

Bring back 50/50 spending formula, says MP Godfrey [CA] ^[1]

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Source: Hill Times

Format: Article

Publication Date: 21 Oct 2002

AVAILABILITY

See text below.

EXCERPTS

The federal government should use some of the billions of dollars it has reaped in five consecutive surpluses to pay for a new national daycare system or it should buy new defence equipment instead of putting all the extra money into paying down the national debt, says one of the Liberal Party's senior caucus chairs.

"You could argue that we are so far ahead in the debt repayment scheme that maybe we can return to the concept of fifty-fifty" said Liberal MP John Godfrey (Don Valley West, Ont.), who chairs the Liberals' 22-member National Children's Agenda Caucus.

The "50/50" concept is a strategy the Prime Minister laid out when the government started recording surpluses in the federal ledger in 1997. In an effort to balance demands from some Liberal MPs to spend new money on new programs, on the one hand, and demands from the fiscally conservative wing of his caucus, on the other hand, to keep spending down, Prime Minister Jean Chrétien (Saint-Maurice, Que.) promised to divvy up new surpluses with half going to paying down the debt and the other half going to new projects.

But with all of the newest surplus going to pay down the debt, Mr. Godfrey said MPs could start asking "where is my 50 per cent?"

Mr. Godfrey said he wants a cut of the surplus to go to a national childcare program.

"What we would be proposing would be in the order of \$1-billion," said Mr. Godfrey. "With the low-balling of the surplus we are less hesitant in asking for it."

Last week, Finance Minister John Manley (Ottawa South, Ont.) announced a \$9-billion surplus for the federal government in 2001-2002. In the same breath, the fiscally conservative finance minister announced that extra revenue had been applied to the nation's debt. This new infusion of money brought the federal debt down to \$536.5-billion.

Mr. Manley defended paying down the debt as a priority which would save taxpayers more money and eventually allow the government to spend more in the future.

"The reduction in the debt translates into ongoing interest savings of \$3-billion per year," said Mr. Manley.

However, after several surplus announcements which have exceeded expectations, Mr. Godfrey said he is becoming skeptical about the Finance Department's predictions about the amount of the government's revenue.

"This is truly the gang that couldn't count straight," he said.

The surplus was \$3-billion more than the finance minister had predicted and has led a top economist to suggest the government could take in more money than it had predicted for this year.

Mr. Godfrey has been pushing for a national child daycare program for years. Now, he points to "permissive words" in last month's Speech from the Throne that indicate the government is ready to move forward with the program.

While the Throne Speech did not specifically mention a national daycare program, it did say the government would look at ways to help single parents break out of poverty.

Mr. Godfrey said that with consecutive surpluses, the finance minister who is starting consultations on his first budget, is now in the position to see more than the debt and look at new programs.

"It means that without risking the financial health of the nation, the government is in a position of making a few strategic investments," said Mr. Godfrey.

Toronto Liberal MP Alan Tonks (York South-Weston, Ont.) also wants the government to look at different spending options. He chairs the Liberals' 48-member GTA Caucus which will start setting its budget priorities when it meets this week. Transportation will probably be a top concern for the area MPs.

Mr. Tonks said in its budget planning, the government should look at spreading out government spending in different areas.

"I believe in a balanced approach with a little bit to this and that," he said, adding that money could go to reducing the debt and to social programs.

Liberal MP David Pratt (Nepean-Carleton, Ont.) chairs the House of Commons' National Defence Committee and is one of the most vocal advocates on the Hill for more money for the military. Last spring, his committee tabled a report urging the government to increase defence spending to 1.6 per cent of the gross domestic product.

He argued that defence should take a special place among federal responsibilities.

"There is a critical need on defence," he said. "It is the sole responsibility for the federal government, not like health or the environment which are shared with the provinces."

While his Liberal colleague suggested that the surplus could be a new source of money for projects, Mr. Pratt said cutting payments to the debt could undermine the Liberals' reputation as "good fiscal managers."

"It could be next to a disaster politically," he said.

This means the finance minister will have to make tough choices about federal funding and cannot make everyone happy by spreading out government revenues, said Mr. Pratt.

"Of course it makes it tough on John Manley," said Mr. Pratt, adding that if a choice had to be made between funding health and defence, he would encourage more funding for the military.

In the coming months, the MPs will be appealing to ministers to champion their cases. Mr. Godfrey said the children's caucus plans to meet with Human Resources Minister Jane Stewart (Brant, Ont.) to come up with a plan for national childcare that she can take to Cabinet and the provinces.

"Our job is to strengthen her hand," he said.

Mr. Pratt predicts the Commons Defence Committee will meet with National Defence Minister John McCallum (Markham, Ont.) and the Chief of the Defence Staff General Ray Henault.

Late last week, the finance minister met with several key economists in preparation for the government's fiscal and economic update. Officials say the minister hopes to release the update and meet with the House's Finance Committee in the coming weeks.

Other Liberal MPs hope he will meet with the national caucus as part of the pre-budget consultation.

-Reprinted from The Hill Times.

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