

BACKGROUND

Jim Flaherty and the Conservatives have led Canada to its worst economic performance since 1991. Jobs are being lost and deficits are looming.

Conservatives are lying to Canadians when they say Canada's economy is the best in the G7 and its "economic fundamentals are strong." In fact:

- Canada was the only country in the G7 that reported negative economic growth in the first quarter. In the first half of 2008 Canada's economic performance is the WORST in the G7;
- last month Canada lost 95,000 private sector jobs;
- in 2008 Canada as a whole has lost 11,900 full time jobs;
- the Bank of Canada projects Canada will face four percent inflation in 2009 and has revised down its economic forecast for Canada;
- Statistics Canada admits that even the slumping US economy is doing better than Canada; and
- by every major indicator of economic fundamental, Canada is failing economically.

Conservatives are breaking their promises by:

- imposing a punitive 31.5 per cent tax on income trusts, raiding the hard-earned savings of Canadian seniors, while providing no proof, and therefore no justification, for their policy action;
- failing to maintain the \$3-billion contingency fund protecting Canada from going into deficit; and
- failing to control federal spending to the rate of inflation but instead increasing spending 15 per cent in just two years.

Finance Minister Jim Flaherty has hurt Ontario by:

- calling the province the "last place to invest";
- calling Premier Dalton McGuinty the "small man of Confederation" for defending the principles of democracy;
- telling Ontario mayors they were "whiners" and the Conservative government was not in the "pothole business" when asked to address the infrastructure deficit facing municipalities;
- telling Ontarian auto workers who lost their jobs that he does not pick "winners and losers" and investing in the auto sector would be "short-term, Band-Aid fixes for specific companies" and would not help; and
- flip-flopping, trying to buy the votes of auto workers with a last-minute funding announcement on the eve of calling an election.

Canadians deserve a federal government that will work with them everyday to find solutions, strengthen the economy and build jobs.

The Conservative government has no plan to lift Canada out of the economic downturn. No income tax cuts, no real help for the manufacturing sector and the working families that are suffering through these tough times.

In contrast, a new Liberal government would:

- work cooperatively with provinces;
- support a balanced approach that includes competitive taxes and investment in people and innovation to strengthen the manufacturing sector, including:
 - creating a \$1-billion Advanced Manufacturing Prosperity Fund (AMP Fund) to support major investments in innovation and jobs;
 - improving the Science, Research and Experimental Development (SR&ED) tax credit to support research and development in the manufacturing sector;
 - slashing income taxes, by up to 10 per cent for most Canadians and offering Canadians the most ambitious plan to cut personal income taxes, since the 2000 Liberal budget;
 - significantly cutting corporate and small business tax rates and making Canada one of the most competitive tax jurisdictions in the world. This will help manufacturers and other businesses in southern Ontario communities to compete and create more high-paying, high-quality jobs; and
 - committing to transfer any unanticipated surplus that exceeds a \$3-billion contingency fund towards the infrastructure deficit facing Canada's municipalities.

Under the Liberal plan:

- a family with two kids earning \$60,000 will get nearly \$1,400 per year.
- A family with two kids earning \$40,000 will get nearly \$1,900 per year.
- A family in poverty with two kids earning \$20,000 (of which there are far too many in our country) will get nearly \$2,400 per year.

In the long run, the Conservative's short sighted approach will only delay the necessary investment in renewable alternatives and hurt the Canadian economy.

It was a Liberal government that cleaned up the fiscal mess that the Conservatives left last time and we will do it again.

Liberals understand the 21st century economy. A Liberal government would work in partnership with Canadians to build Canada as a leader in the green economy and create strong jobs. A Liberal government would build a strong economy for the next generation.