

Canadian Association of University Teachers

Responses

1. Economic Recovery and Growth

Given the current climate of federal and global fiscal restraint, what specific federal measures do you feel are needed for a sustained economic recovery and enhanced economic growth in Canada?

The global recovery remains weak, with prospects for growth stalling as a result of soft aggregate demand exacerbated by government austerity measures. With government borrowing rates extremely low, key investments in infrastructure, health, and education and training would provide badly needed stimulus and better position the Canadian economy for longer-term sustainable growth. The Canadian government's current obsession with deficit reduction through program cuts is hard to justify. There remain a number of serious global and domestic risks to the economic outlook, and further expenditure reductions threaten to stall what is already a fragile recovery. We recommend the government reverse the unnecessary cuts announced in the last budget, including the cuts to university-based research and government science. In real inflation-adjusted terms the granting councils have seen steady erosion in their base budgets over the past 5 years. The continuing underfunding of the granting councils and the shifting of resources away from basic scientific research remains a serious concern. Failing to invest in independent peer-review research will continue to make it more difficult for the research community to serve the public interest by advancing knowledge and innovation. In short, we cannot cut our way to prosperity. With respect to funding of post-secondary education, there is broad recognition that investments in universities and colleges are key to our economic, social and cultural development. The federal government clearly has the fiscal room to make a more significant investment. This is particularly urgent at a time when many provincial governments have already signaled they plan to slow or reduce their investments. The next budget should raise cash transfers to the provinces to more adequately assist them in meeting rising enrolment demand, attracting and retaining academic staff, ensuring that university and college education is more affordable, and providing labs, libraries and other facilities with sufficient resources. With youth unemployment levels remaining stubbornly high, increased funding for post-secondary education will allow more Canadians to upgrade their skills and pursue further studies.

2. Job Creation

As Canadian companies face pressures resulting from such factors as uncertainty about the U.S. economic recovery, a sovereign debt crisis in Europe, and competition from a number of developed and developing countries, what specific federal actions do you believe should be taken to promote job creation in Canada, including that which occurs as a result of enhanced internal and international trade?

The Canadian government must promote economic recovery by investing in programs and initiatives that create quality jobs and lay the foundations for the long-term economic, social and cultural development of Canada. In this respect, one of the most important investments the federal government can make in the next budget is in post-secondary education and research. CAUT recommends that the federal government develop a pan-Canadian strategy to boost scientific research and improve the accessibility and quality of post-secondary education. The key elements of this strategy should include: 1) an increase of \$500 million in funding for basic research provided through SSHRC, NSERC and CIHR; 2) the establishment of a Canada Post-Secondary Education Act, modelled on the Canada Health Act, that outlines responsibilities and expectations for the federal and provincial governments, establishes pan-

Canadian guidelines and principles, and determines long-term and stable funding formulae; and 3) the expansion of the Canada Student Grant Program to provide more assistance for students from low- and middle-income families and the provision of full financial assistance for all qualified Aboriginal students.

3. Demographic Change

What specific federal measures do you think should be implemented to help the country address the consequences of, and challenges associated with, the aging of the Canadian population and of skills shortages?

Demographic changes will pose few problems if the government of Canada focuses on policies that create high quality and decent work. This would ensure growth more than adequate to address the demographic bulge projected. Current fiscal policies of restraint, however, are applying a brake on the recovery in the labour market. Furthermore, changes enacted to Employment Insurance rules threaten to put downward pressure on wages by requiring many recipients to accept work with significantly reduced pay. These actions are weakening our ability to pay the costs associated with an aging population. Reversing these recent trends and investing in education and training are essential if we are to create quality decent work and meet the challenges ahead.

4. Productivity

With labour market challenges arising in part as a result of the aging of Canada's population and an ongoing focus on the actions needed for competitiveness, what specific federal initiatives are needed in order to increase productivity in Canada?

It is widely recognized that investments in independent, peer-reviewed, scientific research can help boost productivity. Unfortunately, the government's policies to date have been inadequate. Adjusted for inflation, the granting councils have seen steady erosion in their base budgets over the past five years. Since 2007-08, funding for SSHRC has declined by over 10% in real terms. NSERC's funding is down a more modest 1.2%, while core support for CIHR has dropped by 4.1%. While providing inadequate support for basic research in recent budgets, the government has targeted new investments in directed research that appear to hold the promise of immediate commercial value. This, however, is a shortsighted and narrow view of scientific progress that ignores the history of innovation. The discovery of X-rays, nylon, Teflon, GPS technology, informatics, superconductivity and medical imaging are just some of the innovations that emerged as the unanticipated results of basic research. CAUT recommends that the government in its next budget: 1) Increase basic research funding for Canada's three funding agencies by \$500 million; 2) restore cuts made to government science; and 3) ensure that decisions about priorities, projects, programs and scholarships are made by the peer review process through the funding agencies in order to assure that decisions are made on the basis of merit by the scientific community.

5. Other Challenges

With some Canadian individuals, businesses and communities facing particular challenges at this time, in your view, who is facing the most challenges, what are the challenges that are being faced and what specific federal actions are needed to address these challenges?

Young Canadians face a number of critical challenges at this time that demand the attention of the federal government. Youth unemployment remains stubbornly high, while the cost of post-secondary education and training continues to rise in most provinces. Federal leadership, including a national youth employment strategy and action to reduce the costs of education and training, is critical.