, triggering even deeper losses of natural capital and nature-based assets, coupled with an over reliance on finite, often subsidized, fossil fuels." If governments only invest in "yesterday's economy" of dirty, extractive industries, without improving the infrastructure of the modern, "green" future, the pattern of boom and bust will be repeated.

Government should direct investment towards climate change related infrastructure, not only in housing renewal (energy efficiency retrofits), but also in the automotive industry (accelerated development of new low emission vehicles), manufacturing (energy efficient appliances), or visionary public transit (urban or inter-city rail). Investing in green technology can position Canada's energy and manufacturing sectors towards the "first mover advantage" as the world moves to a low carbon future.

Spending on universal childcare is also essential. As an investment in the next generation of our society, it will serve us in the decades ahead. A universal national childcare program not only makes for good social policy, but good fiscal policy as well.

In 1998, Quebec introduced an accessible, affordable childcare program. Since then, child poverty rates in the province have dropped by 50 per cent. The program has also enabled parents, particularly in single-income households, to work. This stimulates economic growth and helps lift families out of poverty. In the case of Quebec, the taxes generated from this additional income have covered a significant portion of the initial costs of the childcare program.

Informetrica Ltd has calculated that spending \$1 billion in child care would create 46,000 jobs and would boost GDP by double compared to that same investment made in municipal infrastructure (which would create only 11,000 jobs). More importantly, investments in early childhood development lead to higher rates of success for children later on, including better health rates, higher academic scores, and a greater likelihood of gaining post-secondary education.

A positive, early start results in fewer costs to social assistance, health care and the judicial system as these children grow. Clearly, addressing the need for childcare is a smart investment for the tough economic times ahead.

One final point: Canada must re-commit to **increased international aid spending**. It is imperative that at a time when the global economic system is in turmoil that the citizens of the Global South not be abandoned. Around the world, there are 923 million people going hungry, and over 1.2 billion persons living in extreme poverty.

The recent passing of the Better Aid Bill (Bill C-293) is a positive step forward, ensuring better quality of Canada's foreign aid spending towards ending poverty and promoting human rights. But the quantity of Canadian aid spending, promised to reach 0.7% of GDP by 2015, has fallen from 0.33% in 2005 to 0.28% in 2007. It is clear that this is not a question of resources, but priority – Canada will spend over \$18 billion on the war in Afghanistan.

Prime Minister Harper's 2006 election promise was for Canadian aid to increase to "the donor average" – 0.48% of GDP – by 2010 and would take us a long way towards the 0.7% target. This is a promise Budget 2009 should keep.

The last economic downturn saw the Canadian poverty rate and global inequality rise. CPJ believes that Canada should make an effort to prevent that from happening in 2009 by investing in income transfer programs to protect the most vulnerable, promoting green economic futures, and enhancing fairer international development.

Thank you for your time and consideration.

Sincerely,



Joe Gunn
Executive Director

cc: Mr. Ted Menzies, Parliamentary Secretary to the Minister of Finance
Hon. John McCallum, Finance Critic, Liberal Party of Canada
Mr. Jean Yves-Laforest, Finance Critic, Bloc Québécois
Mr. Thomas J. Mulcair, Finance Critic, New Democratic Party

Encl.