

# INVEST IN ONTARIO

## Cancel the corporate tax cuts!



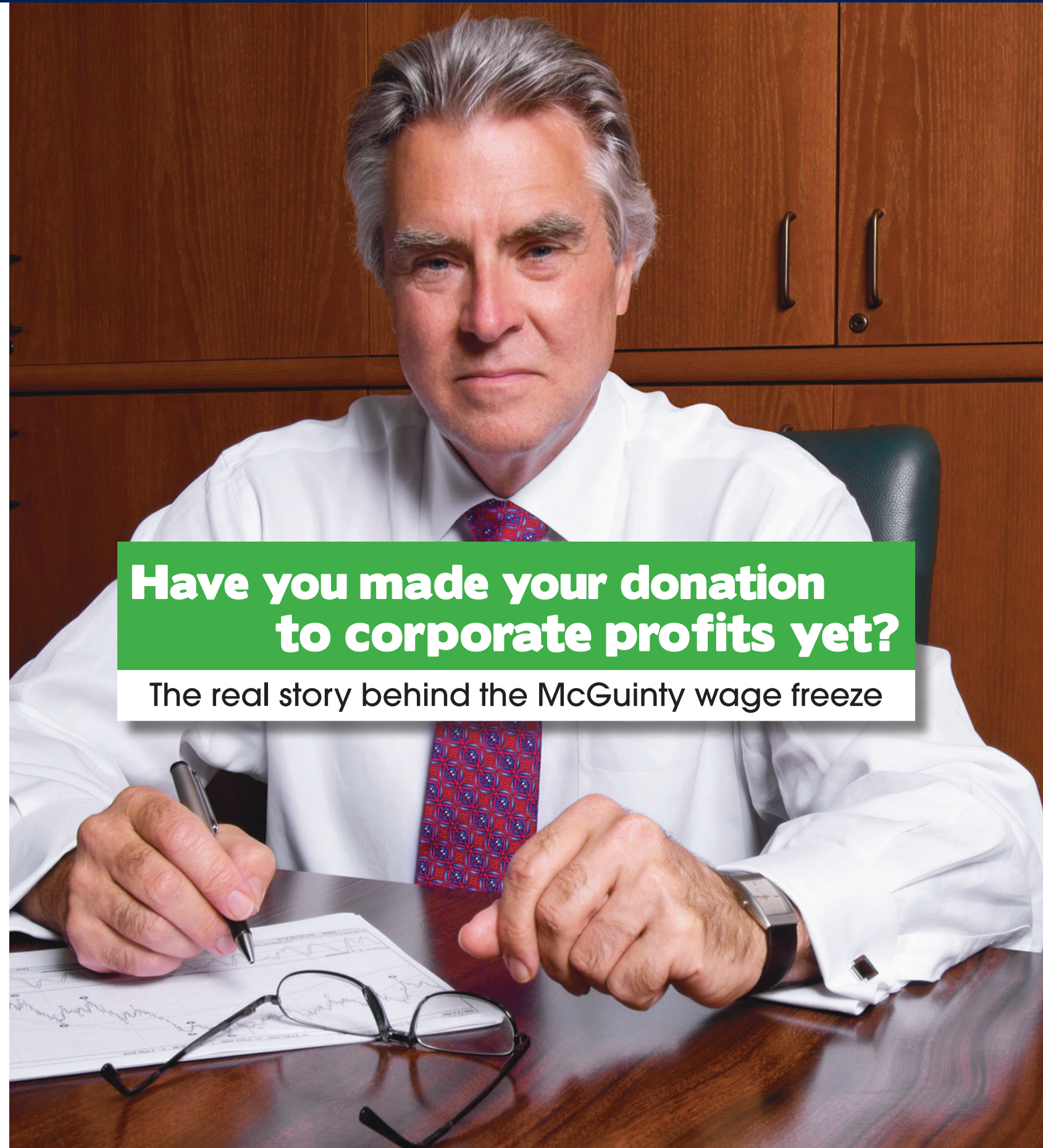
“We all know Ontario today faces many challenges, and OPSEU members are always ready to talk about ways to protect public services and save jobs. But there’s just no reason why (for example) lab technologists or workplace safety inspectors should donate part of their wages to pad corporate profits and boost CEO salaries. If the McGuinty government is serious about protecting public services, saving jobs, and paying down the deficit, it should do the smart thing and *cancel the corporate tax cuts*. That’s our message to the Premier, his ministers, and every MPP.”

— OPSEU President Warren (Smokey) Thomas

This document was prepared by Ontario unions working together and made possible by the in-depth research and analysis of Liam McCarthy (PSAC), Toby Sanger (CUPE), Jim Stanford (CAW), and Erin Weir (USW). Thanks to all! S7



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**Have you made your donation to corporate profits yet?**

The real story behind the McGuinty wage freeze

## DALTON MCGUINTY WANTS YOU TO WORK FOR LESS

Starting this year, the Premier of Ontario is asking one million provincial public workers to accept a two-year wage freeze. He says the freeze will protect services and save jobs. He says it will help pay down the deficit. He says provincial workers have had pay raises for too long.

The real story is very different. Here's what you need to know:

### The wage freeze is not a "freeze"

A wage "freeze" sounds like your family's income stays the same. It doesn't. A freeze means your wages are cut by the rate of inflation. Right now, that means a freeze would cost you two per cent of your pay in year one; it would cost you four per cent in year two.

