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Chair

The Honourable Wayne Easter

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• (1105)

[English]

The Chair (Hon. Wayne Easter (Malpeque, Lib.)): We will call the meeting to order.

Pursuant to the order of reference of Tuesday, April 30, 2019, we are dealing with Bill C-97, which is the budget implementation act.

We have several witnesses here.

I hope you can hear us, Mr. Milligan. You're by video conference. Can you hear us?

Professor Kevin Milligan (Professor of Economics, University of British Columbia, As an Individual): Mr. Easter, I can hear you loudly and clearly across the country.

The Chair: Great. We have everybody on deck.

We'll start with the Canadian Alliance of Student Associations. Adam Brown is the Chair.

Go ahead, Mr. Brown.

Mr. Adam Brown (Chair, Canadian Alliance of Student Associations): Good morning, Mr. Chair, esteemed committee members, fellow witnesses and members of the gallery.

I would like to start off by acknowledging the traditional and unceded territory of the Algonquin Anishinabeg people, where we have the privilege of gathering today.

My name is Adam Brown. I am the Chair of the Canadian Alliance of Student Associations, or CASA. I'm also the vice-president external of the University of Alberta Students' Union, and a fifth year student completing a business degree, majoring in business, economics and law.

CASA is a non-partisan, not-for-profit organization that represents over 360,000 students at colleges, universities and polytechnics across the country. Through a formal partnership with the Union étudiante du Québec we are entrusted a national student voice. We advocate for a post-secondary system that is accessible, affordable, innovative and of the highest quality.

Thank you for your invitation to appear before the committee to discuss our impressions of Bill C-97. I'm thankful to be here representing students at a time when there is a threat to student organizing especially here in Ontario. When students are unable to speak for themselves, it jeopardizes representation, accountability and democracy. Everyone suffers, especially post-secondary institu-

tions. I'm hopeful that in the future, students will continue to have opportunities like this one.

Broadly speaking, we are very pleased to see budget 2019's investments in young Canadians, especially the government's commitments to student financial aid, indigenous students, graduate student research and work-integrated learning. I will spend the remainder of my time briefly overviewing our impression on the proposed changes within these areas.

Budget 2019 brings important changes to the Canada student loans program. We are especially excited to see the lowered interest rates and the new interest-free six-month grace period.

Furthermore, we are pleased to see the additional changes made to help modernize the Canada student loans program to better respond to the needs of vulnerable student loan borrowers. This includes the expanded grants for students with disabilities and the interest-free, payment-free, stackable leave for borrowers taking temporary leave due to parental or medical reasons, including severe mental health issues. This recognition and inclusion of students struggling with mental health challenges in the Canada student loans program is a welcome adjustment and will certainly support many students throughout their studies.

In 2016, the National College Health Assessment survey of Canadian post-secondary students reported that 46% of students felt, and I quote, "so depressed that it was difficult to function".

The Mental Health Commission of Canada further reports that about a half of post-secondary students with mental health disabilities will experience the onset of their condition over the course of their post-secondary education. Our campuses are experiencing a mental health crisis and this recognition by the federal loans program is an important first step in addressing it. We are eager to see how this will continue to be applied across other areas of the program.

We were also very pleased to see tremendous investments in first nations, Métis and Inuit students through individualized education strategies, specialized skills and employment training, mental wellness initiatives, increased grants and bursaries, and investments in Arctic and northern education. We hope this will be a first step in adopting all of the Truth and Reconciliation Commission's calls to action, especially in providing adequate funding to end the backlog of first nations students seeking post-secondary education.

In 2018, the Assembly of First Nations identified 36,901 students who were eligible but unable to access government funding to attend a post-secondary institution. Increasing meaningful and sustained access to post-secondary education for first nations, Métis and Inuit communities is an important first step in the ongoing journey towards reconciliation.

Students are also pleased with the investments in graduate student research, including those to the Canada graduate scholarships program, which will create 500 more master's level scholarships and 167 more doctoral scholarship awards annually. These investments will give more students the chance to contribute to Canada's growth and prosperity through innovative research.

• (1110)

The Chair: Could I get you to slow down a little, Adam. They're having a job trying to keep up in the booth.

Mr. Adam Brown: We hope this will open the door for further support for graduate students for grants to those who need them.

Finally, we were encouraged to see investments in paid, work-integrated learning opportunities. This includes the projected increase of 84,000 new job placements, as well as the expansion to offer opportunities for students in the arts, humanities and social sciences fields. In our recent paper, "Shared Perspectives: A Joint Publication on Preparing Students for the Workforce", student organizations across the country shared their expertise on the benefits of work-integrated learning, including the added skills and long-term salary benefits for students who participate in these programs. We trust the implementation of this program will support marginalized students who encounter additional barriers in accessing these opportunities.

In an effort for further inclusion, these opportunities must also include streamlined access for international students. As stated in our pre-budget submission, Canada recommends that the federal government remove the requirement for international students to seek an additional work permit to pursue co-op and internship opportunities, and instead allow this work under the international student study permit.

I would like to thank you again for the opportunity to discuss Bill C-97, and students' impressions on budget 2019's investments in student financial aid, indigenous students, graduate students and work-integrated learning.

I look forward to your questions.

The Chair: Thank you very much, Adam.

We'll turn now to Mr. Bourque, CEO of the Canadian Real Estate Association.

Welcome.

Mr. Michael Bourque (Chief Executive Officer, Canadian Real Estate Association): Thank you, Mr. Chair.

Adam, you'll be happy to know that in our organization we hired five students this summer because we can use students, but also because I strongly believe that we have to give opportunities to students during the summer.

I am pleased to be here on behalf of 130,000 realtors who live and work in every community across Canada.

I would like to start by recognizing the government for acknowledging the social and economic importance of home in budget 2019. At the Canadian Real Estate Association, our role is to advocate on behalf of homeowners, homebuyers and home sellers. We support policy efforts to secure the entire housing spectrum, from emergency shelters to rental housing to ownership. All Canadians deserve safe and secure shelter.

Two years ago, the government launched the first-ever national housing strategy to help give Canadians a place to call home, and we strongly support the budget 2019 efforts to make this a permanent and ongoing effort. Long-term investments, such as the rental construction financing initiative, will help move people along the housing spectrum from social housing to rental apartments and into their own home.

Turning to ownership, it is clear that it has become more difficult for first-time homebuyers to accumulate enough capital for a down payment, as incomes have not kept pace with housing prices. Last fall, realtors met with many of you to highlight the concerns of millennials anxious to buy homes, but this anxiety applies to many first-time homebuyers, including millennials, small business people and new Canadians, so helping Canadians with a down payment through the first-time homebuyer incentive is positive.

The initial \$1.25 billion in grants could, according to our estimates, help some 100,000 Canadians. The plan will encourage new home construction, which we consider critical given housing supply issues in many parts of the country. We look forward to getting more details about this shared equity program. Realtors are anxious to know more so they can encourage their clients to make use of the program to fulfill their home ownership dreams.

Another key program is the the homebuyers' plan, which allows a first-time homebuyer to access their RRSP for a down payment on their home. It has helped over 2.9 million Canadians purchase their first home. The homebuyers' plan is a program born of realtors' advocacy efforts in the 1990s, so we were pleased that budget 2019 included an adjustment to the plan by raising withdrawal limits to \$35,000. One-quarter of all withdrawals were maxed out at the previous limit of \$25,000. A higher limit will help people achieve home ownership with less debt.

We know that Canadians work hard to get into their first home, but significant life changes can compromise their ability to maintain the family home. The extension of the program to Canadians who experience a marital breakdown, allowing them to use their RRSPs to maintain home ownership, is great news. This compassionate measure has the potential of helping 25,000 Canadians every year during a difficult period in their lives.

