are, as it were, the immediate superiors of this senior official who is complaining about the operation of the government, as well as about relations with the Prime Minister's department, it seems to me that we should be able to debate this matter with all due haste.

This is the first opportunity I have had to ask the Chair that we be allowed to debate the report in the House tonight, determine just what it is all about and take any necessary action. That is why I am making this request.

The Speaker: Order, please. As the hon. member pointed out, all requests for emergency debates concern very serious matters. However, it seems to me that his request does not meet the requirements and criteria for such a debate at this time.

GOVERNMENT ORDERS

● (1525)

[*Translation*]

ECONOMIC POLICY

Hon. Paul Martin (Minister of Finance, Lib.) moved:

That this House support the economic policies of the government.

He said: Mr. Speaker, I wish to table a notice of ways and means motion and I ask that an order of the day be designated for consideration of the motion.

[*English*]

A little more than eight months ago we presented the first budget of the new millennium. It was a budget that invested in health, education, the environment and children. It was a budget that introduced the most important structural changes to the tax system in decades. It was a budget that provided the largest tax cuts in 25 years.

At that time we said that we hoped to go even further in the future. What I would like to do today is to build on that budget and to confirm because of our strong economic growth that we can indeed go further.

Canada begins the 21st century in a position of renewed strength, with greater resources and more choices than we have had in many decades. Our nation's success has been written by many hands. That success is a tribute to the hard working men and women of this country and a tribute to their effort and commitment. It is as a result of their dedication that a future once beyond our imagination is now within our grasp.

However, seizing that future will depend on the choices we make now. Ours must be a vision which understands that in an era of globalization it is more important than ever to have a national perspective, one based on the aspirations of all Canadians. It must be a vision that sees Canadian society as more than a collection of competing interests. It must understand that, yes, we have as stewards a responsibility to manage our finances wisely, but we also have as citizens an obligation to one another.

[*Translation*]

Our country's recent economic performance has been striking. The last three months marked the 20th consecutive quarter of growth, the longest sustained period of gain since the mid-1960s.

Our current account is in the largest surplus position in its history. Our foreign indebtedness, as a percentage of our economy, is at its lowest level in more than 20 years.

In the last 12 months Canadians have created more than 360,000 new jobs. Our unemployment rate has fallen to 6.8%, approaching its lowest level in 24 years.

And as a result, for the third year in a row Canada has the best job creation rate of any G-7 country.

In the crucial area of productivity our rate of growth for this year is almost twice the average of the last 10 years.

Even more importantly, Canadians are starting to see their real per capita disposable incomes rise, leaving more money in their pockets at the end of each month. In many ways this is the true test of any economic program, the surest touchstone of real economic progress.

Rising disposable incomes mean that more and more Canadians are participating in our nation's prosperity and that the progress we have made in our nation's finances is beginning to make a real difference in the finances of Canadian families.

● (1530)

[*English*]

All in all Canada's economic record of recent years is one of which we can be proud. That being said, the purpose of today's statement is not to talk about where we have been but about where we must go because far more important than the progress of the past are our prospects for the future.

In planning for next year and beyond, the government has once again asked the chief economists of Canada's major chartered banks in four leading forecasting firms to develop economic and fiscal projections.

On behalf of the government, I want to thank all of those who participated in the exercise. Their contribution was invaluable and ensured that the fiscal projections we make for planning purposes are based on the most rigorous possible analysis.

The results are as follows: First, the average private sector forecast is for our economy to grow by 4.7% this year, 3.5% next year and roughly 3% thereafter. Second, based on these forecasts, and after adjusting for the contingency reserve and prudence, and also after deducting the amounts arising out of the recent agreements on health and early childhood development, the average of the economic forecasts for the planning surplus is as follows: for the year 2000, $12.2 billion; for 2001, $10.9 billion; for 2002, $11.5 billion; for 2003, $11.3 billion; for 2004, $7 billion; and for the year 2005-06, a planning surplus of $10.7 billion.

