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Opposition day motion on the Economy (25 Oct, 2008)

Business of Supply

Opposition Motion--The Economy

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

moved:

That, in the opinion of this House, while reducing personal taxes and significantly reducing corporate taxes to make the economy more competitive, and reducing debt, the government must also drive greater Canadian productivity by making investments in things such as:

physical infrastructure, new technologies, research and development, better access to post-secondary education, making it easier for immigrants to use their skills and increasing the number of skilled workers in Canada; and the government must avoid making mistakes such as breaking its promise not to tax income trusts, eliminating interest deductibility and proposing to end prudence from the federal budgeting process.

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The Speaker:

I would remind hon. members that when a motion is being read, members are not to make any noise or disturbance in the House. There is a standing order to that effect.

On debate, the hon. member for Markham--Unionville.

(1015)

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Hon. John McCallum:

Mr. Speaker, I am very pleased to speak to this motion. I would like to share my time with my colleague, the hon. member for Kings—Hants.

What I would like to do in my time is tell members about what I believe to be the core of Liberal economic policy as expressed in the motion and compare that with the economic approach of the Conservatives and the NDP.

In a nutshell, I would state that the Liberal position on economic policy is to build a richer Canada in the medium term.

[Translation]

Why a richer Canada? In part, because our citizens and their families want a better quality of life. And in order to create social justice, we must also create wealth. Thus, wealth must be created in the medium term.

[English]

Why in the medium term? Because, even though the economy may be doing quite well today, for reasons totally unrelated to that government, things will not necessarily always be that way and we need to focus on the medium term in a hugely competitive world that does not owe Canada a living.

Our position is to develop a series of policies to create a richer Canada in the medium term. There are basically two elements in that strategy. On the one hand, competitive and appropriate levels of taxation and, on the other hand, investments in order to bring about this richer Canada.

On the tax side, our position is that we need broad based reductions in personal and corporate income taxes, but balanced by the need for government investment to promote that growth and balanced as well by our commitment to a greener and fairer Canada. Our leader has stressed, in particular, the importance of deeper corporate tax cuts as a primary means of achieving the investment, the rising living standards and the jobs, jobs that we all want for ourselves and our children.

In particular, now that our currency is at par, now that we do not have the crutch of a weak currency to attract investment into this country, we need to create a new Canadian advantage. The new Canadian advantage in the Liberal vision, somewhat reminiscent of the Irish experience, is to tell investors that if they invest in Canada they will pay a whole lot less corporate tax than if they invest south of the border.

The second part of the Liberal approach is not only competitive taxes but investments in research and development, access to post-secondary education, infrastructure, commercialization and skills development. Those are the two planks of the Liberal vision of how to create a richer Canada in the medium term.

I will turn to the Conservatives. Whereas our focus is on a richer Canada in the medium term, they see everything through a short term electoral lens, influenced as well by a good dose of ideology. I will give a few examples to illustrate this point.

Whereas we believe in broad based tax cuts, the Conservatives, for electoral reasons, believe in narrowly defined, boutique social engineering tax credits. They, for example, would give credits and benefits to young hockey players but would deprive young violin players of those benefits. It is our view that the decision between hockey and violin playing should rest in the family and should not be determined by the government. That is why we would give tax relief to all and not just to a select few for electoral purposes. It is they, not we, who are the social engineers in this country.

The second example is that the Conservatives, for obvious electoral purposes, decided to cut the GST and to raise income tax to do that. Just today in the *Globe and Mail*, 20 out of 20 economists surveyed said that this was the worst thing to do, and we concur in that, but the Conservatives did it purely because they felt they would get electoral gain. I question that too. I think most Canadians would rather have a tax cut, giving them a better paycheque, than a penny off the price of coffee at Tim Horton's.

My last example is investment. We believe in investment as an important component of our growth strategy. The Conservatives do not. We believe in supporting research and innovation in universities. They slashed that in their almost two years in power. Why did they slash it? I guess they thought there were not many votes in it. However, we think it is the right thing to do for the country.

On post-secondary education, we would put \$6,000 per post-secondary student into the pockets of the students. What did the Conservatives do? A paltry, demeaning, insulting, maximum \$80 tax credit for textbooks. That illustrates the differences. We are driven by the medium term creation of wealth in this country and they are driven by short term electoral considerations.

 (1020)

Now I will turn to the NDP. The fundamental point about the NDP is that those members do not understand economics. They never understood economics and they never will understand economics. In effect, the NDP is mired in a time warp in the 1960s.

The NDP today is like the British Labour Party in the 1960s. The NDP has never had the courage or the leadership to find its own Tony Blair to lead it out of the 1960s into at least the 1970s or perhaps it could get to the 1980s, the 1990s or the new millennium, but it has not. It is mired in the 1960s. It has no vision of wealth creation and no clue how to go about it should that be its desire, which is why that party will remain a marginal protest party.

I will concede that the NDP members, like us, favour a greener, fairer Canada, but where they fall down is that they do not have a clue about how to create a richer Canada and, arguably, they do not even want one. Canadians require a governing party that can manage the economy competently, and the NDP is back in the 1960s on that topic.

I will give the House one example. At the latest NDP convention, a motion was put forward by the leader's riding association that Canada should get out of NAFTA and out of the WTO. Those members also want Canada to get out of Norad, by the way. The NDP's official policy since 1997 has been that Canada should get out of NAFTA. That was delusional, clueless, irresponsible policy and it is still characterized in the neanderthal economic thinking of the New Democratic Party.

Hon. Scott Brison: Globophobic, socialist Luddites.

Hon. John McCallum: Exactly, Mr. Speaker.

I remember well the debates in the late 1980s about the free trade agreement and I remember the NDP position. The NDP members would have constructed a wall around Canada to keep everything out, a wall so high that it would be reminiscent of the wall then prevailing in communist Albania.

Canadians can see through this. The vast majority of Canadians want nothing to do with a party of economic Luddites, which is why that party is marginal, why it will remain marginal and why it is not taken seriously by the people of Canada.

If a Tony Blair were to emerge and lead the NDP to sanity, then it might be a force. However, until that day comes, it is the Liberal Party and not the New Democratic Party that is and will remain the party of choice, the natural habitat for progressive Canadians.