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The 2014 Federal Budget: Austerity for the many- prosperity for the few

Observers were not expecting anything more than a middle-of-the-road federal budget for 2014, but even so the Finance Minister managed to disappoint. Why then did the government choose to release a ho-hum budget when the country is focused on the Olympic Games? So we wouldn't notice how re-cycled and contrived it is? Maybe, but it could also be because if one digs a little beyond the official budget story – lack-luster as it is, things begin to look a little bleaker than we're led to believe.

In spite of the government's claims that the Canadian economy is performing well, there is mounting evidence that this is not the case. GDP growth is slow and strained as we've still not managed to pull ourselves out of the aftermath of the 2007 recession. Two other indicators continue to cause concern: growth in household debt and the rate of unemployment. Household debt is now estimated at a staggering 163 per cent of household income, one of the worse ratios in the OECD, and our unemployment rate is still higher than it was before the recession.

Jobs (or the lack of them) continue to be the story in Canada. Pre-recession, our national unemployment rate was 6 per cent (4.3 per cent in Manitoba). As of January 2013, the national rate was 7 per cent, and Manitoba's was 5.6 per cent. Nationally, the labour market continues its uneven performance, with almost 46,000

job losses in December 2013. Only two thirds of those losses were added back in January. Of further concern is the fact that December's losses were largely in fulltime work and January's gains included 28,000 people that were self-employed. Even the reduction in the unemployment rate from 2009 until now offers cold comfort; 80 per cent of that reduction occurred because prospects were so poor that Canadians quit looking for work. We also know that GDP growth is paltry, we have a large current account deficit and Canadian businesses are sitting on \$572 billion rather than investing it in expanding their production and creating jobs.

Why is the government balancing its books when by all indication, it should be stimulating the economy through smart spending? How does this approach affect Manitobans?

Although Manitoba's unemployment rate is better than Canada's as a whole, we face particular problems that this budget does not deal with. Unemployment rates do not include discouraged workers (estimated at 400,000 in Canada) and would be yet higher if it included First Nations residents.

Over 15 per cent of Manitoba's population is Aboriginal. Not only is Manitoba's Aboriginal population growing faster than the non-Aboriginal, it is

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also younger. One in four Aboriginal people are 14 years of age or younger; one third of this group are of primary or secondary school age. The non-Metis Aboriginal population between 15 – 24 years has an unemployment rate that is 4 times higher than non-Aboriginal Manitobans, making it likely that they will continue to be under or unemployed throughout their lives. They need targeted education and training to overcome the obstacles keeping them from participating meaningfully in the labour market.

Despite united protest from the Premiers, the government delivered on its promise to bring in the Canada Jobs Grant (CJG) as of April 1st. CCPA MB publications explain why this program will be detrimental to Aboriginal and non-Aboriginal marginalized workers. Money will be removed from the existing Labour Market Agreement (LMA) which the Province uses to fund community-based programs, such as BUILD, that help multi-barriered workers with little work experience. The money removed from the LMAs will put these successful programs in danger and set segments of our labour market even further behind.

We may breathe a sigh of relief that transfer payments to provinces have not been cut, but the freeze is in nominal terms only. Manitoba's growing population means that there will be less spending per capita. The freeze translates into a further budgetary squeeze for the provincial government which, combined with the \$100 million/year reduction arising from the census dispute, puts vital public services at risk for all of us.

One of the few bright spots for Manitoba in this budget is the commitment to increase funding for First Nations education. Spending caps are set to increase from 2 per cent to 4.5 per cent. Although

this increase has been far too long in coming, Manitoban First Nation students will begin to play on a more level field with other students.

Youth under/unemployment is another worry across Canada, including Manitoba. Despite a promise to address the 14 per cent unemployment rate facing those between 15 – 24 years of age, this budget does little. Of greater concern is the scarcity of good jobs for youth; many end up working part time in the precarious labour market. So dire is their situation that nationally an estimated 100,000 to 300,000 young people are working for no pay, simply trying to get a foot in the door. The 2014 budget promises only to fund 3,000 internships, barely scratching the service.

The understated and earlier-than-expected balanced budget appeals to the government's base supporters and sets the tone for next year's election budget. And maybe that's why this non-event budget was played so casually, so we wouldn't notice the "oh by the way, we're not running a deficit this year" attitude. Because given our sluggish economy, that move is taken directly from the austerity playbook, forcing lower government spending on crucial social programs such as healthcare and education ensuring continued woes in our labour market.

What it doesn't do is make life better for most working Canadians, Manitobans included.

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