

By Chris Bodnar

Source: Ottawa Bureau Chief

OTTAWA (CUP) - Students should not expect to save a lot of money with February 28's federal budget, which promised to cut corporate and personal taxes by \$58-billion over the next five years.

The budget increased the amount of money a person can earn tax-free to \$8,000, and raised the tax-deductible portion of scholarships to \$3,000 from \$500.

But the actual amounts students will save are negligible.

Budget figures estimate that the tax cuts will translate into a savings of approximately \$41 for someone earning \$10,000 annually in the year 2001. This amount increases to \$49 for an individual earning up to \$15,000.

While the \$41 figure amounts to nearly a 30 per cent reduction in federal tax savings, the actual dollar saving for students is negligible, say student leaders.

"The fact of the matter is that you can't keep putting money back into people's pockets if they have to keep paying through increasing fees," said Jason Aebig, national director of the Canadian Alliance of Student Associations (CASA).

Tuition fees for undergraduate arts programs have increased by 125.9 per cent across Canada since 1990, resulting in an average cost of \$3,658, according to a Statistics Canada report released this past September.

"The costs increase and only a menial amount is

put back," said Aebig, adding that his greatest disappointment was the announcement that only \$2.5-billion is being earmarked for provincial transfer payments for education and health care.

CASA, along with other education groups, was calling for \$4-billion for education alone.

Meanwhile, many organizations were expecting more social spending after public polling by Ekos Research indicated 60 per cent of Canadians supported significant reinvestment in health and education spending.

The real winners in Monday's budget are the wealthy, said Bruce Campbell, chairperson of the Canadian Centre for Policy Alternatives.

His organization analysed the tax savings for different wage earners. Their results showed those with income below \$30,000 a year receive no benefit from the announced tax cuts. This is significant, said Campbell, considering that the average wage in Canada is only \$27,000.

Furthermore, the most significant tax cuts affect those earning above \$60,000, roughly eight per cent of the population. A further 70 per cent of taxpayers - those who earn below \$40,000 - will only receive 36 per cent of estimated tax cuts.

This translates

into grim dollar amounts for middle-income earners. Those earning over \$250,000 will receive 50 per cent of the tax relief, which equals an extra \$20,000 a year.

"Considering the media coverage of the budget, in a way we're pissing into the wind with this," said Campbell, who criticized the lack of attention on the disparities between the richest and poorest taxpayers. "I just hope more people catch on and realize what these numbers actually translate into."

Those representing many of Canada's workers also had harsh words for Finance Minister Paul Martin.

"This is frankly an atrocious budget for the average Canadian," said Judy Darcy, president of the Canadian Union of Public Employees.

Darcy represents 475,000 workers across Canada, including 45,000 teaching assistants, research assistants, custodians and librarians at universities.

She says the majority of Canadians will see little benefit from the budget.

"The tax cut for the average Canadian amounts to a cup of coffee a day, and a cup of coffee a day won't buy you better health care, won't pay for hospital beds, won't pay for a better education for your kids," she said. "And it sure as heck won't help you pay for your

post-secondary education."

With an average wage of \$27,000, CUPE employees can expect to see a tax reduction of \$300 next year. The organization expects user fees for health and education to increase \$500 over the same period.

Nevertheless, all groups say the full indexation of taxes will help many middle-income workers who can now avoid being bumped into higher tax brackets because of inflation. Recent graduates will likely benefit from this the most since they fall into middle-income tax brackets.

As well, the increase in the deductible portion of scholarships and the minimum amount of deductible earnings will benefit students. The

most significant element may be in allowing students to use less of their deductible tuition amounts while still in school, and rolling the amounts over to deduct after entering the workforce.

But opposition parties still jumped on the lack of help Martin's budget gave to workers, saying indexation was a much-needed measure to ensure fairness in the tax system, but is not a tax cut.

"The taxpayer can tell whether he's getting the so-called tax relief or not," said Reform party leader Preston Manning. "He can look at his pay stub or look at his bank account."

The New Democratic Party also criticized the tax cuts in comparison with social spending. The party estimates that for every one dollar in tax cuts, only four cents was invested in social spending.

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