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## **“Hope for Families and Leadership for Canada’s Future: What the Finance Minister Should Have Said”**

*A speech by Scott Brison, Liberal Finance Critic, on Canada’s economy*

### **The Empire Club of Canada (Toronto)**

*(Podium Version Only – Check Against Delivery)*

Thank you. I’m glad to have the opportunity to be here with you this afternoon.

John Baird asked me to say hello to you Toronto elites.

I should confess, though—you may have gotten a raw deal. At this very moment...

- In Ottawa, our Deputy Leader, Ralph Goodale, is speaking to the Economic Club.
- À Montréal, Marc Garneau, notre porte-parole en matière d’industrie, s’adresse aux membres de la Chambre de commerce.
- And Michael Ignatieff is at a high school in Guelph, on his *Open Mike* town hall tour, engaging young Canadians on Canada’s future.

Meanwhile, you all got stuck with me.

I am here today as part of Michael Ignatieff’s Liberal economic team to outline why Canada needs to do better and how we **CAN** do better. An economic team that also includes Infrastructure Critic John McCallum; Trade Critic Martha Hall Findlay; and Treasury Board Critic Siobhan Coady, a former chair of the Canadian Chamber of Commerce.

### **CANADA’S ECONOMY**

Canada is facing an uncertain global economy, rising family debt, a rising Canadian dollar, its first trade deficit in 30 years, and a \$56-billion-dollar fiscal deficit.

Unemployment now sits at 8.1 percent, nearly two points higher than when Stephen Harper became prime minister, and the rate is more than twice that for young Canadians.

But the unemployment figures don't tell the whole story. More troubling is the fact that full time jobs are being replaced by part-time work.

## **HOUSEHOLD DEBT**

Stephen Harper is out of touch with Canadian families when he boasts about a technical recovery while they continue to face a human recession.

Stephen Harper est déconnecté de la réalité des familles canadiennes lorsqu'il parle avec fierté de reprise technique, alors que les familles demeurent confrontées à une récession humaine.

Private and household debt in Canada stands at just over 1.4 trillion dollars—the worst of 20 leading economies in the OECD.

The average Canadian family is now \$96,000 in debt, the highest family debt level in the OECD.

Rising family debt levels don't just hurt middle-class families; they also hurt the wider economy.

In July the Canadian economy actually shrank. Manufacturing and construction numbers worsened, and consumer confidence has dropped in each of the last four months.

## **PUBLIC DEBT**

Our families are saddled with debt, and so are our governments.

Last week, in missing yet another deficit target, Jim Flaherty announced a \$56 billion deficit.

In doing so, he became the biggest deficit finance minister in Canadian history.

It baffles me when Jim Flaherty boasts about Canada's strong fiscal position. Jim reminds me of the guy who was born on third base, hit a single, and thinks he hit a homerun.

Jim Flaherty inherited a \$13 billion surplus.

By increasing spending at three times the rate of inflation in the first three years of his government, he put Canada into deficit even before the economic downturn.

And when you combine the debts of all levels of government, federal, 13 provincial and territorial, and municipal, Canada's gross debt is equal to 81.6 percent of GDP.

This is only marginally better than the U.S. at 82.3 percent and worse than France, Germany and the United Kingdom.

*(These figures are from the Financial Post last month.)*

## **A BETTER OPTION**

When choosing a government the question often asked is, are you better off now than you were four years ago.

If Canadians ask themselves that question now, it's clear what the answer is....most people are no better off, and are more anxious than at any time they can remember.

But there is another way to approach this question. Instead of looking backward, let's look ahead. Let's ask ourselves as a country a different question, in fact a different pair of questions:

1. Why not more of the same approach to government?
2. What does a better option look like?

After four years, we know what the Harper Conservatives are about. We know their priorities, and their record.

And the record provides a pretty clear picture of what their approach to government over four more years would yield.