Other initiatives in the budget that we consider promising include the housing supply challenge and the review of housing supply and affordability in British Columbia.

Finally, we are encouraged by a line from the budget document that reads, "The Government continues to closely monitor the effects of its mortgage finance policies—including the stress test for insured mortgages—and would adjust them if economic conditions warrant, to support access to housing while safeguarding financial stability."

This vigilance is critical, as we know that the impact of the stress test, especially on housing markets that were already in balance or in distress, has been significant. B-20 rules have sidelined many potential homeowners. For example, a buyer in Moncton needs to save about \$28,000 more for a down payment on a single family home after the implementation of the stress test. In Edmonton, with a benchmark price of \$380,000 for a single family home, a first-time buyer would need to save an additional \$60,000 toward their down payment.

• (1115)

We understand Canadian regulators are laser-focused on measures to lower household debt and limit the risks to our financial system. At the same time, we believe and support financially responsible home ownership. We don't think those two goals are incompatible.

No single measure will address housing affordability. While budget 2019 has many positive initiatives, we will continue to advocate for additional policy innovation that is coordinated across all levels of government and executed in partnership with stakeholders in the housing sector.

As you return to your ridings in a few weeks, I think you will find your constituents expect nothing less from us all.

Thank you for your time. I'd be happy to answer questions.

The Chair: Thanks very much, Michael.

Turning now to Macdonald-Laurier Institute, we have Mr. Cross, who has been here quite a few times.

Welcome again, Mr. Cross.

Mr. Philip Cross (Senior Fellow, Macdonald-Laurier Institute): Thanks for having me back.

I promise I'll limit my reference to data to the first two paragraphs, so don't be scared that I'm going to drone on with data from my StatsCan days forever.

Canada's real GDP fell by 0.1% in February, continuing a weak trend of only 0.1% growth over the last six months. Mediocre growth of less than 2% has persisted from 2015 to 2019, with the exception of a 3% gain in 2017.

Canada's slow economic growth is all the more striking in view of accelerating growth in the U.S., our main trading partner. Over the past four quarters, real GDP in the U.S. has risen by 3.3%, building on gains of 2.9% in 2018, 2.2% in 2017 and 1.6% in 2016.

The United States is the only G7 economy that has strengthened consistently over the last four years. What explains the unique buoyancy of the U.S. economy? One variable stands out as different in the U.S.: the steady acceleration of business investment. As documented in the Bank of Canada's recent monetary policy report, business investment growth in the U.S. has strengthened steadily from essentially nothing at the end of the Obama administration to nearly 7% over the past year.

Why is business investment robust solely in the U.S.? The upturn reflects the raft of pro-business initiatives from the administration, including historic cuts to corporate income taxes, accelerated writeoffs of capital spending, massive deregulation, and the most pro-business rhetoric seen from any administration in recent memory.

By contrast, business investment in Canada today is 13% below its peak in 2014, and the Bank of Canada anticipates another small decline in 2019. Of course, some of the weakness in business investment reflects the 2015 downturn in oil prices. However, investment since then has declined in a majority of industries despite the absence of a recession. As such, much of the retreat is due to factors within Canada's control. For example, pipeline firms want to invest more, but have been continually thwarted by government opposition and regulatory blockades. This fosters the growing impression in the global business community that Canada is not serious about committing to economic growth, focusing instead on the distribution and not the creation of income.

Some may claim that sustained employment growth reflects a buoyant economy. The regional breakdown of jobs growth suggests that new provincial government policies and attitudes to business have sparked these gains more than the macroeconomy. The upturn of employment, even as GDP has sagged, has been concentrated in Ontario and Quebec. As detailed in a recent commentary I wrote for MLI, firms in Ontario delayed hiring in the first half of 2018 until they were certain that the Wynne government would not be re-elected. That government had adopted several policies that made labour more expensive for firms. However, once a new government was elected in June, firms became more confident that their labour costs would not be subject to further unexpected increases and they resumed hiring. Hiring the former head of the Ontario Chamber of Commerce as chief of staff for the Treasury Board minister sends a resounding message to the business community.

A similar pattern played out in Quebec around the election of the CAQ government under François Legault. In the year before its election, jobs in Quebec fell outright by 0.6%. However, the election of the CAQ with a platform of tax cuts, no referendum on sovereignty and a firmly pro-business cabinet was followed by a surge in jobs, despite widespread reports in Quebec of labour shortages.

With employment surpassing output growth at the turn of the year, the effect is a further dampening of labour productivity. Stagnant labour productivity has become chronic in Canada with no net change since the oil price crash late in 2014. Lagging productivity is symptomatic of our declining competitiveness regularly cited by Canada's business leaders. Weak productivity reflects the failure over the last two years to engineer a transition to growth driven by business investment and exports.

In a little-noted speech in February, Bank of Canada Governor Stephen Poloz addressed the power and limitations of policy. He acknowledged the risks of maintaining low interest rates far longer than ever envisioned in 2008, including the stress for retirees who rely on interest income and the risk of rising household debt levels. Most importantly, Poloz acknowledged that economists do not have a complete understanding of how the economy works and how it will react in the future to policies adopted in today's uncertain global environment. It is time for more federal leaders to similarly recognize the limits of the government's ability to manipulate outcomes in our economy. Fostering a better environment where businesses can invest and grow may be one of the best initiatives it can make.

• (1120)

The trend of jobs in Ontario and Quebec underscores the importance already demonstrated in the U.S. of adopting pro-business policies and attitudes. Seeing new governments in Ontario and Alberta competing for the mantle of "open for business" shows that Canada is beginning to understand the necessity of responding to the pro-business administration in Washington. Former President Obama said, "The world needs more Canada." If he'd understood Canada more, he would have added, "Canada needs more business."

Thank you.

The Chair: Thank you, Philip.

I'll turn now to Mr. Milligan, a Professor of Economics at the University of British Columbia, speaking as an individual. Then we'll come back to Ms. Therrien.

Prof. Kevin Milligan: Are we good to go?

The Chair: We're good to go.

Prof. Kevin Milligan: Great.

[Translation]

Thank you for your invitation.

My name is Kevin Milligan, and I am a Professor of Economics at the University of British Columbia, here in Vancouver.

[English]

I will direct my remarks to the changes to the guaranteed income supplement that are proposed in Bill C-97.

The GIS was introduced in 1967, and has grown into a vital part of Canada's retirement income security system for seniors. The GIS is focused on low-income seniors, with over two million seniors now receiving the benefit. That's about one third of all seniors in Canada. The GIS is vital to poverty alleviation among seniors. Some people arrive at retirement with too little income. Maybe they had unemployment or a health problem that made it difficult to save when they were younger. Others start retirement on a firm footing but end up outliving their savings and risk falling into poverty at older ages. In both these cases, the GIS tops up the income of these low-income seniors and allows them to have a dignified retirement.

A challenge with the GIS arises from how it is phased out with income. As someone earns more income, the GIS is reduced at rates of 50¢ to 75¢ on the dollar. If you earn one more dollar, you lose 50¢ or 75¢ off your GIS. For low-income seniors who want to work past age 65, these phase-out rates impose a very high effective tax rate on earned income.

Now, many seniors are actually pretty happy to retire from the workplace. They just put their feet up and enjoy their family. Others are unable to work because of health or family needs. For those Canadians, the GIS is there for them to top up their incomes. However, there are some older Canadians who want to continue working. Perhaps they're a new Canadian who arrived in Canada midway through their life and they need to fortify their retirement savings in order to build a nest egg. Perhaps they're someone who wants to continue to ply a trade part time into their retirement years. For those Canadians who want to work, the phase-out rates in the existing GIS can present a barrier to work.

