

**THE ROLE OF THE OFFICIAL OPPOSITION IS NOT JUST TO OPPOSE, BUT TO HELP GOVERN THIS COUNTRY.**

**IS THE BEST APPROACH TO GET SUCKED INTO THESE TACTICS AND BRING DOWN THE GOV'T AS SO DESPERATELY WANTED.**

**OR IS THE APPROACH TO TAKE THIS OPPORTUNITY TO ALLOW THIS TO MOVE TO COMMITTEE FOR FULL SCRUTINY, SO THAT CANADIANS CAN FULLY UNDERSTAND WHAT THIS GOVERNMENT IS TRYING TO DO WITH THESE BACK-DOOR TACTICS.**

**THIS CLAUSE HAS NOTHING TO DO WITH BUDGET.**

**THIS GOVERNMENT CLEARLY DOES NOT WANT TO GOVERN**

## **BUDGET**

It's fair to say that when the Conservatives came to power two years ago, they inherited the strongest fiscal position and the strongest employment growth in the G7. With all of its inherited surpluses and, until recently, a strong economy, the government had an opportunity to make smart investments and wise tax cuts that would have strengthened Canada's productivity and competitiveness and better prepared the country for the uncertain times that confront us today.

- Largest spending two budgets in a row
- **GOVERNMENT'S SPENDING RECORD**

- If you look at direct spending by the federal government, Conservative spending rose by 8% per year, versus 3% in all the Liberal years or 5% in the post-deficit period 1997-2005.
- Flaherty has become the biggest spending finance minister in the history of Canada. Canada's Government is now 14% bigger after two Flaherty budgets.
- Perilously close to deficit spending, no contingency
- Ignoring the needs of Canadians. But I will focus on the economic needs.
- Infrastructure—productivity, competitiveness, country of enormous potential, but pinched rather than investing
- Our urging, pre-March 31
- What do we want to bequeath to our children and their children? Certainly, a low national debt, and we Liberals have reduced that debt from a peak of over 70% of GDP in 1994/95 to 35.1% in 2005-6.
- But we also have a massive infrastructure deficit – bridges that fall down, too many potholes, inadequate border infrastructure and Pacific and Atlantic gateways, raw sewage dumped into oceans, and inadequate public transit.
- So, for the benefit of both current and future generations, we urged the government, rather than pay the full \$10 billion allocated to debt pay down, to pay down debt by \$3 billion and to provide an immediate \$7 billion injection into the infrastructure needs of the nation. This would provide a significant down-payment to addressing Canada's infrastructure deficit and been a much-needed investment in our future.
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## IMMIGRATION

- Should not be in this bill in the first place
- The government says \_\_\_\_, but that is simply not possible with the \$ allocated. [find Michael's two questions from yesterday]
- What is actually happening.
- Can't fast-track without stopping others. Who?

## **GOVERNMENT'S TAX RECORD**

I don't criticize the government for cutting taxes. I criticize the government for the specific taxes that they cut.

Cutting GST by 2 percentage points, at an annual cost to the treasury of some \$12 billion,

There is scarcely an economist on the planet who would favour such a move, given that broad-based income tax cuts would put the same money in the pockets of Canadians, while also providing incentives to save, invest and work.

## **PUTTING IT TOGETHER**

Globe and Mail editorial February that opines on the government's overall tax and spending record:

“The fiscal chickens have come home, and are roosting uneasily on Jim Flaherty's shoulders.”

And they go on:

“Now the cupboard is bare as the economy slows, and the Conservatives have only themselves to blame...the situation is so dicey that Toronto-Dominion Bank economists predict the trade surplus could disappear this year for the first time in more than three decades.”

When Liberals were in power, we always had a cushion against unexpected contingencies. We had to deal with the SARS crisis and the 9/11 crisis, and let me tell you we had cushions against these events so Canada would not go into deficit.

Contrast that to the Ontario Conservative government in 2003 when the SARS crisis put significant strain on that province's economy. Several years of reckless tax cuts had already brought the books dangerously close to the red, and when the SARS epidemic hit, which few people could have foreseen, the Ontario government found itself \$5 billion in deficit.

## **CONSERVATIVE ECONOMIC POLICIES**

Other than overspending and reducing the wrong taxes, how does the rest of the Conservative economic record stand up to scrutiny?

Stephane Dion has said he favours deeper corporate tax cuts. We need to create a Canadian advantage to induce companies to invest in Canada rather than the United States or other countries. That advantage used to be a weak currency, making it relatively cheap to locate in Canada. With that advantage now gone, we need a new Canadian advantage. We believe a Canadian corporate tax rate some ten percentage points lower than the United States is just that advantage. Some weeks after Mr. Dion's speech, the Conservatives acted on this Liberal proposal in their October economic statement.

Finally, Liberals have long been in favour of getting value out of taxpayers' money, and shifting resources from areas of lower priority to areas of higher priority. Indeed the Expenditure Review Committee, which I chaired, found savings of \$11 billion over five years. So far, the Conservatives have found savings amounting to some \$2 billion. The key difference, apart from the amount of money, is that while more than 80% of Liberal savings arose from improved efficiency in the management of government programs, the Conservatives chose to focus on reduced transfers to some of the most vulnerable in Canadian society – including literacy programs, the court challenges program and museums.

## **LIBERALS VERSUS CONSERVATIVES AS RESPONSIBLE STEWARDS**

Now that the Canadian economy is weakening, an important question facing Canadians is whether it is Liberals or Conservatives who will provide the most competent economic management during uncertain times.

And why is that? It's because, having agonized and sweated blood over the cuts required to eliminate their inherited \$42 billion deficit,

Let me quote from an editorial in today's Globe and Mail:

Which party took a country that was drowning in debt and instituted tough, painful savings to lift the federal accounts back into surplus, where they have remained for more than a decade? That would be the Liberals. And which party, by failing to heed the warning signs of an economic slowdown and by both cutting the GST and spending as if there were no tomorrow, set the country up for a lean budget on Feb 28 that could, if the Conservatives don't watch their step, tip Canada back into deficit spending? That would be the Conservatives. Politics is politics, but really, don't the Tories look in the mirror once in a while?"

History is important because it sometimes repeats itself. So what does history tell us on this subject? In 1993, Liberals inherited a \$42 billion Brian Mulroney deficit and then proceeded to clean up the mess. In 2003, Jim Flaherty and his Conservative friends in Ontario ran an election on a balanced budget, and then lost. When Dalton McGuinty called in the auditors, he was told he'd inherited a \$5.6 billion deficit, and he had to clean up that mess.

Before Stephen Harper inherited large surpluses, who was the last Conservative Prime Minister to actually balance the books, even in one year? I'll give you a hint. It wasn't Kim Campbell, Brian Mulroney, Joe Clark, or John Diefenbaker. It wasn't even R. B. Bennett or Arthur Meighen.

No, you have to go back to Sir Robert Borden – in 1912 – [the year the Titanic sunk] – to find a Tory government that balanced the books.

A pattern of Conservatives who run fat, juicy deficits until voters call on Liberals to clean up the mess.

All those post-1912 Conservative Prime Ministers who ran nothing but deficits.

**WHAT LIBERALS WANT TO SEE IN THE BUDGET**

Laissez faire, I don't care.