These are encouraging numbers but make no mistake, these surpluses are not a licence to spend freely. Rather, they are an opportunity to choose wisely. They represent a chance to improve the lives of Canadians and to increase the flexibility we will need to succeed in the new economy.

The question we therefore have to address is, on the basis of these planning surplus projections, what is the proper balance among paying down debt, reducing taxes and making key investments?

[*Translation*]

The question, therefore, we have to address is, on the basis of these planning surplus projections, what is the proper balance among paying down debt, reducing taxes and making key investments?

That is why we require a plan, a long-term plan. One that understands the economy of today, but even more importantly, recognizes the changes we need to make for tomorrow. There can be no doubt that we are in the early stages of an unprecedented revolution, of a new economy founded on a cascade of technological breakthroughs, in a world without frontiers.

Only a few countries will become the leaders in this new world. We want Canada to be one of them. For this to happen Canada needs to be at the forefront of technological change, the first to corner untapped markets. We should be the standard by which other nations measure themselves. We must be an economy of innovation, not replication. As well, ours must be a society that recognizes that success begins with equality of opportunity.

[*English*]

Our goal cannot simply be to put up better economic numbers. It must be to lift up greater numbers of people, to provide the kind of strong foundation on which Canadians can build better lives. That is why our plan advances on four crucial fronts.

First is investing in the social fabric of this country, in health care and in other areas that reflect the responsibility Canadians feel to one another.

Second is strengthening education, research and innovation, for in a knowledge economy these are the surest paths to success.

Third is paying down the debt because we owe it to our children.

Fourth is reducing taxes because Canadians deserve to keep more of what they earn.

• (1535)

A successful plan strikes the right balance across a broad array of choices. On the one hand, Canadians demand that their tax dollars be managed with the same care with which they handle their own personal finances, and they are right to do so. Therefore let there be no doubt, we will continue to be frugal. Over the next five years we will hold the rate of growth in program spending to less than the rate of growth in the economy.

On the other hand, Canadians want us to invest in those areas that matter most. Governments are judged by the priorities they set and our priorities have been clear. From the time we balanced the books in 1997-98 and including the measures we are introducing today, almost three-quarters, 75%, of our new spending has been devoted to health care, to children and to education. These are the priorities of Canadians and these are the right priorities, for a country is not a balance sheet, it is the embodiment of the hopes and the dreams of its people.

Nothing is more fundamental to Canadians than quality health care. Nothing speaks more clearly to the collective responsibility we have to one another. That is why the agreement reached last month by the Prime Minister and the premiers to renew health care is so important.

The federal commitment to this agreement is $23.4 billion, one of the largest single expenditures by any Canadian government in our nation's history. Of this, $1 billion will be invested in much needed medical equipment such as MRIs and CAT scanners and $21.1 billion will be added to the Canada health and social transfer, this so that the provinces and the territories can accelerate the changes necessary to ensure that Canadians receive the high quality health care they deserve, to increase the number of doctors and nurses, to shorten waiting lists and to reduce the time spent in emergency rooms.

Another area where government must spend to ensure the health of its citizens is the environment. The quality of our individual lives is deeply rooted in the quality of the environment we share, in clear air and in clean water. That is why in our last budget we set aside $700 million for environmental initiatives. It is why the plan set out today incorporates the recent announcement of an additional $500 million to address the key challenges of climate change and air pollution, bringing our total investment in environmental measures this year alone to $1.2 billion.

[*Translation*]

We have spoken of the need to become a nation that excels at innovation, of the need to be leaders in the new economy. For this to become a reality, all levels of government and all sectors of society must come together to ensure that knowledge in school, in the workplace and in all of its many facets, is at the very heart of the national agenda.

Make no mistake, success in the new economy will not be determined by technology alone, but by creating an environment of excellence in which Canadians can take advantage of their talents, their skills and their ideas.