In budget 2008, finance minister Jim Flaherty established an exemption of \$3,500 for earned income in the GIS. For the first \$3,500 you earned, you didn't lose anything off your GIS cheque. This exemption currently allows seniors to earn up to \$3,500 a year without losing their GIS.

In budget 2019 and here in Bill C-97, Minister of Finance Bill Morneau has proposed to extend and enhance this GIS exemption in three important ways. The basic exemption is proposed to be extended up to \$5,000. There will then be a partial exemption on the next \$10,000 of earnings. As well, self-employment will now qualify for the exemption. Combined, this means that a senior who might be working at a part-time job or another kind of job and earning, say, \$20,000 a year will now be further ahead by almost \$3,000 per year.

In my assessment, this measure is well designed and should be supported for two main reasons. First, the GIS is left in place for those who need it most, that is, seniors at highest risk for poverty, and this proposal leaves in place every dollar now going to needy seniors. Second, for those able to work, this measure allows them to keep more of their earnings and build a more secure income base for their own future retirement.

Thank you for this opportunity to testify. I look forward to your questions.

• (1125)

The Chair: Thank you, Kevin.

Turning to Universities Canada, we have Ms. Therrien.

Ms. Wendy Therrien (Director, External Relations and Research, Universities Canada): Thank you very much, Mr. Chair.

Thank you for the opportunity to speak to you today on behalf of Canada's 96 universities about the implementation of budget 2019.

Our president, Paul Davidson, last appeared before this committee in September to talk about our pre-budget submission. He spoke about how, in a world of disruption and constant change, our most valuable resource is our people, and equipping them with the skills and talents they need to make Canada a prosperous country is one of our most important priorities.

[*Translation*]

Canadian universities are very pleased with the set of measures contained in Budget 2019 to prepare Canadians for the jobs of the future, as well as the recognition of the central role universities play in training Canadians and stimulating the economy.

Canadian universities will continue to benefit from previous investments in research and learning infrastructure, as well as from measures to support collaboration between universities and business so as to stimulate innovation and economic growth. These measures also support science and university research.

In this context, the emphasis placed in this year's budget on skills and talent will help Canadians to remain productive and adapt to our era, which is marked by profound technological, economic and social changes.

• (1130)

[*English*]

Budget 2019's investments look to leverage the strengths of all players, including post-secondary institutions, governments, business and civil society to ensure that all Canadians get the skills and experiences they need to start their careers, to advance them and to transform them at any point.

Universities Canada started more than a year ago to push for all students, every student, independent of area of study to have access to a work-integrated learning experience during their post-secondary education experience. This ask was endorsed by the business and higher education round table as well as multiple stakeholders. We were very pleased to see budget 2019 commit to 84,000 new work-integrated learning placements and to pick up that call for those placements to be accessible for all students across areas of studies with a particular emphasis on making sure access is there for people from diverse backgrounds. Work-integrated learning is essential to make sure that not only students have those work connections but the skills they will need to seek employment post-graduation.

We were also pleased to see the new Canada training benefit, which will allow Canadians to plan for the training they will need as their careers progress.

We also saw the investments made in the international education strategy, which are critically important. Canada receives international students from a wide variety of countries, and those students contribute no less than \$20 billion to Canada's economy.

In addition to that, there were investments in an outbound student mobility pilot program. In an age of globalization, the value of international study and work opportunities cannot be understated, particularly for students from under-represented groups. Students who have studied abroad learn more. They are more resilient in a global economy and have the skills and connections that employers are looking for.

Let me give you one example. Recently, Power Corporation of Canada gave \$1.5 million to the University of Ottawa to fund co-op and research opportunities abroad. That's just one example.

Budget 2019 also responded to the fundamental science review's call for better support for the next generation of researchers and innovators by creating additional scholarships for master's and doctoral students through the Canada graduate scholarships program. In a knowledge-based economy that is facing digital disruption and strong international competition, increasing the number of highly skilled, talented Canadians will be key to Canada's economic success.

We were also pleased to see the supports for indigenous learners, including funding for the post-secondary student support program.

We welcome the funding to expand post-secondary options in the Arctic and in northern Canada.

Finally, changes to student financial aid, including extension of the interest-free grace period, lower interest rates for the Canada student loans program and improved supports for students with disabilities, were also measures that were well received by our sector. A tool box of measures that supports student access, particularly targeted at those most in need, is helpful in ensuring an accessible, affordable system of higher education that meets the demands of an increasingly complex economic environment.

In conclusion, budget 2019 provides meaningful measures to support universities, businesses and governments to collaborate concretely to prepare Canadians for success in changing times. It will expand collective efforts, such as those by Ontario Tech, Trent University, the Oshawa Chamber of Commerce and Durham College, to retrain and upskill workers displaced by the GM plant closure.

Universities Canada looks forward to the implementation of budget 2019, and continuing to work with the federal government and all of our partners to prepare Canadians and Canada for the future.

Thank you very much.

I look forward to your questions.

•(1135)

The Chair: Thank you, Wendy.

Rounding out our panel is Mr. Mohammed.

Welcome. The floor is yours.

Mr. Seidu Mohammed (Refugee Claimant, As an Individual): Thank you.

Good morning, everyone. My name is Seidu Mohammed and I have come here from Winnipeg, Manitoba, to speak to you today.

I would like to acknowledge that the land on which we are gathered here today in Ottawa is the traditional unceded territory of the Algonquin Anishinaabe people.

I know that as a newcomer to Canada, what I am about to say today may not make everyone on this committee happy, but I feel that the heavy burden on my soul will be lifted a little if I could respectfully share my views before this honourable committee.

I would like to begin by quoting the words of a great Canadian, His Excellency the Right Honourable Vincent Massey. He spoke these words at the Canadian citizenship ceremony that was held in Winnipeg on May 20, 1955. At that time he was the first Canadian-born Governor General of Canada.

In his address to the new Canadians, His Excellency said:

What are we doing with the spirit of debate and free speech? May I tell you of an incident that happened not long ago in a Canadian city? A new-comer to this country, an educated man, who had learned the value of freedom the hard way, came here to find it. He complained, not bitterly, but sadly, that when he ventured to speak critically of any institution or practice in Canada that he could not approve, he was rebuked; "You don't need to criticize," he was told, "you are lucky to be here at all!"

This cannot really be our view of honest criticism. We offer new-comers something more than a refuge. When we welcome new citizens, we are accepting free men and women and we invite, and urge, them to join us in using the privileges and responsibilities of free speech.

Members of the committee, and ladies and gentlemen, before coming here today I had a meeting with Mr. Bashir Khan, a well-known Winnipeg immigration and refugee lawyer. I asked him to explain to me what Bill C-97 would mean for a refugee claimant. I was shocked, saddened and very much disturbed at what he told me. I was so outraged that I could not sleep that whole night.

There are unjust laws as there are unjust men. What Bill C-97 proposes today is unjust. It is trying to amend the current Immigration and Refugee Protection Act.

The change that really bothers me is that, if this bill becomes law, if I had to come to Canada, it makes a person like me ineligible to make a refugee claim. This would have prevented me from having my claim heard by an independent decision-maker at a hearing before the Immigration and Refugee Board of Canada.

This proposed law means that many refugee claimants like I once was, who may need Canada's protection because they face persecution or a risk of torture or death in their countries of

citizenship, will be denied access to Canada's refugee determination system.

However, under the new proposed law, a person like me would have access to only a pre-removal risk assessment application, which is a process that provides much less fairness than a hearing at the Immigration and Refugee Board of Canada.

