



Department of Finance  
Canada

Ministère des Finances  
Canada

Canada<sup>TM</sup>

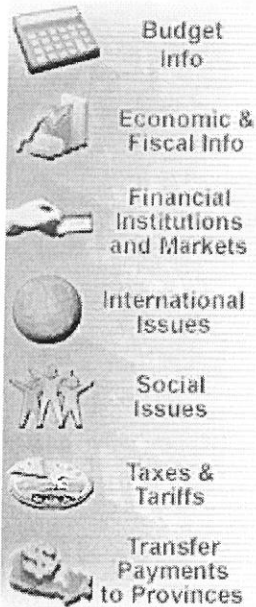
Français  
Home  
About Us

Contact Us  
What's New  
FAQ

Help  
Site Map  
Media Room

Search  
Glossary  
Publications

Canada site  
HotLinks  
Legislation



## Media Room - News Releases

Annual lists



FTP site

Notices to Media

Speeches

Ottawa, February 20, 2003

# Speech by the Honourable John Manley, Deputy Prime Minister and Minister of Finance, to the Canadian Club and Empire Club

Toronto, Ontario

Check Against Delivery

Good morning everyone and let me thank you all for coming out for this early event.

It is a testimonial to the importance of both the Empire Club and the Canadian Club that you consistently succeed in drawing such an interesting and compelling series of speakers. This is where the big ideas about our present and our future are. Of course, I'd also like to think my topic, our new federal budget plays a role in getting a crowd like this out at this hour of the morning.

As you know, long before I rose in the House on Tuesday, there were stories galore speculating on what I would say, what I would announce. Some even turned out to be true. But despite the headlines the real story on budget day was not the list of decisions.

The real story was this. Canada is taking charge of its future. We are no longer forced to react to fiscal circumstances. We capitalize on them now. We are no longer forced to focus on the burdens of yesterday. We make strategic choices that build the future that Canadians want in a rapidly changing world. Those are fundamentally important new directions for our government and for our country.

Months of pre-budget consultations, of meeting with Canadians in their own cities and communities, in every part of our country told me what Canadians wanted to see. They wanted to see intelligent choices that enable Canadians to thrive in a new world of opportunities and challenges. And that is precisely what our budget delivered.

We chose carefully. We put Canadians' money into the priorities that they identified. And above all, we only used the money we reliably believe we will have, no deficits, no unrealistic forecasts, no throwing caution to the winds.

Just wise investments in the highest priorities, responding to the interests of Canadians in building a society and economy that will succeed for all of us.

## **An Effective Fiscal Policy**

Let me start with the economy and our fiscal choices on Tuesday. I'm not starting there because these are sealed off from the rest of our choices, far from it.

I'm starting with our fiscal choices because they are essential to so much of the rest of our strategy. I'm starting here because our planning was based on some impressive strengths, 560,000 new jobs in 2002, our best performance ever. 3.3% economic growth over the same year, a rate that is the envy of all our G-7 partners. Six consecutive balanced budgets. More than \$47 billion taken off Canada's debt.

The list goes on and on. And our challenge is to make that list grow even more. But how? What choices to get the best results? One step was frankly, quite simple.

I announced that we would follow through with the rest of our \$100 billion tax cut package. I said that we will continue to balance our books and do it in a way that gives us the capacity to keeping reducing public debt. And Canadians everywhere agree that this is our only way forward.

But in talking with Canadians, I heard many proposals that could enable Canada to do even better. I heard ideas of how we can encourage the savings, investments and expanded capital pools that will make Canada even more of a magnet for growth. And we are doing just that.

If we want to spur savings, it makes sense to raise RRSP limits. If we want to strengthen the financial base for small businesses, it makes sense to raise the income ceiling for the small business tax rate, which we've now taken to \$300,000.

If we want to create jobs, then it makes sense to reduce EI premiums and to restructure how we set those premiums. If we want to support growth in our regions, it makes sense to reduce resource income taxation rates. And if we want to build jobs and attract investment in business of all sizes, it makes sense to eliminate the federal capital tax.

Each of these are key changes to keep a strong economy vibrant even in these uncertain times internationally. We have the confidence in our economy that we can take these tax-cutting steps and keep our books balanced, something that many of our trading partners cannot say, I should add.

