



## Using the economic crisis to deny fiscal justice

The 2008 economic crisis that devastated the world and Canadian economy was the result of corporate greed. In response, the federal government poured billions of tax dollars into corporate bail outs and cut corporate tax rates. In New Brunswick, the province also passed tax cuts to help the wealthy, then froze wages for many working people while laying-off others, and dished out all kinds of fee increases for permits and licenses that hit the poor the hardest.

### Tax reductions for the rich

In 2009, the N.B. government re-routed millions of dollars bound for the provincial treasury into the bank accounts of high-income earners.

Table 1 on this page shows those tax cuts gave persons with incomes of \$150,000 almost 100 times as much as those only earning \$15,000! Money that would have been used for schools, hospitals, highways, and essential services was used to give people earning \$150,000 an extra \$493 a month. The person struggling to survive on \$15,000 a year gets a mere \$5 a month.

As well, the tax rate for big corporations was slashed from 12% to 10%. Small and medium-sized businesses will have their tax rates cut by 50% by 2016. Now only the wealthy and big business can afford to 'be in this place!'

### Public services reduced

The result of such fiscal madness was predictable. Each year, the rich get richer by the thousands; working people get enough money to buy 10 pounds of potatoes a month; and all New Brunswickers are much poorer due to program cuts and fee increases.

In 2009, salaries of provincial civil servants were frozen. Since then, the Alward government has announced plans to cut every department's budget in 2012, 2013 and 2014. As always,

these cuts will hurt people living in poverty and the working poor the most.

It all adds up to even less money available in future than now for services like fire and police protection, and for hiring nurses, teachers and doctors. Hundreds more people will be out of work and pushed closer to poverty as the cuts take full effects over time.

**Table 1: Tax cuts based on need or greed?<sup>1</sup>**  
*How the 2009 tax bonuses went to the wealthy, and not to people who really needed some help!*

Income level	Special tax rebates in effect since 2009
\$150,000	\$5,922
\$90,000	\$2,619
\$60,000	\$1,307
\$30,000	\$395
\$15,000	\$65

The big 2009 'Give Away to the Wealthy' shown here is still in effect – just like the big corporate tax reductions made the same year. Money for , and essential services has been taken. Fiscal injustice is the cornerstone of the Alward government's economic policy.

### More user fees and charges

The gasoline tax has already gone up. It is estimated that New Brunswickers have paid out \$44 million dollars more in license fees and charges for various permits since 2009. The 2012-2013 budget guarantees those costs will only increase in years to come.



### **N. B.'s economic policy denies fiscal justice to all!**

Between 2008 and 2011, N.B. lost 7,800 full time jobs. The provincial income coming from workers dropped from 6.7% in 2008 to 3.9% in 2011, and thousands of workers have endured wage freezes for years while corporate tax rates have been slashed!

A full-time minimum wage job doesn't pay enough for a single parent to raise a child and escape poverty. Thousands of people no longer have jobs and must depend on employment insurance or social assistance.

### **Unemployment up**

N.B.'s unemployment rate jumped from 8.5% in 2008 to 11% in 2012. While the urban regions of Moncton-Saint-Jean-Fredericton have a relatively low rate, the rest of N.B. has a jobless rate between 12% and 15%.

2012 changes to the federal government's Employment Insurance (EI) program are punishing people without jobs. At the very time when people need help more than ever, Ottawa is forcing them to accept lower benefits.

Federal Conservative changes to EI are increasing poverty, and reducing provincial revenue that could be used to rebuild N.B.

### **Social assistance**

In September 2012, more than 40,000 people in N.B. needed social assistance. More than 10,000 people in need have been placed in the Transitional Assistance Program (TAP).

The 10,000-plus people in TAP each get \$537 a month, **not even half the amount Statistics Canada says is needed to escape poverty.** The majority of the 40,000 New Brunswickers getting some form of social assistance have not had a raise since October 2008. Yet, since that time, the cost of food, clothing, rent, heating,

electricity, gasoline, and medication has gone up each and every year. Giving high-income earners big tax rebates while thousands are living in poverty is systematic fiscal injustice! It is legalized banditry that preys on the poor to make the rich richer.



### **Conclusion**

By using the tax system to make the rich richer, the New Brunswick government has denied us the money needed for the essential services--like health and education--on which the province's future well-being depends. Without tax reform to serve the common good, New Brunswick will be unable to rebuild its economy on a solid footing.

As a first step, N.B. should return to its 2008 tax structure immediately. Then, ability to pay should be made the new cornerstone of N.B. fiscal policy. The Alward government must deal with the poverty crisis it has created by raising social assistance rates and the minimum wage.

The corporate sector has shown it lacks both the will and the know-how to build an economy that serves all New Brunswickers. Feeding corporate greed is a major impediment to fiscal justice. Therefore, the provincial government also needs to begin investing in alternate models of economic development, including co-ops, share-profit enterprises, and worker-owned initiatives.

Those who are in a position to pay more must contribute more to the common good. Everyone uses (or has used) public schools, public hospitals and Medicare, public streets and roads, and public police and fire protection; everyone should pay for them as they are able. A prosperous New Brunswick economy that serves the common good cannot be built without taking real measures to reduce and, ultimately, to end poverty. There can be no economic renewal in New Brunswick without fiscal justice!