Mr. Khan also told me that Legal Aid Manitoba would pay only a maximum of \$530 for a pre-removal risk assessment application to a lawyer, which takes between 10 and 15 hours to complete properly. This would create a serious funding problem as it would reduce the number of lawyers who would be willing and available to take on pre-removal risk assessment applications. This would end up hurting those who are most vulnerable and in need of Canada's protection.

What I would like you to please remember about me long after I have gone back home to Winnipeg is that the people of Canada saved my life from death by lynching by homophobic mobs in Ghana, and protected me from imprisonment by the Ghanaian police because of my sexual orientation. The Canadian people did this by giving me the right and privilege to have my refugee claim heard by the independent and impartial Immigration and Refugee Board of Canada.

Before coming to Canada I went to the United States, thinking it was a country that protected and kept refugees safe. I was wrong. I was jailed in detention for nine months, with murderers, drug dealers and people who committed felonies. In detention, I was not provided a lawyer for my bond hearing, nor for my asylum hearing at the United States immigration court.

After I was released from detention, I was required to report every two weeks to an immigration and customs enforcement officer, who harassed me for documents and constantly threatened me with deportation. I felt very afraid because at that time the U.S. was deporting people.

Like many other refugees, I fled from the U.S., where I was not safe, to Canada where I would be safe. On December 24, 2016 I walked for 10 hours in the cold, across the border near Emerson, Manitoba. On that fateful night I suffered severe frostbite, which resulted in losing all of my fingers.

In closing, I ask you this question for self-reflection: Would the Canadian Parliament really want to pass a law that would deny me access to the Canadian justice system, and certainly others like me who are coming to Canada for protection? Would you want to see me deported back to Ghana?

•(1140)

Thank you for giving me this opportunity to speak.

The Chair: Thank you very much, Mr. Mohammed.

We have ample time today, so we'll go with seven-minute rounds first and then shift to five.

Ms. Rudd.

Ms. Kim Rudd (Northumberland—Peterborough South, Lib.): Thank you.

Thank you, Mr. Mohammed, for your testimony. It is very moving and very relevant, and I appreciate the fact that you've come from Manitoba to speak to us personally, so thank you very much.

I do have a number of questions, and seven minutes are a lot better than four yesterday.

I think I would like to start with work-integrated learning, because both Wendy and Adam talked about it and its importance. I was part of the committee that went on the western tour of pre-budget consultations, and we heard it from a wide variety of groups, from businesses, from educators and from indigenous peoples and organizations who were looking to find creative solutions, if you will, to the challenges. When you mentioned the Arctic and other places—and I know my colleague Mr. McLeod will want to talk about this as well—the portability, the fact that it's paid, became very important. As a small business owner my whole life bringing students in, paid interns, I think it's a learning experience for both the business as well as for the student. We certainly have unique perspectives we bring each other.

I want to talk about the 84,000 spaces that will be created. Maybe I'll ask two questions, and then maybe you can both respond to them. That might be a bit more efficient. I know you talked about those opportunities being across the spectrum of disciplines. Where do you see there has been a lack of availability for students in certain areas, and what will this mean to them?

The second thing—and I think it was you, Adam, who talked about it the most—is around the interest-free six months, the reduction of interest, and what difference that will make. I'm from the province of Ontario, and I see one step forward and a couple of steps back by the province, and we're very concerned. I have people coming in talking to me all the time about what it's going to mean in Ontario particularly, and I don't know about other provinces. You may be able to speak to that. It's about how that is going to impact students and make it more difficult for them to start their work life after they've completed university.

I'll leave those two questions to whoever wants to start.

The Chair: Anybody who wants to come in at any time, including you, Mr. Milligan, just raise your hand, and we'll catch you.

Ms. Therrien.

Ms. Wendy Therrien: Indeed, there had been a lot of emphasis previously on the importance of work-integrated learning, but it was targeted mostly at STEM disciplines: science, technology, engineering and mathematics. That is very, very important, because we had a lack of Canadians who were going into those disciplines.

What we see, and you see it in the recent RBC report, is the importance of students having both the arts skills and the science skills. Both of those skill sets are complementary to one another, and they're needed in businesses across the spectrum, whether it's banking or marketing or whether it's in engineering. It's understanding the importance of students from all disciplines not being siloed, such as arts students going to work in a museum some day. No, they might not. They'll probably go and work in a business, and that business needs that arts student, and that art student needs that experience working in that business, understanding that interdisci-

plinary is key to solving some of these complex problems that we're facing today, like climate change and others.

I'd be happy to share with you the RBC report. It really shines a light on why that's so important to businesses today.

Why don't I let you answer first the question around the benefit of the six-month delay?

• (1145)

Mr. Adam Brown: Absolutely. CASA has been advocating for this for quite a while now. A number of other provinces have this measure with provincial loans, but creating that six-month interest-free grace period really does allow students to transition into the workforce. It often takes an average of four to six months, I believe, to find stable employment after graduation.

This does allow students to transition into that workforce while not having to worry about the interest on their loans beginning to accumulate. That's a fantastic measure, as is the decrease in interest. You mentioned that Ontario is experiencing a number of changes in its loan program, and I know that other provinces as well may not have the best loan program. I'm from Alberta and we understand that, but it's important that the interest on those loans does decrease. It will help students as they transition into the workforce as well.

That said, when we talk about loans, we shouldn't discount the impact of grants as well and what they can provide, especially for low- and middle-income students, in terms of that upfront funding for them to access a post-secondary institution as well.

Ms. Kim Rudd: Thank you very much.

I have a question for you, Mr. Milligan, on your comments around the guaranteed income supplement.

Again, we heard loud and clear that it's something that is so important, particularly the increase in the guaranteed income supplement for single seniors. I live in a rural riding, and I was explaining to a panel yesterday that often these seniors are women and often they've worked in the home. Their asset is their farmhouse or the home they're living in. That difference of almost \$1,000 a year is significant.

The second part, as you mentioned, is with regard to the increase in threshold exemption for GIS. I was interested, because I think one of the things we heard loud and clear is that people may leave a job in retirement and then realize that retirement isn't exactly what they thought it was going to be. They want to work, but where is their incentive to do it and what will that mean to their family income? On the self-employment piece, I wonder if you could talk a bit about that, because a number of the folks who I know who have done that have gone into fields that they weren't employed in before. They're in part-time jobs, often those kinds of—I hate to use the expression—casual jobs that people need help with. Someone who comes and fixes things for you is an example.

Can you talk about the importance of the self-employment piece being added?

Prof. Kevin Milligan: Yes. I think the self-employment piece is very important. I agree with the member on that.

As she mentioned, a lot of people, when they hit retirement, do so in a way that is different from a traditional path where you have a work life and then a clean break and retirement. People have found new ways to do this. It might be a different career. It might be a part-time engagement of some kind.

Work is one way for people to remain engaged with their communities. It gives a bit more focus to your day. Also, when it's paid employment, whether it's self-employment or regular employment, it's a way to buttress and fortify your retirement nest egg at the same time as being engaged with your community and having some focus in your day. That's something that is helpful not just for that one person's retirement security, but also for the public finances in general, because the more that people can save on their own, the less in the future they will end up relying on the public finances.

Ms. Kim Rudd: Thank you very much.

Do I have time for one quick question? I don't?

The Chair: You're in fact over. You're at eight minutes.

Ms. Kim Rudd: It's for Mr. Bourque. It might come up.

The Chair: We will have time to come back for some supplementaries.

Mr. Kmiec.

Mr. Tom Kmiec (Calgary Shepard, CPC): Thank you, Mr. Chair.

I'm going to make this quick because I actually have to go to another committee to present as well.

I want to talk real estate. Can you tell me in your opinion what has been the impact of the B-20 stress test on real estate markets across Canada?