## **Social Investments That Generate Economic Benefits**

But a government can get the numbers right and still get the totals wrong for Canadians.

Intelligent choices that enable Canadians to thrive have to be based on what makes for successful countries and successful communities. We know why some cities, some regions and some countries do better than others in terms of quality of life, in all its dimensions.

Social investments are a big part of the reason. Traditionally, social spending has been seen as a simple and simplistic question of left and right, Bay Street vs. Main Street. Some people are still very clearly stuck there. You heard some of the usual suspects after the budget the other day.

On the one hand we have a few who'd prefer a libertarian loonyland, where government is as relevant as a traffic cop at a demolition derby. To them it's "sink, swim, whatever." On the other we heard from people who never saw a social program they didn't like.

I have news for both groups. Results are an infinitely better litmus test for our ideas than ideology. And our success in getting so much, so right, has enabled us to generate the results for even better choices when it comes to programs and services that reach Canadians.

Effective investments in learning and literacy ensure that Canadians are in the driver's seat for a knowledge-based economy. Effective investments in health mean a productive, secure people. Effective investments can open doors for all of Canada's children. Effective investments bring us a healthy environment. Effective investments support a flourishing culture. Effective investments build and strengthen the infrastructure of growing, thriving communities.

Each of these, and more, is in our budget because they mean results for a stronger society and a stronger economy. Because in the long run, Bay Street can only be as healthy as Main Street is too, in every sense.

The renewal of Canada's health care system received much deserved focus in our budget but there is much more to talk about. Let me start with our commitments to Canada's cities and communities of all sizes.

I know that many people asked where the money for our cities was on Tuesday afternoon. I understand the question because I understand how important our cities are to Canada. The question for us was what will do the most to make our cities into more healthy, more vibrant communities that offer the most attractive quality of life for everyone in them?

What will enable cities to become magnets for the innovative, creative people who lead the way in our knowledge economy? What will help them function in the most basic ways that matter to people, transportation, environmentally and culturally? What can we do to help people on the margins contribute to our success, by building their own success along the way? Our budget is answering those questions by focusing on some key challenges. We have just allocated \$3 billion to infrastructure, that will mean critical support for the roads, sewers and public facilities that our cities depend on.

Now, I have heard a lot from Canada's mayors since Tuesday. Not surprisingly, they wanted more in the budget. But, you know what, they did get more than they are accounting for. More importantly, Canadians got more.

What they got was a long-term, a ten-year commitment to renewing Canada's infrastructure. That commitment is there to stay. In money terms, they got a substantial downpayment on that commitment, \$3 billion, and this on top of the \$5 billion dedicated since 2000.

And there will be many more federal budgets where we can, and most assuredly will, build further on this commitment. Moreover, these important federal investments have further aided our cities by requiring new provincial investment in infrastructure, and by leveraging significant private investment as well.

Moreover, answering the needs of our cities is not just about investments in bricks and mortar. It is also about investments in the lives of people and especially the people who find themselves at the margins of our communities. It is about our investment in health care. It is about our action on child poverty. It is about the \$1 billion we have invested in affordable housing. It is about bringing down the barriers for low income families to take, and to keep, good jobs. So measures such as support for childcare and a larger child tax benefit, including support for families of kids who have disabilities are there for those moms and dads and for their kids.

Another is support for innovation and learning. As you know, I spent the better part of seven years as Minister of Industry. And during my time in that portfolio, I was proud that we moved to an extremely strategic approach to our mandate. This city benefited when institutions such as the University of Toronto, York, Ryerson became stronger settings for research and learning.

We supported excellence in university research with actions such as the Canada Foundation for Innovation. We supported new approaches to partnerships for innovation. We linked every school and library to the internet so that everyone would have access to today's tools for learning. More broadly, our government added to this with investments in education in many ways. That was a good start. And now it's time to take those achievements further.

This is why we have just created the Canada Graduate Scholarships which will increase the number of scholarships offered through federal government funding each year to somewhere near 10,000.

It's why we have made convention refugees in Canada, who are starting to build new lives in our communities, now eligible for student aid. And it is why we are adding to our efforts to help newcomers to Toronto and other communities across Canada to apply their skills and talent to productive enterprise as quickly as possible.

