

Open letter

To all media

For immediate release

March 12 Social Alliance demonstration

An irresponsible Alliance!

Montréal, March 10, 2011 – On Saturday, a group will be mobilizing to tell the Quebec government that there is no urgency in returning to a balanced budget and that, in order to curb the deficit, the government need only ask businesses and the wealthy to contribute more.

This analysis is built on false assumptions — that the state and businesses are blessed with bottomless resources. The reality is quite the contrary, backed by clear figures. If businesses are to be able to continue to create wealth, they cannot contribute more than they do now.

Redistribute what?

The creation of wealth demands stronger Quebec companies. If fringe benefits and overly high taxes persist in preventing them from growing and investing in innovation, they will no longer be able to contribute to the collective enrichment of Quebecers and, ultimately, to maintaining our social programs. In fact, there are half as many people interested in going into business here as in the rest of Canada, and our small businesses continue to pay twice as much tax as the Canadian average.

Companies are prepared to work at bolstering economic growth and to take some of the burden off governments that have made massive investments in infrastructures so as to limit the impact of the crisis... but they must be given the chance. We cannot redistribute money that we do not create and that we do not have.

What wealthy?

More than 40% of Quebecers do not pay any taxes. There are approximately 6,000,000 taxpayers in the province. Among these, only 3.2% — or scarcely 190,000 citizens — earn income of more than \$100,000 per year. They assume 30% of the personal tax burden and are already the highest taxed in North America. Today, this represents 68% more than in 1986. We realistically cannot expect them to make any additional contribution, and if we do, we would certainly be far from the Quebec of the Alliance's dreams.

What's the answer?

In tabling its last budget, the government has probably reached the limit of what it can be asking of businesses and individuals. If it is seriously intent on continuing to encourage growth and offering its services, it must undertake a comprehensive review of its organization and restrict its spending. In our view, we have to achieve a balanced budget by 2013-2014. This is an issue of fundamental concern to over 85% of small and medium-sized businesses in Quebec.

Government revenues do not depend solely on corporate taxes. Better targeted support of businesses can generate more revenues than additional taxation.

In that regard, we have long been asking that the government implement a productive and competitive public finance structure. We need a business climate that is conducive to innovation and productivity, as well as greater support for the new wave of entrepreneurship.

Indeed, with the appropriate support of businesses, everyone stands to win — the unionized, community groups, businesses, citizens and, in fact, society as a whole.

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