• (1150)

Mr. Michael Bourque: Well, there's no question that it is the most significant regulatory measure that has had an impact on the market. When you look at late 2017 and early 2018, there was a drop-off. If I take Ontario as an example, it was the Ontario fair housing plan and then the introduction of B-20 sometime later that had a significant impact and downturn in the market there. When you look at Vancouver, we saw a similar impact from provincial foreign buyer taxes, vacancy taxes and B-20. In that market, sales are down 44% since B-20, versus a 10-year average.

In those markets, it's had a very significant impact. In other markets such as Calgary, which is a market where there was already economic trouble because of the energy industry, it's had a sort of compounding effect on the markets there. Those are down as well.

Mr. Tom Kmiec: May I ask you then what the impact has been on young people and first-time homebuyers? You had an opinion column, I think, that you wrote for the Globe and Mail, where you said that 85% of millennials and new Canadians wanted to own a home—not necessarily a house, but just a home. Six in 10 feel passionately about it. What has been the impact on them?

Mr. Michael Bourque: The impact has been that significant numbers of them have been frozen out of the market because of the

requirement to have a higher down payment. When I talk about the housing spectrum in my remarks, really what I'm saying is that the impact of keeping people out of the market has repercussions for everybody on that spectrum.

In Ottawa, for example, there are 12,000 people on the waiting list for social housing, and the average time to get into social housing is over five years. If you're a family, it's close to 10 years.

When someone purchases a home, they're not just moving out of their parents' basement. They're moving out of a rental apartment. They're freeing up a rental apartment for somebody who's in social housing. That in turn frees up a place in social housing for somebody who's on the waiting list. That's sort of a simplification, but the fact is that's the way it works in housing. It's a continuum.

What we've found is that through a variety of policy measures the market has been impacted. In some places it's severe. We're also saying that we recognize the concern from policy-makers with household debt. It's really a fine knife-edge in balancing the concerns of the housing market with the financial system. That's why you hear the Governor of the Bank of Canada expressing concern around household debt.

Mr. Tom Kmiec: Let's talk about the Bank of Canada. They put out a report where they said the direct impact of B-20, not including the indirect impact, was that 10,000 people were kept out of the market. They also said that it would take the average family, the average prospective homeowner, an extra six and a half years to get that down payment together to purchase a home.

Do you think it will have an impact on real estate markets if B-20 in its present form is continued and there are more rate hikes in the next six years?

Mr. Michael Bourque: Yes. Nobody can predict rate hikes, but one of the things we asked for early on—and I think it was expressed in the article you mentioned—was that there should be a cap on the B-20 because if interest rates rise, at a certain point the market regulates itself. If interest rates are at 5% and you have to qualify for an additional 2%, now you're at 7%. You really don't need to go beyond that because the market regulates itself.

Mr. Tom Kmiec: I'll stop you there. I'm always worried about time.

The Chair: You have lots of time.

Mr. Tom Kmiec: Different organizations have estimated a different impact for shared equity mortgages. I took the average price of a home in Canada, \$472,000, which paints an inelegant picture. The government set aside \$1.25 billion for these shared equity mortgages, and if I just assume no new homes, just the current existing product at 5%, I only arrive at about 52,000 people that this could help, but the government is claiming it's 100,000.

You've said you think it could help 100,000 people. It just so happens that 100,000 is the number that was used by Mortgage Professionals Canada and other organizations on what they estimated was the impact of B-20. Could you explain how these numbers are working out? You mentioned 100,000 for shared equity mortgages, but the math just doesn't make sense.

• (1155)

Mr. Michael Bourque: I don't have a lot of science to support the 100,000. I was really quoting what CMHC was saying.

Mr. Tom Kmiec: Yes. I don't trust their math either.

Mr. Michael Bourque: My main message out of that was that we're really anxious to get more information about this program because we do believe that it will help first-time homebuyers to enter the market. There are a lot of questions around that, including whether you can purchase your equity back and what happens when you sell.

There are a lot of questions that are coming from my members. We'd like to learn more about that. As we learn more about it, we'll be able to crunch some of those numbers ourselves and figure out where we think that could help. Certainly, if it were in existence today... Based on the experience in other countries such as the U.K. and Australia, it has been successful. It has helped people enter the market.

The Chair: You may ask a short supplementary question.

Mr. Tom Kmiec: Thank you, Mr. Chair.

The Bank of England's report on shared equity mortgages said that their system allowed shared equities of up to 60%. They said it made people buy larger homes and acquire more debt, which is probably why the government has limited it. D

o you think that equity mortgages, with what you know about the program right now, will offset the impact of the B-20 stress test?

Mr. Michael Bourque: I think it does. I think it helps because you are—

Mr. Tom Kmiec: Does it help or does it offset?

Mr. Michael Bourque: It's apples and oranges, but it will help more first-time homebuyers. The details of the program and how much you can put down are still not clear to us.

Mr. Tom Kmiec: Thank you.

The Chair: Thank you, both.

Mr. Dusseault.

[Translation]

Mr. Pierre-Luc Dusseault (Sherbrooke, NDP): Thank you, Mr. Chair.

First, Mr. Mohammed, I want to thank you for your testimony. It allows us to put a face to the asylum seekers who will be dealing with the potential effects of the bill we have before us.

Regarding your story and the difficult situation you experienced, I would like to ask you the following question.

Do you think Canada would have sent you back to the United States if Bill C-97 had been in effect when you came to Canada to request asylum?

[English]

Mr. Seidu Mohammed: Yes. I think it would have denied my coming here from the United States.

This will put a lot of people in danger. A lot of people are also coming here because they don't want to be sent back home. They are facing a lot of challenges and difficulties. People like me will be in bad situations if Canada passes this law. It will not help at all. I have seen a lot of people who want to come here who are dying every day trying to make it to a different country to make a better life for themselves because of war, torture, death and imprisonment.

[Translation]

Mr. Pierre-Luc Dusseault: In your situation, under the new mechanism being proposed by the Liberal government, you would in fact have been sent back to the United States, since you had already submitted an asylum request to the United States.

Had you been sent back to the United States, do you think you would have been safe there? In addition, once back in the United States, would you have run the risk of being sent back to Ghana, where your life would be in danger?

[English]

Mr. Seidu Mohammed: Yes, I have been denied in the United States. If this law passes and they send me back to the United States it will put me in more danger.

Deporting me back to Ghana will destroy my life. I will be imprisoned or tortured to death. What happened to me I don't want to happen to anybody. We want to come to Canada because this country is a great country and one of the biggest countries in the world. A lot of countries are trying to follow in the footsteps of Canada, of how good it is. We want this to continue for the innocent people who are also trying to come from different countries. I would be happy if it weren't passed because of those coming here to make a better life.

• (1200)

Mr. Pierre-Luc Dusseault: Thank you. That's why you're here, to convince members of this committee and members of Parliament that this part of the bill is not good and needs to be struck down.

Mr. Seidu Mohammed: Yes.

Mr. Pierre-Luc Dusseault: I think you're making a good point that if passed.... If you had presented a request to Canada after this bill was passed, your own life would have been put in great danger.

Thanks for that testimony. I hope it will bring some light to members around this table.

[Translation]

I would now like to discuss interest on student loans.

Public servants have confirmed to us that students in Canada pay \$700 million in interest yearly and that that amount winds up in the Canadian government treasury.

Mr. Brown, do you think it would have been preferable that our committee simply consider eliminating interest on student loans—and in that way avoid having students put so much money into government coffers—rather than limiting ourselves to giving those students a six-month interest holiday?

Mr. Adam Brown: Thank you for your question.

We do, in fact, think that eliminating interest on student loans would be preferable. I hope that this bill will allow us to reach that objective.

