

Balanced budget

What They Promised

Tough but necessary spending cuts and other changes were needed to balance the budget.

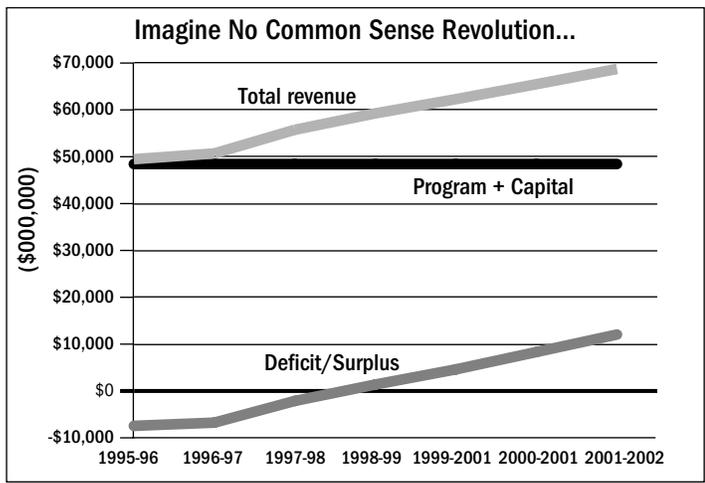
What They Delivered

Increased debt to pay for the tax cut and unnecessary spending cuts. The Ontario Alternative Budget's analysis shows that, if Mike Harris and Ernie Eves had been locked in a closet in 1995, Ontario's budget would already be balanced, with no spending cuts whatsoever.

- If there had never been a Common Sense Revolution—no income tax cut; no employer health tax give-away; not a dime cut from public spending—**Ontario would have had a \$1.4 billion surplus in 1998-99** instead of the \$1.6 billion deficit now being forecast.
- The Harris Government didn't have the money to provide its income tax break to high-income taxpayers. **So it borrowed the money.** By the end of the 2000-2001 fiscal year, **Ontario's debt will have grown by nearly \$25 billion, to pay for the tax cut.**
- By the end of 2000-2001, we'll be **paying out \$1.4 billion in interest on the tax-cut debt alone.**

What We Propose

We will claw back the tax cut from the highest-income 20% of Ontario taxpayers, end wasteful corporate income tax and employer health tax breaks, and restore tobacco taxation to its pre-cut level. These actions mean that the Ontario Alternative Budget commits to a **\$6-billion expansion in public services**, bringing public spending back up to its 1995 real per-capita level.



And our budget would balance the provincial finances on the same schedule as Mike Harris set out in the Common Sense Revolution.

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*For a budget summary,
 turn this page over.*



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What does the Ontario Alternative Budget do?

Our budget does three things:

- One: It discredits the Harris government's claim that its tax cuts and fiscal policies have produced substantial gains for middle-income earners;
- Two: It documents the devastating impact of the Harris government policies on Ontarians; and
- Three: It proposes an alternative budget that would restore public services to their real per-capita 1995-96 level while eliminating the deficit by 2001-2002.

Problems

Contrary to government claims,

- the reductions in income taxes of \$738 for the average family **will have no positive impact**, because provincial cuts in funding have led to increased user fees and property taxes, and other costs of at least \$766. These new costs **entirely wipe out the tax cut** for three-quarters of Ontario's families.
- if there had never been a Harris government (no public spending cuts; no tax cuts), **the budget would have been balanced in the 1998-99 fiscal year** anyway, through increased revenues. We would be discussing instead how to spend the surplus, not what to do about damaged public services.
- **nearly \$2 billion has been cut from health care** since Harris was elected, when inflation and population growth are taken into account.
- **Harris government policies actually have held back job growth in Ontario.** Ontario's job performance is entirely attributable to the lower Canadian dollar and growth in the U.S. economy.
- on a comparable per-capita basis, **\$570 per child has been removed from the public school system**, totalling \$1.2 billion.

Solutions

The Ontario Alternative Budget proposes to

- **increase revenues in order to restore public services and balance the budget by 2000-2001.** We can do this by restoring the tax cut that was given to the highest-income 20% of taxpayers, returning tobacco taxes to pre-1994 levels, and eliminating pointless tax breaks for business.

The Choice

The Ontario Alternative Budget shows that

- **Ontario's deficit and public service crisis is not inevitable** but the result of political choices made by a government that is not interested in the greater public good.
- **it is possible to reverse the damage caused by the Harris government and repair our public services** within a responsible taxation and fiscal framework.

Need more information? Contact us:

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