- One, A vague possibility that we might finally be back in black, but without any plan to get there. This government, so fervent about its conservative credentials, has outspent every government that came before it, and not by a little, by a **lot**. It blew apart Canada's effort to pay down our children's debt and started piling it on their backs again.
- Two, A government whose approach to stimulus is more driven by a need for signs and advertising than by protecting the jobs of today and creating the jobs of tomorrow.
- Three, Endless lectures about the virtues of transparency and accountability, coupled with more efforts to hide information and NO effort to control waste.
- Four, An agenda that provokes endless political fighting about issues such as the gun registry, the long form census, party financing, Senate reform, and building

U.S-style mega prisons for unreported crimes and unknown criminals. This is not a serious agenda for a country like Canada. It's a fight card with Stephen Harper as promoter. A promoter more interested in dividing Canadians over social conservative dogma today than on building a competitive Canadian economy for tomorrow.

Is that as good as it can be?

Is four more years like that really something to look forward to?

### **JIM FLAHERTY**

If the Conservatives today have a different plan for the future, Jim Flaherty had the opportunity to present it a few weeks ago at the Canadian Club of Ottawa.

He didn't.

Instead, he launched into the most vitriolic, divisive attack on the opposition yet.

L. Ian Macdonald said in the *Montreal Gazette*:

*"Even Conservatives in the room were staring at their shoes in embarrassment."*

This is not the first time PMO body snatchers took over the finance minister.

Who can forget the economic statement in the fall of 2008.

The world faced a global economic crisis and governments around the world were uniting their citizens to fight it.

But in Canada the first instinct of Stephen Harper was 'what a good time to put the boots to the opposition'.

The same short term politics that motivated his response to the financial crisis in 2008, dominated his approach to the stimulus spending over the last two years.

It was more focused on buying votes than on building competitiveness; more focused on counting signs than on counting jobs.

You would think that the crisis he provoked in the fall of 2008 would have taught Stephen Harper something.

Based on the Flaherty speech to the Canadian Club in September it is obvious Stephen Harper has learned nothing and that you can expect more of the same approach.

Why does Harper just want to pick fights?

Doesn't Canada deserve better?

## **A LIBERAL PLAN**

I am here today to describe the kind of Canada we could have in a country led by Michael Ignatieff.

Instead of the status quo, a government missing every deficit target, and failing to provide Canadians with any plan to get Canada back in to the black, a Liberal government will commit to a deficit-to-GDP target of one percent within two years of taking office, and declining every year thereafter, until the books are balanced.

And we will balance the budget. We won't leave a legacy of debt and deficit for our children.

We'll restore a prudence factor to our planning, so we stay on course even if things don't happen exactly as forecast.

And we'll work with the public service to review all program spending.

Everything we propose in our next Liberal platform will fit into this framework. There won't be any new spending, unless we can clearly identify a source of funds, without increasing the deficit.

Our priorities will reflect the priorities of middle-class Canadian families.

The Conservatives have different priorities:

- 16 billion dollars for U.S.-made stealth fighters, without a competitive bid.
- 10-13 billion dollars for mega-prisons, to lock up Stockwell Day's unreported criminals.
- 1.3 billion dollars for the G8/G20 photo-op.
- 130 million dollars for partisan government advertising
- And 6 billion dollars a year in corporate tax cuts we can't afford right now, when we're in a 56 billion dollar deficit.

Let me be clear, the Liberal governments of Jean Chretien and Paul Martin cut corporate and personal taxes dramatically. I can remember, I was one of the ones calling for it.

But, that was during times of surplus.

Cutting corporate taxes during times of surplus makes sense, but cutting taxes on borrowed money doesn't.

Especially when our combined corporate tax rate is already the second-lowest in the G7 and 25 percent lower than the U.S.

Let's balance the budget first.

Let's invest in learning and family care first.

Let's put middle-class families first and create the jobs of tomorrow.

That's what a Liberal government will do.

## **THE LIBERAL ALTERNATIVE**

Our plan will be prudent, credible, balanced, and effective.

Our priorities are: learning, care, pensions, jobs, and Canadian leadership in the world.

### **FIRST: LEARNING**

A Liberal government will invest in our people to build the best-educated, and most highly-skilled workforce in the world.

We will increase affordable early learning and childcare spaces; close the financial support gaps for Aboriginal students; and help families save for their kids' education.

We will help businesses invest in skills training and ensure immigrants get the language training they need.

And we will reverse Stephen Harper's cuts to literacy programs.

We can't keep pace with the world if we fall behind in knowledge, innovation, and productivity.

### **SECOND: FAMILY CARE**

One of the productivity challenges we have today is that more and more working Canadian families are getting squeezed between caring for young children and caring for aging relatives.