British Columbia has just eliminated interest on student loans. This presents a lot of advantages for students who just finished their studies. When they begin their career, buy a house or undertake costly projects, they will worry less about the fact that they have to reimburse their loan at the same time as they shoulder other expenses, which eliminates a lot financial stress for them.

So we would like to see the interest on student loans eliminated.

Mr. Pierre-Luc Dusseault: Thank you.

[English]

The Chair: You have one minute.

[Translation]

Mr. Pierre-Luc Dusseault: I thought I was running out of time, but no. I'll ask you another question, Mr. Mohammed.

Given everything you know now, do you also think that this bill will create two classes of refugees or asylum seekers: people who, like you, have the courage to cross the border in an irregular way and in extremely difficult circumstances—which you told us about today—and people who enter Canada in the regular way, at prescribed entry points? Do you think the creation of these two classes of refugees is a good thing, when we know that every refugee needs protection and asks for asylum because his or her life is in danger?

[English]

Mr. Seidu Mohammed: This is trying to eliminate the people who have followed a claim in the United States or anywhere across the country or around the world. This is not a law that should be passed. My understanding is that this bill is about trying to eliminate refugees who make claims in a different country. The ones who come here who did not make a claim in a different country will get a turn to go to a judge to tell their story, but the other ones have to fill out all the applications for immigration to determine whether they will be accepted or not. This bill is trying to eliminate those who have already made a claim. They won't get a chance to make their claim in front of a judge, which is not good. Both sides need to have a fair hearing.

• (1205)

Mr. Pierre-Luc Dusseault: Thank you.

The Chair: Thank you.

We'll go to Mr. Fragiskatos, and then Mr. Richards.

Mr. Peter Fragiskatos (London North Centre, Lib.): Thank you, Mr. Chair.

Thank you to all witnesses for being here.

Mr. Bourque, I'm particularly interested in your points around increasing the withdrawal limit from \$25,000 to \$35,000 for first-time homebuyers. This is something I know realtors have been pushing for, as you alluded to in your comments. In fact, I remember that this point came up in one of the first meetings I had with real estate agents in London, before and shortly after being elected. There are a lot of great real estate agents, as you know, in the London-St. Thomas area. I know you were down for their recent AGM. I'm sorry we didn't get a chance to chat there, but I'm glad you're here today.

On this question, though, of increasing the withdrawal limit, one of the criticisms that has been raised—certainly colleagues in the NDP have brought it up, but some others have, too—is that it is a measure that will not create much of a dent because, as the argument goes, who has RRSP at the levels of \$25,000, or even \$35,000 now, as the new withdrawal limit comes into place? For me, it's a tool in the tool box. It is certainly not a panacea, but it is an option that has always been available, but now it's improved.

Can you comment on the criticism I just cited? It continues to circulate, and I think it's unfair, quite frankly.

Mr. Michael Bourque: This is a program that we've long advocated for. The reason is that people do save in their RRSP. I would encourage the committee to invite representatives from the banking industry to find out the rates of saving. In the reports that I have seen, it's higher than you'd think. In the use of RRSP for the homebuyers plan, it is a quarter of all users using the maximum. The increase that we requested and that is in this budget is really just reflective of inflation, so it was overdue.

The other part of it is that I don't think the impact has been well understood with regard to the extension for these life circumstances. In those cases, I think you'll find very significantly high rates where people have RRSPs and the ability to access those funds will mean that people will be able to stay in their home and keep their kids in their home through a marital breakup. That's pretty significant. The numbers are there, sadly, because there are a lot of divorces in Canada; that's why we were estimating that 25,000 people are accessing this measure per year.

First of all, on the regular use of a homebuyers plan, it has a good take-up. People are saving. Young people are saving. I have two millennial sons, and they both have RRSPs. They are pretty disciplined about it. It's something they learned the value of early on, and not just from me. It's a measure that will help people access home ownership and at the same time reduce debt. There has been great concern from the policy-makers, in particular the Governor of the Bank of Canada, about personal debt. This is a measure that helps people acquire a home with less debt.

Mr. Peter Fragiskatos: I'm glad you raised the example of millennials. I know you're talking about your own sons, but I think it goes to a larger point. There needs to be some myth busting about the habits of millennials. Millennials save, and furthermore, they also want to buy homes.

You might recall a few years ago there were theories being put forward by academics like Richard Florida. This is not to disparage his work, because I think he and others who have talked about the creative class are on to something, and it is serious academic work that they've carried out. But one of the arguments they brought forward was that millennials didn't want to buy homes. They didn't want to drive cars. Specifically with relation to home ownership, the idea was that they were very happy to rent a loft or something along those lines. As long as they were downtown with transit nearby and good access to arts and culture, they would be happy.

As it turns out, and as you've made clear today, millennials want to buy homes. They wish to save. Therefore, increasing the RRSP withdrawal limit is a prudent measure. I mean, you don't have to confirm that; you've made that clear today.

• (1210)

Mr. Michael Bourque: The only point I would add is that millennials are up to 38 years old now.

Mr. Peter Fragiskatos: Yes.

Mr. Michael Bourque: A lot of them have been saving with RRSPs. If you're employed, that's usually how you.... People don't have defined pension plans anymore. They save through RRSP vehicles. If they can borrow from themselves first to access a new home, that's of benefit to them. You're right that myth busting is required. That's why we undertook studies to look at millennial populations to see what it was they were interested in. We did a study last year—Mr. Sorbara was kind enough to invite us to his housing caucus—and we repeated that research early this year. The findings are equally strong, and also equally strong with new Canadians.

Mr. Peter Fragiskatos: Thank you very much. I just turned 38 a few days ago, so you made me feel young. Forty is two years away, though, so reality sets in.

Mr. Milligan, I know the focus of your testimony this morning is the GIS. If I have time I will ask you a question about the GIS, but I do want to ask you a question before that on general principles here with respect to budgets and balanced budgets. You've been quite open on focusing on this issue, talking about debt-to-GDP ratio and things along those lines. Specifically, I want to ask you a general, but important question.

There are two currents of thought, roughly speaking, in Canada. One would advocate that we continue to invest in people by investing in infrastructure, our indigenous people, students, science and research, and certainly the GIS fits into that as an important social policy. While we would carry a deficit, investing in people is the way to really make sure that we have good, strong economic, and quite frankly, social health in the body politic. The other current of thought is that we should balance the budget at all costs, and do so immediately.

What would be the consequences, the economic consequences since you're an economist, but also the social consequences of balancing the budget immediately? For example, if in 2019 we carried a balanced budget at all costs, what would be the result of that?

Hon. Mike Lake (Edmonton—Wetaskiwin, CPC): I have a point of order.

Prof. Kevin Milligan: I will preface my remarks by saying—

The Chair: Mr. Milligan, just—

Prof. Kevin Milligan: —on both fronts that you suggest, both the financial impact and the social impact—

The Chair: Mr. Milligan, can I get your attention for a minute?

Prof. Kevin Milligan: Sorry.

The Chair: Can you hold on a second? We have a point of order from Mr. Lake.

Hon. Mike Lake: On a point of order, I want to get clarification from the honourable member as to whether he's asking what would happen if they fulfilled their election promise from 2015 to balance the budget by 2019.

The Chair: I don't think that's a point of order.

Mr. Milligan, the floor is yours.

Hon. Mike Lake: Okay, thank you.

Mr. Peter Fragiskatos: We can talk later on that.

The Chair: Mr. Milligan, go ahead. Sorry to have interrupted you.

Prof. Kevin Milligan: No problem.

On both the fiscal balance and the social balance question, I will preface my remarks by saying we should take no lessons from the United States, where they currently have a budget deficit in the order of 5% of GDP, with a debt-to-GDP ratio that is growing. On the social side we've certainly seen a flow of both refugees and high-skilled tech workers into Canada that Bloomberg has referred to as the “human stimulus” that has been greatly beneficial to not just our current economy, but its long-run prospects.