This is not spare change. If you make \$40,000 a year, a four per cent cut is \$1,600. And even when the freeze ends, that amount will still be missing from your pay in the years ahead. You could be playing catch-up for a long, long time.

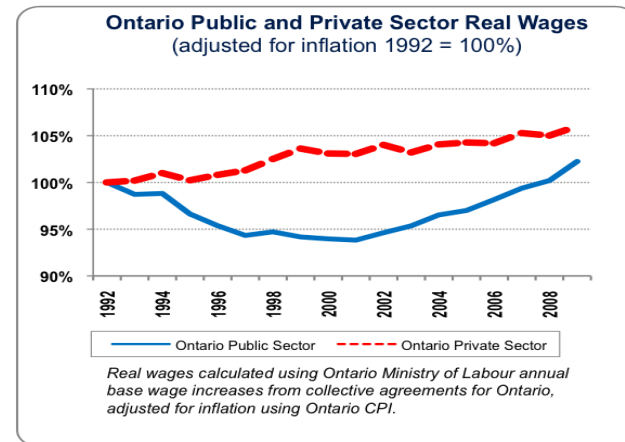
### The wage freeze is not fair

Under McGuinty's plan, a group home worker earning \$25,000 a year will pay \$1,000 a year to fight the deficit. The investment banker who made \$12 million last year won't pay one penny extra.

It's simply not fair.

Another way it's not fair? The wage freeze hits women hardest. For every dollar a man makes in Ontario, a woman makes 85 cents. Women make up more than 60 per cent of public employees (it's 82 percent in health care and social services). The wage freeze will push down average women's wages in every Ontario community.

Ontario's budget deficit was caused by a global recession, not your wages. It's not fair to make public workers be the only ones who pay.



### Public sector raises have trailed the private sector

Despite what the Premier says, your pay is not going up too fast.

Public sector wages have risen lately, but only after years of losses. Public sector wages (after inflation) dropped sharply in the 1990s. Wages did recover, but it took 16 years. The typical public worker earned the same pay in 2008 as she did in 1992. Public sector wage settlements since 1992 are four per cent behind those in the private sector.

## YOUR MONEY WILL PAY FOR CORPORATE TAX CUTS

If the money the government saved from the wage freeze were going to jobs, or public services, or even the deficit, that would be one thing. But it's not.

Every single dollar OPSEU members give up through the wage freeze will go to the profits of companies like the Royal Bank of Canada, Rogers, and Imperial Oil.

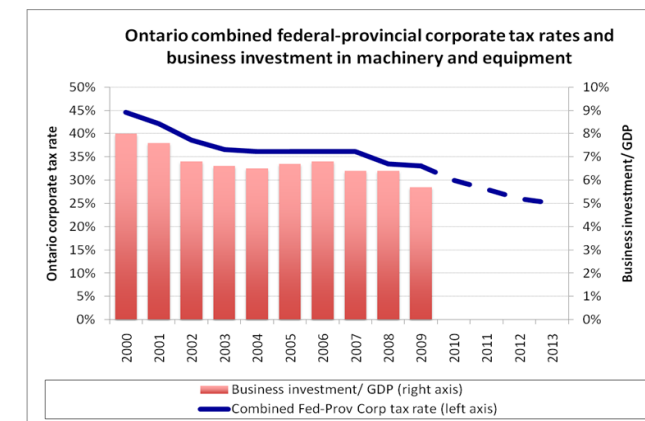
## "Every single dollar OPSEU members give up through the wage freeze will go to the profits of companies like the Royal Bank of Canada, Rogers, and Imperial Oil."

The government will save \$1.8 billion a year when the wage freeze is fully phased in. Big companies will rake in \$2.4 billion a year from Corporate Income Tax cuts alone.

Why should a children's aid worker, or a correctional officer, or a college admissions clerk pour money into a bucket with a hole in it? Why should she pay to line the pockets of bank executives and phone company CEOs? Answer: she shouldn't.

### Corporate tax cuts won't create jobs

Corporations like to say that tax cuts create investment and jobs. But after 10 years of corporate tax cuts in Ontario, the rate of investment has actually gone down.



Our corporate taxes are low already, as the government admits. A 2010 study by the KPMG consulting firm shows that Ontario has much lower business taxes than the United States and our key competitors. And, KPMG says, taxes only account for up to 14 per cent of investment location decisions. That means things like an educated workforce and public healthcare play a key role in bringing jobs to Ontario.

In its 2010 budget, the government of Canada calculated how much "bang for the buck" it would get from different expenditures. Every dollar in corporate income tax cuts would boost the economy by 30 cents, the government said. Every dollar spent on "other spending measures" (public services) would boost the economy by \$1.40.

In other words, the best investment for Ontario right now is *public services*.

### Corporate tax cuts hurt Ontario

If corporate tax cuts don't create jobs, what exactly do they do for Ontario? Here's what they do: They reduce funding for health care and other vital services. They cut wages and jobs for working people. And they increase the provincial debt.

It really is that simple. Corporate tax cuts hurt Ontario.

### It's time corporations paid their share

The people of Ontario don't support corporate tax cuts. Not now. In an August poll of 1,000 Ontarians by the Angus Reid polling company, a whopping 81 per cent said they support higher corporate taxes to pay down the deficit.

For decades, the people of Ontario have worked hard to make corporations rich. Now it's time for corporations to do their part for the province.

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