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Business of Supply

Opposition Motion—The Economy

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Hon. John McCallum (Markham—Unionville, Lib.)

moved:

That this House has confidence in the economic vitality of the province of Ontario and calls upon the Government of Canada to work cooperatively with the governments of all provinces and territories to assure that the prosperity and well-being of Canadians is maintained and enhanced.

He said: Mr. Speaker, I rise today to speak to a motion that I never thought would have to be tabled in the House. It reaffirms that the House of Commons has confidence in the economic vitality of the province of Ontario and that the Government of Canada should work cooperatively with its provincial counterparts so as to build a stronger and more prosperous Canadian economy.

The reason we need such a motion is that the **finance minister** has recently taken it upon himself to try to convince the world that Ontario is not the place where business should invest its money.

I am a proud Ontarian and more than that, a proud Canadian. I was personally deeply offended when the **finance minister** took it upon himself some weeks ago in Halifax to tell the world that anyone thinking of making a new business investment should avoid the province of Ontario.

The fact that he has continued his assault, to the point of even holding a press conference to lay out his budget demands just 24 hours before the Ontario government delivered its 2008 budget, shows that the **finance minister** has no respect for the vital role that Ontario has played in Confederation, nor any understanding of what powers of persuasion his words can have on investors. His actions have left many people scratching their heads.

The words used by most pundits since that time and throughout the finance minister's ensuing attacks on Ontario have been either unprecedented or stupid. For example, let me read from one editorial in the *Saskatoon Star Phoenix*:

It's stupid economic policy for the country's finance minister to so publicly bad-mouth its largest manufacturing province...it seems ugly partisanship has taken such firm hold among the federal Conservatives that they now are unable to see the damage it's doing to Canada and their own cause, or they no longer much care.

That was not the *Toronto Star* talking; it was the *Saskatoon Star Phoenix*.

Danny Williams, the Premier of Newfoundland and Labrador, was equally taken aback by these unprecedented attacks on Canada's manufacturing heartland. He had this to say just a few days ago:

If there was ever a time that Canada should step up and support Ontario—and Ontario has been the heart of Canada for a long time from an economic perspective—it's now. But they seem to be doing just the opposite.

I could go on with many more examples of Canadians from outside Ontario who are simply flabbergasted by the **finance minister's** recent attack. However, the thing that is most shocking about this ordeal is the rank hypocrisy of which it shows our finance minister is capable.

Jeffrey Simpson of the *Globe and Mail* pointed this out on March 24 when he wrote:

This inexcusable policy recklessness, combined with his own doleful legacy as provincial finance minister,

disqualifies [the finance minister] from being taken seriously in lecturing Ontario.

Let us just take a quick peek at his record as the finance minister of Ontario in 2001. Interestingly, he did not bring in any massive corporate tax cuts when he had the chance. To be fair, in the one budget he did table at Queen's Park, he created a timeline for the corporate tax cuts that his predecessor had announced in the previous budget. More important, what the minister did do was cut social programs in order to find the money that would allow for those corporate tax cuts to go forward.

Where exactly did he find the money? He found it in the form of post-secondary education cuts to the tune of \$309 million. He found it in the form of reduced hospital care for Ontarians by reducing that budget by over \$600 million. He cut housing and social assistance by over \$700 million.

As the [finance minister](#) is fond of pointing out in the House, I am also a fan of corporate tax cuts. They lower the cost of capital for profitable firms and lead to increased investment. However, I am also firmly of the view that corporate tax cuts need to be balanced with other priorities, including social spending, investments in infrastructure and education and training and running balanced budgets.

 (1210)

Unfortunately the government of Dalton McGuinty did not have the luxury of coming to power to find a \$13 billion surplus like the federal [finance minister](#) did. When Mr. McGuinty came to power, he was faced with a \$5.6 billion deficit left to him by the previous Conservative government of which Canada's finance minister had been an important member. Canada's [environment minister](#) was also an important member. On top of that, Mr. McGuinty was facing a dangerous underfunding of social programs due to cuts by the previous Tory administration.

Many of these funding cuts have been cited as contributing factors to tragic events like the Walkerton water crisis. Had that Conservative government, in which the [finance minister](#) was a central player, not cut 40% of the environment budget and laid off 900 of that ministry's 2,400 workers, perhaps something like Walkerton could have been avoided. This is the type of balance that legislators need to bear in mind when they consider the merits of corporate tax cuts and social spending. When they fail to make the right decision, ordinary Canadians pay the price.

It is definitely true that Jeffrey Simpson was correct. The [finance minister's](#) own doleful legacy as provincial finance minister should disqualify him from being taken seriously when he lectures Ontario. However, what makes the finance minister's attack even more hypocritical is how he behaved during the year after his tenure as Ontario's finance minister when Janet Ecker tabled budget 2002-03.