On the issue of balanced budgets, what's important to keep in mind is that the best measure of fiscal sustainability is the debt-to-GDP ratio, the total debt compared to the size of the economy. What happens when you have a small deficit of less than 1% of GDP, as we have right now, is that the economy is growing so much that even if the debt goes up by a tiny bit, the overall debt-to-GDP ratio is still shrinking. That's the circumstance we find ourselves in.

We have a deficit in the order of, as I said, less than 1% of GDP. It is certainly a policy choice that one could make to attempt to balance the budget in one or two years, but of course, with that choice come consequences. One can only do that by cutting back on spending initiatives or by increasing taxes. Those are the two choices in front of us.

When I see proposals to move us more quickly to a balanced budget situation, I'm always curious to hear the precise details of what spending measures will be eliminated. As you mentioned, there's the GIS initiative, there's the Canada child benefit and many other initiatives of this government that would easily be argued to have been beneficial not just to the economy, but also to the society.

I'd be curious to hear what people have in mind when they suggest that we should move quickly to a balanced budget, which of these initiatives they wish to cut.

• (1215)

The Chair: We'll have to end it there.

We'll go to five-minute rounds, starting with Mr. Richards, then Mr. McLeod, and then back to Mr. Lake.

Mr. Blake Richards (Banff—Airdrie, CPC): Thanks, Mr. Chair.

It was interesting to hear a member of the Trudeau Liberal government raise the idea of balanced budgets after, as was pointed out by colleague Mr. Lake, they broke their promise, of course, to have the budget balanced after running deficits and after, of course, being handed a balanced budget when they took office just a few years ago.

Why is it that they have run such large deficits? Well, Mr. Cross, you've provided us with the answer. You wrote an article following the last budget, this year's budget, for the Financial Post that was entitled "Another sprawling, unfocused budget, and so little to show for all the red ink". I will quote very briefly from it. You said that "during Trudeau's tenure, government spending has increased 20 per cent, from \$296.6 billion to \$355.6 billion".

There's our answer as to why we have such large deficits and mounting debt in this country.

I want to ask you a couple of questions. The first one relates to this. First, for the benefit of others in the room for context, I'll provide another very brief excerpt from that article. You indicated:

The end result is an economy that looks largely as it was four years ago, except with higher government spending, persistent budget deficits and more stringent housing regulations. Economic growth is sputtering, oil prices are low, no pipelines have been built to access markets outside the U.S., manufacturing remains moribund, business investment has faltered, export competitiveness has eroded, and the federal and most provincial governments remain at each other's throats. This stasis is hardly the "Real Change" promised by the Liberal 2015 election slogan.

Maybe you could walk us through what the effects are of higher government spending through these budget deficits and the mounting debt and what consequences that will have both short term and long term for our economic health and potential for growth in this country.

Mr. Philip Cross: I'm going to speak as a macro analyst. When I look at the overall performance of the economy over the last four years, it's been largely mediocre. The one exception is 2017 when Canada benefited from a pickup in the global economy, particularly in China and the United States, but there's very little to show for it.

One constant of the last four years has been large dollops of monetary and fiscal stimulus. That's generally been the case since the great financial crisis began in 2008. We don't have a lot to show for it in terms of improved overall macro economic performance. GDP has slowed down slightly over the last four years.

Without going into the specifics, you could argue that some spending in some areas has been beneficial, such as the GIS or the Canada child tax benefit, but a lot of spending hasn't. A lot of it, as has been increasingly the case over the decades, has been diverted into the civil service itself. People talk about our having to cut. What

social spending programs are you going to cut? There are other areas where you can trim government spending without touching social spending programs, so I don't think that should be the only focus of restraint.

Mr. Blake Richards: I appreciate that.

We'll turn to another area that you have written on somewhat. You released a report in regard to incomes. I'll read a very brief excerpt from that one, because I think it says it pretty much completely.

• (1220)

The Chair: Be very brief.

Mr. Blake Richards: Yes.

It says, "The conclusion is that incomes, by any measure or using either price index, fared better in the Harper years".

I wonder if you could talk to us a little bit about what average income growth for an average family has looked like under the current Prime Minister compared to the previous one.

Mr. Philip Cross: Let me dig up my notes on that.

Again, I don't want to bore people with an array of statistics, but I looked at the growth of labour income, which is mostly earned income in this country. I looked at disposable income, which is income after taxes and transfers. I also looked at a measure of average weekly wages and salaries. I deflated it with different measures, whether it was with the CPI or the implicit price index for personal expenditure. By any of these measures, income growth was slightly less over the last three years than over the previous decade.

An interesting result is that, when you make the adjustment for taxes and transfers, that worked to slightly lower income growth over the last three years. While you can point to the Canada child tax benefit, for example, and say that the transfers did act to support incomes, that was more than offset by tax increases elsewhere, either at the federal or provincial level.

Mr. Blake Richards: So, generally, people are worse off.

The Chair: Thank you both.

I guess we changed the list. We'll go to Mr. Sorbara and back to Mr. Lake.

Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.): Thank you, Chair.

Mr. Bourque, thank you for being here today. Looking at the Canadian housing market, obviously we had some imbalances in the system, I would argue. After having done the housing affordability caucus with my colleagues, it was apparent that we have a very sound and secure housing market, and we want to ensure that. We also want to ensure that Canadians who wish to enter the market at a point in time are able to do so, including middle-class Canadians, millennials, new immigrants, self-employed folks.

Our government has taken this issue on very seriously. Today the Prime Minister spoke at the Canadian Home Builders' Association conference down in Niagara. We know how important the whole real estate continuum or the whole housing market continuum is to Canadians from coast to coast to coast. It was apparent that there were some imbalances in the market and that actions needed to be taken by pertinent government agencies. Would you agree with that?

Mr. Michael Bourque: When I've met with regulators, one of the points I make is that before 2018, particularly in superheated markets like Vancouver and Toronto, our members recognized that there were some irrational decisions being made and that it was time something was done to cool markets. As I mentioned earlier, I think it is a knife-edge in trying to ensure that we're not seeing that kind of activity, but at the same time not going so far that we're hurting the market itself given its importance in the economy.

We were very pleased to see the measures in the budget, very pleased to see the commitment to home ownership, and the programs that were announced we think will help people achieve home ownership.

Mr. Francesco Sorbara: I go back to the fundamentals, and I always think to myself if I look at the Canadian housing market, unlike the United States where interest is tax deductible, we have a very large incentive to pay off our mortgages as quickly as possible. On a good share of homes in Canada, the mortgages actually don't exist. People have paid them off. It's a very high number. From my rating agency days, it was about 60-some per cent, if I remember correctly.

In York region, the area I represent, I met with the York region housing folks. Eighty-seven per cent of homes in York region are actually owner occupied, a very large differential versus Toronto. You cross the border of Steeles and it's a very large change. The numbers we were provided were 87% owner occupied and 13% rental, so it speaks to the importance of home ownership.

I think within our budget, we were able to lend something, an innovative product, shared equity mortgages, which I think you would have to agree will encourage homebuyers to take up in a very prudent manner.

• (1225)

Mr. Michael Bourque: I think it's a program that has proven elsewhere to help first-time homebuyers access the market. Again, we're looking forward to seeing the details of it because we believe that it can help significant numbers of people enter the market.

Mr. Francesco Sorbara: I do want to add that I looked at and read B-20 and heard commentary from every single stakeholder there is in the housing market. You may well know I put forward a number of recommendations on B-20. I think it was very prudent for the Minister of Finance along with the team to mention it in the budget. It was a measure I feel was appropriate to be introduced at a point in time. Now we need to revisit that point in time and it is under OSFI's direction and discretion, I understand. My personal view is that we're at a different point in the housing cycle now and we need to continue to monitor that data.

