



January 16, 2008

The Honourable James Flaherty
Minister of Finance
House of Commons
Ottawa K1A 0A6



Dear Minister Flaherty:

The 2008 Federal Budget expected to be tabled in the next few weeks must address Canada's growing job crisis, and start to close the fast-growing gap between Canada's corporate elite and ordinary working families.

The manufacturing and forest industry job crisis is clearly deepening, and, if nothing is done, unemployment will rise rapidly in the coming months as the US slows and as the impacts of the high Canadian dollar intensify.

The federal government should strike a national Task Force with senior labour and employer representation to develop longer-term policies to reverse the alarming growth in our manufacturing trade deficit and the continuing loss of good jobs. We need major changes to our international trade policies, and new measures to increase innovation and value-added in the Canadian manufacturing and resource-based sectors. We need a new plan if we are to successfully adjust to a changed global economy and avoid becoming excessively dependent upon the export of raw resources.

The Budget should kick-start new manufacturing investment by providing a significant tax credit to companies which invest in new machinery and equipment, and by providing funds to support sector development strategies in key industries like auto and forestry. We need highly targeted measures which will boost real investment, not more reckless, across-the-board corporate tax cuts which have mainly benefitted the booming energy sector and the banks.

We also need more government support for industrial research and development and for worker training. Instead of the stop-gap temporary foreign worker program which has led to many cases of gross exploitation, we need to move unemployed and under-employed workers, especially recent immigrants and aboriginal Canadians, into good, skilled jobs.

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The Budget should make major investments in environmental infrastructure, twinned to Buy-in-Canada procurement policies. We need major investments in basic municipal infrastructure, public transit, energy conservation and renewable energy to address key environmental issues while also building new industries and creating new jobs.

The lion's share of income gains over the past decade have gone to the top 1% while wages and the living standards of Canada's working families have stagnated. Unfair tax cuts have increased income inequality and undermined public services. We call for higher top income tax rates for persons making more than \$150,000 per year, and increased child tax credits, income tax credits for the working poor and Employment Insurance benefits which would put more money in the hands of those who need it the most.

The Budget should reverse the withdrawal of the federal government from areas which matter most to working families. This Budget should fund a national child care and early learning program; home care for our seniors; affordable housing; and a national drug plan. These kinds of programs would benefit working people much more than tax cuts like the two percentage point cut to the GST which costs us \$12 Billion per year.

Yours truly,



Kenneth V. Georgetti
President

c.c. CLC Executive Council
CLC National & Regional Directors
Paul Crête, MP
John McCallum, MP
Thomas Mulcair, MP