We're doing it through advanced language training for people who need to learn the language of skilled workplaces. We're doing it through measures that will make it easier for tradespeople and professionals, such as nurses or engineers, to get their expertise recognized.

These steps will build stronger cities that are magnets that don't just receive skilled people from around the globe but that actually welcome their contributions.

That same commitment to stronger cities that draw on the talents of all their citizens shows across the many other decisions that I announced the other day for example, to tackle the issues surrounding the needs of Aboriginal Canadians and people with disabilities. It also shows in specific commitments such as support for the Medical and Related Sciences Project here in Toronto.

In all these actions, our objective is the best investments, to generate the best results for all Canadians by focusing on their needs and the needs of the communities where they live.

## **More Accountable, Transparent and Responsive Government**

For me, one of the most important elements in the budget was one that did not get the same headlines as the rest, our decision to respond to the demand from Canadians for more accountability in spending.

At the heart of our response is a commitment to ongoing review of all federal programs. And a commitment to move a billion dollars a year from existing programs and services to areas that matter the most to Canadians. The reason for this is straightforward. A program or initiative that seemed like a good idea a few years ago may no longer be quite good enough to justify continued support, given everything else that Canadians want us to do.

Canadians understand this. Businesses certainly understand it, too. And from the feedback since Tuesday, I have seen that Bay Street and Main Street are in total agreement on the need to look to better use of existing spending before we put new dollars to work.

Our commitment to constant improvement takes many forms. On Budget Day, it showed when we cut the Air Travellers Security Charge by over 40%. It showed when we moved funds back into some core government services such as our Coast Guard that were clearly below what was needed.

## **Canada's International Commitments**

That same determination to look at where we are now and where we want Canada to be is important in one other role for government, ensuring Canada's international presence reflects our values and our interests.

The months since September 11, 2001 have seen a major readjustment of Canada's international environment. We have built an open economy that depends on the easy movement of goods and people in North America. We have entered into a more uncertain world where threats to our security come in more forms and from more sources than we used to believe.

We cannot take our international role and potential for granted. What we do at home shapes our influence abroad. The role that we project internationally reflects our sense of who we are, and what we want for the rest of the human race. So, just as our social and economic policies are ultimately intertwined, our domestic and foreign agendas are, as well.

In budget terms that led to thought about what Canada can do for the world in this new environment. We need to define what Canada needs to do for its own long-term interests in that same environment.

That process is underway across our government at the policy level. It is an essential element in this year's budget with its \$1.6 billion in new funding for the Canadian Forces over two years, on top of an immediate \$270 million for this fiscal year.

We are putting new resources into our diplomatic and trade presence in the United States where Canada must be visible, active and connected. We are implementing our 30-point Smart Border Action Plan, so that our vital cross-border trade flows more smoothly in the interests of both partners.

The same commitment to a more just, more stable, and more economically strong world is evident in our work with Africans, through support for the New Partnership for Africa. It is behind our commitment to an 8% increase in international assistance.

Each of these represents an investment in a more stable and secure world. Each represents proof that Canada's interests are best-served when we also address the interests of the world.

## Conclusion

You know, since the 1980s, our debates in Canada have been about challenges. Unemployment. Deficits. Competitiveness. Unity. Marginalization. Now, a new and different note is emerging. Optimism.

Yes, the world is an uncertain place today. Yes, our country faces challenges of many kinds. Yes, the business cycle has not been banished from our world. But we are now in a position to talk about opportunities in a way we have not been for many years. We are in a position to make intelligent choices that enable all Canadians, not just some, to thrive in this new world of opportunities and challenges.

We are in a position to build on Canada's impressive base of results over the past decade and look ahead. We are in a position to deal with whatever comes in our global environment with the resources and confidence that come from real control of our fiscal situation. In 2003, Bay Street is Main Street.

Everyone in this country has a stake in answers that work now. The whole world has a stake in our getting it right. On Budget Day, we moved firmly to address challenges and opportunities. We took steps that will translate into improvements that will touch the lives of all Canadians. We took steps that will make our country the showcase it deserves to be.

Thank you.

---

Last Updated: 2003-02-20



[Important Notices](#)