

## A Do Nothing Budget

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Budget day in Canada is an exciting time for me. Each year, I sit in front of the television and wait for news about changes that would likely affect my family and me for years to come. I remember, as a naïve young man entering the work force, applauding an NDP jobs program in Ontario that I was sure would help me find good work.

I remember the steep tax cuts brought in by Mike Harris and the deficit cutting of Paul Martin that allowed me to keep more of my paycheque and purchase my first house. I remember our current government cutting the GST by 2 percent and then running up the largest deficit in Canadian history. I remember the billion dollar handouts to two of the largest corporations in the world (GM and Chrysler).

This budget is different. It was characterized by the leader of the opposition as a “Do nothing budget.” There were no major changes, either to spending or revenue, and that seemed to make it difficult for the opposition to attack. There will be a small deficit this year and a small surplus next year (\$6.4 billion). There are small amounts of new spending over a period of years on initiatives like \$500 million in Research and Development for autos, \$300 million on infrastructure spending for roads and bridges in Montreal, and \$10 million for snowmobile trails. There is a small decrease in defence spending over the next two years. Overall, there is very little that will directly impact taxpayers or improve the economy.

There is an Irish saying, “It is better to do nothing than to cause trouble.” That is what the Government believes Canadians will think when they see this budget. No new tax increases, “*phew.*” No large deficits, “*phew.*” But is doing nothing the right thing to do for Canadians? No. We should be doing so much more.

The Christian Heritage Party has a plan for major change and improvement in Canada’s fiscal policy and economic development. We would *eliminate* the personal income tax! CHP policy is to replace the income tax with a higher rate of national value added tax (GST or HST). We believe this would have many beneficial effects.

First and foremost it would encourage work and productivity. The C.D. Howe institute estimates that the top one percent of Canada’s wage earners (\$150,000 and more) avoid paying the bulk of marginal taxes by cutting back their hours of work, or through tax loopholes. As our past leader, Ron Gray, said, “When you tax something, you get less of it. Why are we taxing work?” Another major benefit of shifting the tax base to a consumption tax is that it encourages thrift, saving, and investment. This would have an immediate and positive effect on the wealth of Canadians.

The wealth of a nation is also directly affected by its terms of trade. Positive net exports increase a country’s wealth. If Canada’s citizens are encouraged to work more and consume less, the surplus (or exports) must increase and Canada’s wealth must increase as well. Since exports are most often in manufacturing and not retail, this would encourage more high-paying value-added manufacturing jobs and fewer minimum-wage retail jobs.

The C.D. Howe institute calculates that just a one percent shift from income to consumption tax would increase total government revenue by \$1.7 billion dollars in the first year! Our current government is moving in the wrong direction. Eliminating the income tax would also reduce the likelihood of governments awarding tax credits only to narrow-interest groups. The consumption tax is easier and cheaper to collect and gives to consumers the choice of how much tax they are willing to pay, based on consumption.

Other urgent fiscal measures, like eliminating crown corporation subsidies (\$4 billion a year!) and reducing the amount of public sector pensions and benefits paid for by the taxpayer to 50% (\$2.6 billion each year), would have allowed this government to increase the speed of debt reduction.

Instead, they did nothing. In fact, the government today is hinting that it may renege on its promise to introduce income-splitting for married couples. Broken promises are even worse than doing nothing, especially when those promises are made during an election campaign. For over 20 years, the Christian Heritage Party has been sounding the alarm that our national debt must be eliminated. We stand poised on the edge as our Canada Pension Plan begins to operate at a deficit and we will begin dipping into the reserves.

Yet still, Nero fiddles while Rome burns.

It's time to demand accountability of our government. CHP Canada is the only federal political party committed to paying off the debt, not just the deficit.

Let it never be said of you that you did nothing. Do something today! Join<sup>1</sup> the CHP today and be part of the solution.

## **Footnotes**

<sup>1</sup> [www.chp.ca/get-involved](http://www.chp.ca/get-involved)