This begins at the earliest age. That is why $2.2 billion was aimed specifically at early childhood development. These resources are to be used by provinces and territories to invest in promoting healthy pregnancies, birth and infancy.

They are to be devoted to pre-school programs and child care, family support and parent information. With this funding in place we can help ensure that our young children get the best possible start in life and arrive at school ready, and able, to learn. Children prepared to learn become adults equipped to succeed.

● (1540)

[*English*]

Ensuring that Canadians enjoy the best learning and research opportunities here in Canada has been a priority in each of our last four budgets. Today we will do more. Canadian students rely on the education tax credit to offset the cost of books, lodging and other expenses. As recently as 1995 the amount on which the credit was based was $80 per month. Over the past number of years we have raised it to $200. Today we will go further. This January we will double that amount to $400 a month. This will put an additional $1 billion into the hands of one million students over the next five years.

Over the past four years the government has introduced an unprecedented series of strategic initiatives to rebuild the research infrastructure of our universities in order to attract and retain the best minds and to expand their opportunities here in Canada.

Whether it is the Canada research chairs, Genome Canada, the Canadian Institutes of Health Research or the Canada Foundation for Innovation, we want Canadians to be able to do world class research right here in Canada. Therefore, to reinforce Canada's capacity to be a global player in cutting edge research, the Canada Foundation for Innovation will allocate up to $100 million of the funding it received in budget 2000 to support the capital costs in Canada of several large collaborative projects involving Canadian universities and facilities around the world.

Next, one of the key requirements for effective world class research is establishing the critical mass necessary for success. Therefore, in order to build the cluster of leading researchers that Canada needs, the CFI will allocate $250 million of the funding set out in budget 2000 to provide new infrastructure support for each recipient of a Canada research chair. This will be provided in a way that helps smaller universities so that the benefits will be more evenly distributed across the country.

Next and most important, we are announcing today $500 million in new funding for the Canada Foundation for Innovation, $400 million of which will allow it to assist universities and research hospitals to meet the operating costs associated with new research facilities provided by the foundation, and $100 million to help Canadian researchers participate in leading edge international projects, because doing their best research means being able to collaborate with the best scientists from around the world and from a strong Canadian base.

Finally, if Canada is to be a leader in the new economy, we need to understand its opportunities and how to seize them, its educational requirements and how to meet them, its management skills and how to develop them. More, we need to make lifelong learning a reality. To these ends, we are announcing today a special allocation of $100 million over the next five years to the Social Sciences and Humanities Research Council so that Canada will be at the forefront of this vital research into the new knowledge economy.

[*Translation*]

One of the most important steps we can take to ensure a better future for our children is to reduce the burden of debt on their shoulders.

For more than a generation, Canada's debt-to-GDP ratio rose relentlessly. Over the past four years, however, both as a result of our debt repayment plan and a growing economy, that ratio has been falling from a peak of 71% in 1995-96 to about 59% today. This is the steepest decline among all G-7 countries.

● (1545)

We must continue on that downward track and we will. Indeed, as a result of the actions we are taking today we project that Canada will reach a debt to GDP ratio of about 40% within the next four years.

[*English*]

A few weeks ago we announced a $12.3 billion paydown of our national debt for the year 1999-2000, bringing the total debt reduction over the past three years to more than $18.7 billion.

Today and going forward, the government is adding a new element to its debt repayment plan. We will continue the practice of setting aside $3 billion as a contingency reserve. However, each fall from now on we will announce whether a greater amount should be dedicated to that year's debt paydown.

In some years we will be able to do so. In other years we will not. It will depend on the economic circumstances of the day. When times are good Canadians pay down their credit cards. Similarly, when times are good governments should pay down debt.

Therefore, we are announcing today that for this year, 2000-01, we will pay down a minimum of $10 billion in debt. This means that over the last four years we will have reduced the national debt by $28.7 billion, resulting in interest savings of $1.7 billion for each and every year going forward, money that will now be available to meet the priorities of Canadians.