80 percent of at-home caregivers are family members who receive no financial support, including many who have had to quit their jobs.

Meanwhile, hospitals and nursing homes have higher costs and fewer beds.

Support for family caregivers would help reduce costs in our traditional health care system, while improving the quality of life for those who can choose to stay in their own homes.

That's why, two weeks ago, Michael Ignatieff announced our Liberal Family Care Plan, which will provide new Employment Insurance and tax benefits to family caregivers.

### THIRD: PENSIONS

A Liberal government will also respond to the crisis in our pensions.

One-third of Canadians don't have enough savings to maintain their standard of living after they retire. Another third don't have any retirement savings at all, beyond what they'll get from the government.

These problems will only get worse as our population gets older.

The Liberal Party has proposed a Supplementary Canada Pension Plan, a new Stranded Pensions Agency, and changes to the Bankruptcy and Insolvency Act to protect pensioners on long-term disability.

### FOURTH: JOBS and TRADE

A Liberal government will work smarter to protect the jobs of today, and to help create the jobs of tomorrow.

What we have gone through and are going through is not an ordinary recession. It is a global economic restructuring.

That is why it is not good enough to recover to where you were before the recession if the rest of the world has moved somewhere else --- moved ahead.

In the words of that great Canadian economist, Wayne Gretzky, you have to skate to where the puck is going to be, not to where the puck is at.

In this regard right now we are playing catch-up because other countries used their stimulus packages more strategically to build future competitiveness by investing massively in science, technology, clean energy research, and in modernizing energy production and transmission. We can't risk falling further behind in the green economy.

***Globe and Mail*** columnist Barrie McKenna said the Conservative stimulus package was "*a squandered opportunity*", and said: "*to throw billions into a hodge-podge of boondoggles and call it world-beating economic policy is a bit of a stretch.*"

Investing in science is key to future economic growth. If we want any commercialization and new technology jobs in ten or twenty years from now, we need to help fix the dire Canadian venture capital environment today.

## **TRADE**

To create the jobs of tomorrow – jobs for our youth - you also need to partner with the markets of tomorrow.

For the last century, our economic growth has been fuelled by the insatiable appetite of the American consumer.

But for the last two years, the Americans have had some wicked indigestion.

Almost three-quarters of our exports still go to the United States, which leaves us vulnerable to downturns in the U.S. market and growing American protectionism.

Meanwhile, the world's centre of gravity is shifting more quickly than ever to emerging powers like China, India, and Brazil.

Frustratingly, in his first three years as prime minister, Stephen Harper was churlish with China and ignorant of India.

We need to get back on track with the BIC nations and redouble efforts to engage the next wave of emerging economies, countries like: Colombia, Indonesia, Vietnam, Egypt, Turkey and South Africa.

## **CANADIAN LEADERSHIP**

Diversifying Canada's trade relations is part of how a Michael Ignatieff Liberal government will reassert Canadian leadership in the world.

In June, Michael Ignatieff announced our Liberal foreign policy platform, the Global Networks Strategy.

Our vision is to restore Canadian global leadership by harnessing our multicultural communities as natural bridges to the fastest growing economies of the world. Nearly two million Canadians work outside the country at any given time. There are Canadian students studying abroad on every continent—and we need more students going abroad, not less.

The Conservatives say that Michael Ignatieff is somehow less of a Canadian because he lived and worked outside our borders.

But when it comes to winning votes on things like the UN Security Council, I'd rather have a Prime Minister who has succeeded on the international stage and then come home with an understanding of the world, than a Prime Minister who's never left the country without a government jet and a motorcade.

Stephen Harper has made his choice. More prisons; more untendered contracts for fighter jets; and tax breaks using borrowed money.

If you think that's good enough for Canada, vote for him.

But if you don't think it's good enough, there is an alternative.

A Michael Ignatieff Liberal government would build human capital; help middle-class families; create the jobs of tomorrow; and restore Canada's influence in the world.

These are the priorities we will take to the Canadian people.

Canada deserves better than a finance minister who cannot add and a prime minister who can only divide.

Michael Ignatieff will seek to bring Canadians together with ideas for a brighter future and a renewed sense of pride in the Canadian potential.

Together, we will rebuild our economy, our prosperity—and also our compassion.

And, together, we will lead the world again.

Thank you.