What did Ms. Ecker do with her first budget? According to the *National Post*, "She delayed personal and corporate income tax cuts. She postponed an increase in private school tuition tax credits. She turned her back on the legacy of Mike Harris, her one-time boss and some say, embarrassed her predecessor in the job".

What sort of furious outburst did we hear from the [finance minister](#) when his corporate tax cuts were put off? There was not a peep. He went mute. Corporate income tax cuts suddenly were not so important any more. When he had his chance to get the corporate taxes down, he said nothing. Yet now he sits here in Ottawa casting stones from his glass house, telling Ontario to lower its corporate tax rates.

Speaking of which, just what has the [finance minister](#) done in terms of taxes since he arrived here just over two years ago? It is not as though he has won over many economists in terms of his tax cutting performance. Let us look at his much vaunted GST cuts.

Despite the fact that nearly everyone on the planet, or at least every economist on the planet, was telling him that income tax cuts were a better means of increasing productivity than a cut to the GST, the minister went ahead and cut the wrong tax. What he also did was raise income tax in his first budget from 15% to 15.5%.

Who exactly were these people telling him to cut income taxes instead? Just to name a few, the late Milton Friedman, a Nobel prize winning economist, told the *National Post*, "If the choice were GST cut or income tax cut, the income tax cut would be better".

The [finance minister](#) also received similar advice from his own department as well as from the Fraser Institute, the International Monetary Fund and the World Bank.

The only people who appear to have been in favour of the GST cut over income tax cuts were the [Minister of Finance](#) and the [Prime Minister](#). This of course came not only with a catch, but a strong suggestion from both these men that the provinces should use the vacated tax room to levy their own taxes to meet their spending requirements.

The [Prime Minister](#) referred to it as an "open tax room" for the provinces to fill and the [Minister of Finance](#) went so far as to say in June 2006, "Provinces have the option to look at that vacated tax room and decide if they want to fill it".

Less than two years ago the [finance minister](#) was encouraging provinces like Ontario to raise their taxes and fill the void left by the reduced GST in order to help them meet their spending priorities. Now he is telling them that their taxes are way to high.



However, the hypocrisy does not stop there. The [finance minister](#) has accused the government of Ontario of having a spending problem. If he is going to make such accusations, he should at least look in the mirror before criticizing others.

Through three budgets, the [finance minister](#) has managed to boost spending by an astounding \$33 billion. John Williamson, the head of the Canadian Taxpayers Federation, had this to say about the minister's most recent budget:

Under [the finance minister], the size of the federal government has grown by an astounding 14.8 per cent. How is this fiscally conservative or even 'responsible'?

The quote that is my personal favourite comes from Andrew Coyne, hardly a Liberal, formerly of the *National Post*. After last year's budget, he had this to say about the [finance minister](#):

With this budget, [he] officially becomes the biggest-spending finance minister in the history of Canada.

However, 2008 was going to be different. The [finance minister](#) spent the three months leading up to the budget convincing Canadians that this year, because of the slowing economy, he was going to be fiscally prudent and not table another big-spending budget.

What did Andrew Coyne--again, my favourite person to cite--now the national editor for *Maclean's*, have to say about this year's budget? This is what he said:

With growth forecasts cut in half, revenues actually in decline, and concerns about the U.S. economy overshadowing all, the Conservative pre-budget message was all about the need for restraint. Why, [the finance minister] even had himself photographed having his shoes re-soled, rather than pick up the traditional new pair.

Andrew Coyne stated further:

So you can imagine my shock, on opening the budget, to find that the new-look, skinflint minister plans to spend every bit as much as he forecast in last year's bacchanalia, plus a little more. Last year, he was "the biggest-spending finance minister in Canadian history." This year, he still is.

To summarize, today we have a [finance minister](#) who has gone to the unprecedented step of trashing the business climate of Canada's largest province and telling a provincial premier what he should have in his own budget. This is the same [minister](#) who cut social programs deeply during his tenure as Ontario's provincial finance minister in order to fund corporate tax cuts, but when those tax cuts were delayed by his Conservative successor, he did not make a peep.

Now that he has arrived in Ottawa, he has spent \$12 billion a year on what everyone else agrees is a less productive two point cut to the GST and, while he was at it, became the biggest-spending [finance minister](#) in the history of Canada by increasing spending by \$33 billion. This is why I mentioned at the beginning of my speech that I would never have imagined that this speech would have to be given in the House of Commons.

I think all of my colleagues here should join with me in support of the motion and affirm that, despite the [finance minister's](#) insistence that Ontario is not a good place to invest, the rest of the House of Commons believes that Ontario is a great place to invest.