

Alternative budget challenges federal agenda

BY SARAH SCHMIDT

OTTAWA (CUP) — The economy must be put to work for Canadians, not for bankers, say the authors of this year's Alternative Federal Budget.

Released Feb. 10, the thick, number-crunching document and its accompanying 150-page rationale is bold in its plan to eliminate the deficit and rebuild Canada's shattered social safety net.

What separates this budget from the Liberals' spread sheets is courage, vision and compassion, says economist Bruce Campbell. Campbell is head of the Canadian Centre for Policy Alternatives, which co-ordinates the annual national program with the social justice coalition Choices.

And while federal finance minister Paul Martin may just see prosperous bank presidents and corporate leaders when he looks out over the country, Campbell says the authors of the alternative budget see the rest of the picture: more than half of Canada's unemployed are not eligible to collect employment insurance, five million Canadians live in poverty, and there are declines in access to health care and full-time university enrolment.

"There's a certain amount of abstraction when you're so far removed from the ground," he said. "The Liberal Party definitely embodies the power elite of this country and it's these voices that have been heard. But it's the weakest voices who have paid the price, needlessly."

The alternative budget, now in its fourth year, relies on the participation of dozens of groups and economists throughout the country who contribute their expertise to various working groups ranging from fiscal and monetary policy to industrial strategy to social policy. They include policy analysts from the Council of Canadians, Canadian Labour Congress, National Action Committee on the Status of Women and the Canadian Federation of Students.

"That kind of input gives it political credibility and a social reality that a budget written by bureaucrats can't have," said Esyllt Jones, coauthor of the budget and Choices organizer. She adds that last year's budget was endorsed by over 140 economists.

Starting with the premise that the Liberal government has misdiagnosed the cause of Canada's deficit, Campbell says the alternative budget sets the fiscal record straight.

"It is quite a stunning feat to have convinced so many people that our fiscal woes were out of overspending."

Rather, he says two policies in particular are the culprit.

While high interest rate policies have made the cost of paying the interest

On the debt unnecessarily expensive and kept unemployment levels elevated, tax cuts to high income earners and corporations have eroded the revenue base.

But instead of reducing the deficit by getting rid of these policies, Martin has cut spending on programs — \$14-billion since 1994, says Andrew Jackson, senior economist at the Canadian Labour Congress and co-chair of the

budget's labour market and industrial strategy working group.

"There are ways to deal with the deficit that aren't socially and economically destructive," he said. "[The budget is] not just a wish list."

For starters, say the alternative budgeters, keep a low-interest policy and reinvest budgetary surplus on the reconstruction of social and public programs.

Last year, the Bank of Canada raised interest rates four times because it thought the economy was growing too quickly. And ever since former prime minister Brian Mulroney restructured the tax system in 1984 — lightening the load on the highest wage earners while increasing the tax burden on lower and middle wage earners — it's been hard to fight the deficit, Campbell says.

The alternative budget calls for tax relief for low and middle income Canadians making less

than \$60,000 and the addition of new tax brackets for very high incomes, modeled on the U.S. tax system.

It also calls for the introduction of tax measures common among the world's richest industrial countries but absent here. For example, Canada does not charge a tax on transfers of large pools of wealth between generations.

The alternative budgeters also take issue with how the government taxes capital gains income, the profit which results from the selling of capital. It is presently taxed at a rate that is 25 per cent lower than that paid on wage and salary income.

Wealthy individuals and rich corporations are just getting too much of a break, the alternative budget states. It is pointed out that even the International Monetary Fund cites the country's tax-delivered subsidies to corporations as excessively

generous.

Jennifer Story, national deputy chairperson of the Canadian Federation of Students, says the economic forecasts underlying the alternative budget — which would result in the elimination of the deficit, trigger economic growth and restore social transfers — provide the context for the federation's lobby strategy.

"This government has convinced Canadians that there are no choices — that we have to eliminate the deficit and we have to do it this way, by cutting," Story said. "[The alternative budget] is exactly how we can justify to the federal government what we've been calling for."

"We're not just calling for a one-time hit that makes the prime minister look good," she added, referring to the Liberal's Millennium Scholarship Fund. "We have solutions that are affordable and realistic."