[*Translation*]

I am announcing today that for this year we will pay down a minimum of $10 billion dollars of debt. This means that over the last four years we will have reduced the national debt by over $28.7 billion, resulting in interest savings of $1.7 billion for each and every year going forward: This is money that will now be available to meet the priorities of Canadians.

Let me now turn to taxes. Our tax plan is designed with the following objectives in mind:

First, providing tax relief to all Canadians but to moderate and middle income families in particular.

Second, helping those who need it most through a number of general and targeted measures.

Third, promoting job creation and economic growth to give Canada and Canadians an advantage in the new economy.

Even more importantly, our plan will achieve these objectives by legislating, not promising, the largest tax cut in Canadian history, and by bringing our measures into effect by January 1, 2001, less than two and a half months from now.

[*English*]

One of the central themes of both our last budget and this ensuing economic statement is the need to foster a culture of innovation and entrepreneurship in Canada.

● (1550)

If companies are going to invest, we want them to invest in Canada. If they are going to create jobs, we want them to create jobs in Canada. If young people are going to have opportunities, we want them to have opportunities in Canada.

Our tax structure should provide incentives, not impediments, to achieving these goals. This is something that small businesses, particularly new start-ups, have been telling governments for some time.

Therefore, in order to increase the amount of capital available to small businesses, budget 2000 introduced a limited tax-free rollover of capital gains for eligible small business investments. Effective immediately, this measure will be expanded to raise the amount of the rollover from $500,000 to $2 million.

Furthermore, the size of business eligible for the rollover will be increased from $10 million to $50 million. This will help existing Canadian businesses to look for new opportunities, to innovate, to expand and to hire new employees. For new businesses it will mean greater opportunity to secure the resources they need to succeed.

At the moment, self-employed Canadians get a 17% credit on both the employer's and the employee's contributions to the Canada and Quebec pension plans. This puts them at a disadvantage with incorporated businesses which can deduct the employer's portion of these contributions. To remove this disadvantage, effective January 1, 2001 the employer's portion of the contributions to these plans will be 100% deductible.

As part of our approach to encouraging entrepreneurship and the creation of new jobs in Canada for Canadians, budget 2000 reduced the capital gains inclusion rate from three-quarters to two-thirds. Effective today we will go further. We will lower the inclusion rate to 50% and provide similar tax relief for employee stock option benefits.

An internationally competitive corporate tax system is essential to sustaining economic growth. At the present time we have a small business tax rate of 12%. For larger companies, there are a number of Canadian industries that enjoy a competitive tax rate of 21%. However there are other sectors, like high tech where much of the new job creation is occurring, that face a tax rate of 28%.

In budget 2000 we set out a five year plan to lower that rate from 28% to 21%. The plan called for a one point drop next year with the remaining reduction taking place by the end of five years.

Today, to assure that these companies remain internationally competitive, we are accelerating the plan. In addition to the one point reduction in the general corporate tax rate scheduled for the coming year, we will now legislate a two point cut in each of the following three years. By accelerating and legislating this timetable, companies can invest with certainty, knowing precisely when and by how much their taxes will fall.

Let me now turn to the most important aspect of our tax plan, personal income taxes, and let me begin by telling the House what our plan means for Canadians, especially moderate and middle income families with children.

The initiatives we announced in our last budget eight months ago would have reduced taxes for Canadians by an average of 15%. Today we will deepen these cuts to an average of 21%. For families with children we will do more, providing an average tax cut of 27%. As a result of the measures we announced in February and those we are announcing today, let me give some examples of the tax savings for Canadians.

• (1555)

A two earner family of four have a combined income of $60,000. Last year they paid about $5,700 in federal tax. Next year, beginning in January, that is two and a half months from now, their taxes will fall by $1,000. That is a first year savings of 18% and in less than four years their taxes will fall by 34%.

