



## Ted Chudleigh column

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### **Budget has us at the tipping point**

Ontario is slipping closer and closer to have-not status in Canada. It seems impossible, but for the first time Ontario is on the verge of receiving transfer payments from other provinces.

The Liberals are ideologically frozen into inaction on Ontario's economic front. Despite having the highest business taxes in North America, the McGuinty Liberals cannot see that high taxes drive business away. Despite the evidence, they do not believe that cutting taxes generates more revenue from increased economic activity.

Instead the Liberals will try Bob Rae's tactic and attempt to spend their way out of a recession. The centerpiece of their budget is to spend money on infrastructure and retraining programs. While the infrastructure will at least provide a tangible benefit to Ontario taxpayers, the retraining programs will do nothing but train displaced Ontario workers for jobs in Alberta.

Our economy is in real danger. Outside pressures are huge and stacked against us. Standing firm on high business taxes simply adds one more negative to an already difficult situation.

The Liberal budget is razor thin. Every thing has to come up roses if Ontario is going to avoid a deficit. The Liberals have projected a small surplus but they have very little wiggle room.

Their contingency fund is a \$600 million surplus on a budget of \$96.9 billion. They have increased projected revenues which are under threat as taxpayers are still losing manufacturing jobs. Their assumptions underlying the budget, among them the price of oil, interest rates, and an expansion of economic growth, are very optimistic. If any one of these assumptions fails to play out as predicted the budget will likely drift into

deficit. If they all fail, the pain will be tremendous.

This budget shows the drift of Liberal policy. We need to be fixing those problems which have led us to the brink of economic chaos. Putting bandages on the wounds will not cure the disease.

Another 20,000 manufacturing jobs left Ontario last month, driving losses to 174,000 since 2005. More than 71,000 people left Ontario for other provinces - because they can't get work here. These former taxpayers are no longer contributing to Ontario tax revenues. People are voting with their feet. That's a damning indictment of our economic prospects.

Four other Canadian provinces have dropped their business taxes in the past two years - they are all blessed with strong economies as a result.

Ontario is projected to have the weakest economic growth in Canada for the third year in a row.

On top of the problem of high business taxes is the perception that Ontario is anti-business. Those perceptions take a long time to change. Even if the McGuinty Liberals saw the light, they simply cannot flip the switch and power our economy - their actions have eroded any trust that Ontario will maintain a business friendly environment.

The raw budget numbers are a bit frightening. The Liberals project revenues of \$96.9 billion, an increase of 41 per cent since 2003. It also projects an increase in program spending of \$28.2 billion since 2003, an increase of 48 per cent. Projecting higher tax revenue doesn't ensure you will receive it. Projecting increased spending doesn't guarantee it. We are at the top of an untested roller coaster about to tip us over the edge.