The alternative budget calls for a restoration in funding transfers, a national system of grants, a post-secondary education act and a comprehensive employment program for students.

"The fact that students were active participants has helped make the case," Jackson said.

The budget also aims to reduce the average unemployment rate one full percentage point per year, from nine per cent at present to no higher than five per cent by 2001 and reduce the average poverty rate in Canada by 1.5 percentage points in each year, from about 18 per cent at present to 12 per cent by 2001.

Still, Campbell says he's not holding his breathe for the federal budget, expected to be released on Feb. 24.

"They might have some showcase programs, rather than [a] focus on rebuilding health care, higher education and social assistance," he said.

McGill students lose fee court battle

BY SONIA VERMA

MONTREAL (CUP) — A legal challenge to Quebec's policy of charging differential tuition fees was rejected by the province's Superior Court, reaffirming the controversial new fee structure requiring out-of-province students to pay almost \$1,000 a year more in tuition than Quebec residents.

McGill University's student union launched the court challenge last September. One in four of the school's students is from outside the province.

The student union and the case's plaintiff, Paul Ruel, a third-year political science student, argued that differential tuition fees contravened the Charter of Rights by hindering the mobility of Canadian students pursuing post-secondary education and the Quebec Education Act, which prohibits discrimination.

They also charged that Minister of Education Pauline Marois acted outside of her authority in announcing the new policy without an official mandate from her constituents or other members of the Parti Quebecois government.

In the decision handed down Feb. 11, Judge Claude Tellier ruled firmly in favour of the minister and categorically dismissed each

argument presented by the plaintiffs, calling the likelihood of an appeal into question.

"The minister has the authority from the National Assembly to impose conditions [on] universities and this authority includes the possibility of creating a tuition category based on residence," the judgement read.

Tellier further stated that an increase in tuition for out-of-province students did not pose a significant barrier to Canadian students' mobility. He also ruled that differential tuition fees are not discriminatory under the Charter of Rights which prohibits discrimination on the basis of nationality or ethnicity, but not on the basis of provincial origin.

"The plaintiffs are confounding two notions which are very different, the notion of residence with ethnicity or nationality. We don't see how the policy of the minister could constitute discrimination based on ethnic or national origin," his judgement read.

Elizabeth Gomery, a member of the student union executive, says she is extremely disappointed with the court's dismissal of the argument that differential tuition fees threaten accessibility. McGill has sustained a five per cent loss in

out-of-province student enrollment over the past year and Gomery says differential tuition fees are the problem.

"People are perceiving education in this province as not open to all," she said.

"The message the policy sends is very clear. 'You are not welcome in this province.'"

Gomery adds that the court's affirmation of Marois' authority to implement differential fees gives the minister a dangerous amount of unchecked freedom to draft educational policy.

Andre Durocher, the lawyer who represented the plaintiffs in the case, agrees.

"The judge has essentially ruled that the minister does what the minister wants and that is a very dangerous precedent," he said.

Durocher says the Quebec decision will have a serious impact outside the province as well. Differential tuition fee policies are being investigated by provincial governments in British Columbia and Alberta and as federal transfer payments drop, more provinces are predicted to follow suit to compensate for lost revenue for post-secondary education, he says.

The student union is currently seeking legal advice on the feasibility of launching an appeal

and will vote on the issue Feb. 19. If approved, the appeal could cost as much as \$25,000 and take up to a year-and-a-half to pursue.

Plaintiff Paul Ruel, who is anxiously awaiting the union's decision, is pressing for an appeal. Originally from British Columbia, he is preparing to enter his final year at McGill, but is unsure he will be able to return if the differential tuition fee policy is not overturned.

"I'm not sure yet if I can afford to finish my degree here," he said. "It depends if my student loans come through."

Although he concedes an appeal would be costly, he sees the alternative as even more so for both students and the province. Although differential tuition fees have raised an additional \$9-million dollars for university coffers, a report just released by McGill University reveals that contributions of out-of-province students to the Quebec economy stand at \$170-million dollars. Ruel says this is revenue that could be lost unless the differential tuition scheme is abandoned.

"It's absolute bullshit that out-of-province-students are costing the Quebec government," he says. "It's a political question and maybe it's time for the federal government to step in and do something about it."

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