A single mom with one child earns $25,000 a year. Last year she received a net benefit of over $1,400. Next year, beginning in January, she will receive an additional $800 for a total benefit of $2,200.

[*Translation*]

A couple with two children, and one parent working, makes $40,000. Last year they paid $3,325 in federal tax. Next year they will pay $1,100 less, a reduction of 32%. In less than four years this family will see their taxes reduced by 59%.

A single father with one child earns $33,000 a year. Last year he paid almost $900 in taxes. Next year he will pay no net tax whatsoever.

[*English*]

Those are the stories, Mr. Speaker. What do they tell you? They tell you that we are cutting tax rates for all Canadians, that we are doing so substantially, that we are going further and faster than previously pledged, and that we are not waiting for some undefined time in the future to do so. These cuts take effect in less than two and a half months from now.

Let me now turn to the measures. Effective January 1, for those Canadians earning between $60,000 and $100,000 a year we are reducing the current 29% tax rate to 26%. We will eliminate the Conservative deficit reduction surtax for all Canadians effective January 1.

In budget 2000 we committed to lowering the middle tax rate from 26% to 23% over five years. Today I am announcing that moderate and middle income Canadians will not have to wait five years. Nor will they have to settle for 23%. This because we will lower the middle income rate effective this January and we will reduce it to 22%.

• (1600)

Let me now describe our approach to tax relief for low income Canadians, those who need it most. This is where our tax cuts began even before our books were balanced. Over the past three years we have raised the threshold at which no net tax is paid, removing one million Canadians from the tax rolls altogether. Eight months ago, the most important measure of budget 2000, we restored full indexation to our tax system, a measure designed to help low income Canadians in particular.

However, this is not our final word. We have always said that as resources permit we would do more for low income Canadians and we will do so in each and every budget going forward. Today we take the latest but not the last steps.

First, we will lower the 17% rate to 16% effective this January.

Second, in order to assist those families with children, we will increase the national child benefit supplement by $100 per child. This is in addition to the $200 increase announced in budget 2000, bringing the increase in the supplement to $300 per child effective next July 1. By 2004 this increase in the supplement will mean a total benefit of more than $2,500 for the first child with corresponding benefits for additional children.

Third, as the colder months approach, Canadians are concerned about the impact of rising energy prices on their home heating bills. This concern is particularly acute for those on low incomes.

Three weeks ago the member for Pickering—Ajax—Uxbridge, on behalf of government members, proposed an amendment to an opposition motion in order to ensure that relief is targeted to those who need it most. We agree. We are therefore announcing, at a cost of $1.3 billion for 11 million Canadians, a one time relief of $125 per individual, $250 per family to assist low and modest income Canadians in dealing with their home heating expenses.

[*Translation*]

Let me now turn to the measures. For those Canadians earning between roughly $60,000 and $100,000 we will reduce the current 29% tax rate to 26%, effective January 1, 2001. We will eliminate completely the deficit reduction surtax, the surtax imposed by the Conservatives, effective January 1.

In Budget 2000 we committed to lowering the middle tax rate from 26% to 23% over five years. Today I am announcing that moderate and middle income Canadians will not have to wait five years, nor will they have to settle for 23%. We will lower the middle rate effective January 1, 2001 and we will reduce it to 22%.

Let me now describe our approach to tax relief for low income Canadians.

First, we will lower the 17% rate to 16% effective January 1, 2001.

Second, in order to assist those families with children we will increase the national child benefit supplement by $100 per child. This is in addition to the $200 increase announced in budget 2000, bringing the increase in the supplement to $300 per child effective July 1, 2001.

Third, as the colder months approach, Canadians are concerned about the impact of rising energy prices on their home heating bills. This concern is particularly acute for those on low incomes.

• (1605)

We are, therefore, announcing, at a cost of $1.3 billion, a one-time relief of $125 per individual or $250 per family to assist low and modest income Canadians in dealing with their home heating expenses.

