

## Let's Talk Taxes

# Thank Manning and Chrétien for today's prosperity

BY JOHN WILLIAMSON  
CANADIAN TAXPAYERS  
FEDERATION

Jim Flaherty is riding high. On Monday, the finance minister will present his second budget and the biggest snag is that Ottawa is awash in tax dollars. Personal income tax revenues are way up, ditto for corporate tax receipts thanks to Canada's robust job market. The Employment Insurance program is in the black due to fewer unemployed workers and an unnecessarily high payroll tax. Our healthy economy also means seniors are less reliant on government entitlement programs to supplement their income. The same is true for federal equalization payments when provincial balance sheets are strong. Consequently, the govern-

ment surplus is as big as ever. It would exceed \$12-billion this fiscal year were it not for the Conservative government's spending spree.

As Mr. Flaherty prepares his budget speech, he should reflect on the circumstances that caused these good times. Unemployment is low, Canada's economy is growing and family incomes are rising. Try as he might, the minister cannot claim to be the architect of Canada's fortunes. He was named to the job a little over a year ago, which is not long enough to measure his legacy. A candid assessment owes today's prosperity to Preston Manning, the founding Reform Party leader, and Jean Chrétien, the former Liberal prime minister.

It is hard today to recall

the economic landscape of the early- and mid-1990s. Do taxpayers remember the string of 30-plus billion dollar deficits and voter "tax rage"? Or a Canada Pension Plan (CPP) that many thought would be insolvent within a generation? And what about the nation's then-sluggish economy and bone-crushing tax rates that depressed after-tax incomes and discouraged businesses from hiring workers and expanding operations? This was Canada just over a decade ago.

As Canada's Opposition leader, Mr. Manning is principally responsible for the breakdown of the then-Canadian consensus favouring tax-and-spend governments. In Parliament, he championed ideas that Canadians today broadly embrace - elimina-

tion of federal deficits, entitlement program reforms, and genuine tax relief for businesses and individuals. This movement gained momentum at provincial capitals with Progressive Conservative, Liberal, and even New Democratic governments following the trail pioneered by Mr. Manning.

For all his foresight, Mr. Manning was never in a position to implement his ideas. Instead, it fell to the governing Liberals in Ottawa to reduce program spending, eliminate the deficit and eventually enact tax relief. In 1998, Canada turned its back on a generation of deficit-spending when a modest \$3-billion surplus was posted. Two years later, Mr. Chrétien outlined a dramatic tax cut plan on the eve of an election. The National Post news banner headline summed it up: "Liberals Deliver Alliance Budget." (By 2000, the Reform Party had morphed into the Canadian Alliance under the leadership of Stockwell

Day.) Although the Liberal government exaggerated the true size of the 2000 tax reduction program by claiming it to be a \$100.5-billion tax cut, the relief was welcome news to taxpayers. (In actual fact, \$20.7-billion of this amount included the ending of bracket creep, which did not lower taxes, but simply indexed brackets to inflation. In addition, a \$28-billion increase in CPP taxes was also not included. And finally, almost \$6-billion in Canada Child Tax Benefit payments were incorrectly identified as tax relief, instead of being classified as government spending.) The real five-year tax cut, once fully implemented at the end of 2004, amounted to \$46-billion - a far cry from the \$100-billion "as advertised" but unquestionably a march in the right direction.

Canada has a strong economy today because the tax cut plan worked. Lower taxes created more jobs and

greater prosperity for Canadians. Today, government insiders confess Mr. Flaherty is in a fiscal sweet spot because of the stimulative effects of the Liberal's 2000 tax reduction plan. But what will the finance minister do to ensure future economic opportunity? The Conservative government made some modest tax reductions in its inaugural 2006 budget. Yet the relief was not as dramatic as the government would like taxpayers to believe. If it were, why is Ottawa still amassing huge surpluses?

As such, Monday's budget must outline a broad-based income tax cut to return the surplus to the people responsible for generating it - the taxpayers of Canada. It is not hard for Ottawa to generate surpluses and rollout spending announcements with high taxes in good economic times. Taxpayers hope Mr. Flaherty will instead follow the sensible course charted by Mr. Manning and adopted by Mr. Chrétien in 2000.

## LETTERS TO THE EDITOR

### Essex and Essex County Roads Services

This is something that is probably taken for granted everyday we use our roads, but it is something that is very noticeable during a winter storm. Driving to Windsor everyday, you realize that we are very fortunate to have the road services provided by Essex, and Essex County roads department, because once you leave the very clean, salted roads of the county, you come to roads in the city that are heavily travelled but not properly cleaned and even dangerous. Hats off to our Essex and Essex County Roads Dept. Keep up the good work. Thank you on behalf of my family.

Rick R. Desjardins  
Essex

### Lakeshore budget and staffing questioned

The audacity and arrogance of Lakeshore administration in the midst of the bludgeoning economic climate to suggest a 12 per cent budget increase and 13 additional staff is appalling. Logic tells us that our building boom days are over, yet this administration suggests instead that we hire all these additional staff members? How about some cutbacks to that bloated contingent instead! The administration should have

been admonished by council for their absurd suggestions and sent back with clear direction not to come back until within the 3 per cent range.

This arrogance certainly tells a story and council needs to read between the lines. It is disturbing that none of the senior officials are residents of the municipality and are not contributing to the tax coffers.

It is clear that the direction in which council continues to be led is to further financing of the bloated administration and associated bureaucratic wants as opposed to addressing the basic needs of the residents.

Council members and especially those new to the game are well advised to remember the cry of the electorate at election time and the very clear call for change and the taking back of control. Fiscal responsibility and accountability have been lacking for the last few years and has now caught up with us. There have been many instances of violations of legislation and the recent blanket \$144.00 charge to all water consumers certainly bears scrutiny as to its legality, yet we are paying out big, big bucks for supposed expertise.

Perhaps one more study should be added to the list - a study and recommendation on cutting some of the

unnecessary fat at the top. This municipality needs to get back onboard and start focusing on the needs of the residents as opposed to continually being led towards the building of the administrative empire. Attitudes at the top must change.


Margaret Cuaderno  
Emeryville

### Reducing poverty supports recovery

Poverty is the most formidable barrier to inclusion and full participation in society. The Accessibility for Ontarians with Disabilities Act, 2005 defines a barrier to "mean anything that prevents a person with a disability from fully participating in all aspects of society because of his or her disability, including...a policy or practice." Constantly worrying about not being able to provide their families with food, shelter and clothing takes its toll on the mental health and well-being of individuals.

Government policy has forced people with disabilities living on limited incomes to make difficult financial choices in supporting themselves and their families; these forced choices negatively impact their physical and emotional health, eroding self-confidence and personal effectiveness.

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