This government has always understood that there are certain priorities that cannot be deferred. Assisting Canadians with disabilities is one of these. Indeed, even when we were in deficit, we took action.

We have enriched the tax credit for infirm dependants, enhanced the medical expense credit, increased the child care expense deduction for children with disabilities and expanded eligibility for the disability tax credit.

[*English*]

Today we will do more. We will further enrich the amount for the infirm dependant tax credit from $2,386 to $3,500. We will similarly increase the supplement amount for the disability tax credit for children with severe disabilities from $2,900 to $3,500. We will increase the amount for the disability tax credit from $4,290 to $6,000.

Finally, in 1998, to recognize the increasing burden that many families bear as a result of an aging population, we introduced the caregiver credit. Today, effective January 1, we will increase the amount for that credit from $2.386 to $3,500.

[*Translation*]

In February we proposed to cut taxes by $58 billion over five years. Today, the measures we are announcing will increase that cut to $100 billion.

This plan delivers by far the largest tax cuts in Canadian history, but it is also balanced. It leaves the financial room to address priorities such as health care and education, the essential building blocks of a progressive society.

[*English*]

In February we proposed to cut taxes by $58 billion over five years. Today the measures we are announcing will increase that to $100 billion. This plan delivers by far the largest tax cuts in Canadian history, but it is also balanced. It leaves the financial room to address priorities such as health care and education, the essential building blocks of a progressive society. It also leaves the government with the capacity to deal with future priorities and unforeseen economic developments.

In our tax proposals we set out what we will do and why. Let me now say what we will not do and why not.

First, we will not spend 110 cents of every dollar forecast. We will not exhaust every penny of surplus on tax cuts leaving virtually nothing to fund the core services, nor will we base our actions on the rosiest of predictions. Sound financial management allows for the possibility of rain even in the sunniest of forecasts. In the past, governments have got into real trouble by forgetting that lesson.

• (1610)

Our approach has served Canadians well. It has taken us from massive deficit to surplus, from rising to declining debt, from credit downgrade to credit upgrade. So to those who say that we should gamble with Canadians' money we say no. We will not turn the nation's finances into a day at the track.

Second, we will not bring in the 17% flat tax. We will not bring it in tomorrow and we will not bring it in in five years. It is untried and it is unfair. It is unfair today and five years from now will not make it any fairer. It is unfair because it gives someone earning $1 million a year a tax cut of $130,000 compared to $500 for somebody earning $25,000. It is unfair because it would give the top 1% of all income earners in Canada $8 billion in tax cuts. That is almost 30% of the entire flat tax package. It is unfair even under the 17-25 interim flat tax plan because that would still give the same top 1% of income earners 16% of the total tax relief provided.

These results do not occur by accident. They are the intended effects of those who propose the flat tax. It is a clear reflection of the kind of society that they would build.

It would deliver to upper income Canadians tax relief that rightly belongs to the middle class and that is wrong. It rejects the progressive tax system, one based on an individual's ability to pay, and that is wrong. It offends the basic compact we have made with each other as Canadians to build this country together, and that is wrong.

[*Translation*]

Today we have spoken of the choices we face as a country, of the need for a vision that is broad enough to encompass all Canadians. A vision that shares opportunity across all regions and all income levels. A vision that rests on our mutual commitment as citizens of this remarkable country.

[*English*]

For 133 years we have proven that we could build a nation of opportunity and still provide for those who cannot provide for themselves. We have always known that we did not have to settle for less because Canada was capable of so much more.

We have always understood that true community only comes from working together in common cause and shared purpose, by doing what our heart says is right in a way that our head says will work. We cannot subscribe to the view that it is everyone for himself, that it is winner take all. How can we fulfill our promise as a nation if our vision of the national interest is so constricted by self-interest?

Canada stands at the threshold of its greatest era. Together we have come far and done much, but we know that prosperity is not a quiet cove where we rest; it is a journey that we must continually chart.

Every generation of Canadians has understood the responsibility to take what is passed to them and to make of it something better. Today that responsibility falls to us to translate the potential that we have into the prosperity that we seek, to build a Canada where our people feel there is nowhere else they would rather be than here because there is nowhere else where they can achieve so much. That is the true challenge we must meet. That is the challenge we will meet.

● (1615)

The Deputy Speaker: Order, please. It is my duty pursuant to Standing Order 38 to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for New Brunswick Southwest, Health; the right hon. member for Kings—Hants, Human Resources Development; the hon. member for Lévis-et-Chutes-de-la-Chaudière, Shipbuilding; and the hon. member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, Employment Insurance.

Mr. Jason Kenney (Calgary Southeast, Canadian Alliance): Mr. Speaker, I want to thank the Minister of Finance on behalf of the official opposition for the unprecedented gesture of spending a significant portion of the government's budget speech talking about the opposition's fiscal plan. We appreciate the attention very much.

I hear the nervous nellies across the way. I can understand that reaction. Canadians will continue to be nervous when they see the details in this fiscal plan and understand that the government continues to be committed to its sincerely held conviction that politicians and bureaucrats know better than working families or entrepreneurs how to spend an extra dollar.

The document tabled in the House today has made the fundamental differences between the Liberal government and the Canadian Alliance opposition even more evident. It takes a huge portion of the taxpayer overpayment, which the government calls its surplus, and directs it to new spending in low priority areas. This is the very type of spending that has been roundly criticized and condemned in its mismanagement by the auditor general this week.

We are talking about a $52 billion spending increase above and beyond what had already been projected by the government, $27 billion of which is not even related to reintroducing the health care funding slashed by the government in 1995. The $27 billion of new spending to go into low priority areas is not going to be kept in the pockets of working families and entrepreneurs to create new wealth, growth, hope and opportunity for Canadians.

Let me say at the outset that the finance minister talked about the state of the Canadian economy. We can all be glad that Canadians are finally seeing growth, but growth that unfortunately is largely being driven by exports to the United States, exports that themselves have been fueled by unprecedented low currency rates. Today our currency is at only 65 cents against the U.S. dollar. Before this government's time, the 1970s, our dollar was at par with the U.S. dollar. Much of the growth we are experiencing is in fact a reflection of the impoverishment of our currency and standard of living.

In this respect I would like to reference the views of an eminent Canadian economist. In a speech earlier this year he said that Canadian living standards measured by real disposable income per capita fell by 2% through the decade of the 1990s while American living standards rose by 18% over the same period. As a consequence, Canadian living standards fell from an estimated 74% of U.S. levels in 1989 to 61% in 1999.

● (1620)

He went on to say that if we extrapolate this trend of the 1990s over the coming decade, Canadian living standards will have declined to a mere 50% of U.S. levels. He said:

> I argue that there is a real danger of a continuation of Canada's relative income deterioration under status quo policies, to the detriment of Canada and Canadians.
>
> By status quo policies, I mean a business as usual attitude in Ottawa, including a continuation of the Red Book promise to direct half of all federal surpluses into higher government spending.

Who said that? None other than the Liberal Party's candidate in the riding of Markham, Mr. John McCallum, who said there is a very real risk that we will continue to see a diminishment of our standard of living.

Unfortunately that diminishment, which he and all other reputable private sector economists talk about, will continue under the fiscal direction outlined in the document before us today. There is too little tax relief and debt reduction too late. There is too much spending in this mini budget, with mini tax cuts and no real legislative long term plan for debt reduction.

As I said, this document outlines $52 billion in new spending by 2005. This money could be going to tax relief. The Canadian Alliance has tabled before Canadians a plan to provide $125 billion in tax relief over the next five years. This would constitute the single largest tax reduction in the history of Canada, increasing the