How would you feel in terms of having the stress test actually be a single numerical amount, e.g., 4%, and be it a cap and a floor, so if

rates go down below 4%, you're still at four; you're stressed at four and if the rates go above 4%, you're still stressed at four?

Mr. Michael Bourque: It would certainly be a lot simpler. I know from speaking to some of the banks that having to implement the systems for the various calculations was a very expensive exercise and it can be difficult to explain to potential homeowners, as well, so having a simpler approach might be good.

As I mentioned in my remarks, we're pleased to see the language in the budget. What we're hearing from our membership across the country in various markets—and I'd emphasize that it's not one single market in real estate, yet we have a single stress test—is that it really is having a very significant impact. When it starts getting past the tipping point, sometimes the people who are looking at the data find out too late, but the people on the ground see it in real time. That's why it's really important to be extremely vigilant on this point.

Mr. Francesco Sorbara: Yes, if I can add to that, the point there would be to continue to monitor the growth in the private lending market in Ontario, especially in the GTA, because the private lending market is capturing a larger and larger market share. There is a reason for that, because individuals are turning to that market, which generally has higher rates and could potentially lead to other issues down the road.

Thank you, Chair.

The Chair: Mr. Lake, and then we'll come back to Mr. McLeod.

Hon. Mike Lake: I heard Mr. Milligan's argument regarding the size of the debt in response to one of the questions before. I'll give a bit of a history lesson. Back in 1968, we hardly had any debt at all and the Trudeau government of the day ran 14 deficits in 15 years and interest rates went through the roof. The Mulroney years had even bigger deficits, almost entirely interest on Trudeau's debt. Let me read from a commentary from 1996 in Maclean's magazine referring to the Chrétien-Martin Liberal government—

Mr. Peter Fragiskatos: I have a point of order, Mr. Chair.

We're here to focus on the BIA of 2019. What happened under Mr. Mulroney or the senior Mr. Trudeau is really...we can get into a seminar discussion about these things but maybe at a different time.

Hon. Mike Lake: I want to speak to that point of order, please.

The Chair: Go ahead.

Hon. Mike Lake: I think it's a very relevant point of order, so I'll argue for relevance.

It's obvious that this Liberal government will learn nothing from history. They clearly don't even think that deficits or debt run up by previous Liberal governments in Canada's past or Ontario's past are relevant to this debate so—

The Chair: Guys, I think we're into a debate. We can get into a debate on the deficits run by Trudeau, a higher deficit by Mulroney or one of the highest deficits by Harper, but let's try to stick to this subject where we can make progress.

Hon. Mike Lake: That's fantastic. Thank you, Mr. Chair.

This is very relevant to what we're talking about today. Maclean's magazine from 1996 referencing the Chrétien-Martin Liberal government at the time said:

Between fiscal years 1994-1995 and 1998-1999, Ottawa will have sliced almost \$80 billion cumulatively from federal spending. The bulk of those cuts are to come: \$19 billion in the year ahead; \$23 billion in the following year; almost \$26 billion on the brink of the millennium. Almost everything and everyone will be affected. Between last year and the 1998-1999 budget year, annual cash transfers to the provinces for health, postsecondary education and welfare will drop to \$11.8 billion from \$18.3 billion—

—that's annual, a drop from \$18.3 billion to \$11.8 billion—

—which may prompt tuition increases and cuts to insured health services and welfare payments.

So there is a consequence to spending right now. When you take a look at the McGuinty government and then the Wynne government and the Ontario debt situation, from 2002-03 to 2008-09, before the economic crisis, they increased spending—

•(1230)

Mr. Peter Fragiskatos: I'm sorry, Mr. Chair, but I have a point of order once again.

The honourable colleague is talking about the 1990s and now he's talking about Dalton McGuinty and Kathleen Wynne. We're here to talk about the BIA.

The Chair: We are, but, look. On some of these discussions we've got into the Ford government, the Wynne government and the Harper government. I'm going to let him continue on and see where it goes. I would hope we can get back to the BIA eventually and where we're going with it, but I will allow the train of thought.

I hope there's a question in it at the end of the day.

Hon. Mike Lake: The Ontario debt under the McGuinty Liberal government went from \$132 billion to \$169 billion, from 2002-03 to 2008-09, before the global meltdown. When the global meltdown happened, it accelerated exponentially, to the point where there's now a \$350-billion debt in Ontario, because of steps taken with manageable deficits during those years. We see the effects right now, where Ontario's interest payments are \$13 billion a year. Half of the amount they can spend on education, they're spending on interest: \$13 billion a year.

Yes, I do think that's concerning, when you look at the context we're in today and the context we're in today is we have another Trudeau government that said it would have the budget balanced by this year, and it's running its fourth deficit in a row: \$80 billion. You're already starting to see some of the effects of that government.

Wendy spoke a little about work integration. The ready, willing and able program helps developmentally disabled Canadians find work. That program was originally funded at \$15 million, over three years. The Liberals didn't fund it for two years in a row, and then cut it from \$15 million to \$12 million, which is a 20% cut, because they can't afford to fund it to the extent that it was funded in 2015.

Look at Canada's international development spending. It is the lowest it's been in years, as a percentage of GNI, and the international development community is starting to notice these things. We're starting already to see the consequences of the measures they're taking.

We have a demographic situation in this country where, right now, we have four people working for every Canadian senior, but by 2030, it will be two and a half people working.

The Chair: Is there a question here, Mike?

Hon. Mike Lake: I'll go to Mr. Cross, to see if he might want to comment on any of this.

Adam, you might want to comment on the fact that this government has increased the debt by \$2,000 right now for every single student you represent. Ultimately, those students are going to have to pay this off a generation later, just like Canadians had to do in the late 1990s.

The Chair: We're not going to have much time for answers.

Who wants to start?

Mr. Brown.

Mr. Adam Brown: I can answer quickly.

CASA doesn't have any formal stance on government debt. It is up to a government to decide how they make their budgets and allocate that funding. What we are here to continue to push is the mentality that we need a post-secondary system in this country that is affordable, accessible, innovative and of the highest quality. Certainly, we could get into some of these debates, but we don't have any formal position on government debt.

Hon. Mike Lake: Can I just ask—

The Chair: No, you're way over time.

•(1235)

The Chair: Does Mr. Cross want to make a quick point?

Mr. Philip Cross: I'll make a small point. Olivier Blanchard, former chief economist of the IMF, has said that one of the lessons we learned in the 2008 crisis was that levels of debt that seemed sustainable before the crisis suddenly became unsustainable.

The Chair: Okay. We'll go back to Mr. McLeod, and then over to Ms. Kwan.

Mr. Michael McLeod (Northwest Territories, Lib.): Thank you, Mr. Chair.

I wanted to speak to the comments of Mr. Milligan on the GIS exemption.

I represent the Northwest Territories, which has a high indigenous population. Most of us live in small communities, including myself. I think I'm one of the few MPs who lives in a small indigenous community. I'm probably one of the few MPs who still lives in the community they were born in, and I do so for a reason. I like the wilderness. I like being able to put my canoe in the water and in five minutes I'm in an area where there are no other people. I also do like the society structure of our small communities. It's a structure where the elders, the seniors, are seen as very important. They have an important role and they're also very much respected. It's also a role that is being diminished for a number of different reasons. First of all, I think climate change has a big role. Migratory routes are changing. The best place to cross rivers and ice is changing. Google is also influencing our society because you no longer have to go to an elder to ask a question; you can just google the question.

Pension programs like the GIS have also influenced how the elders operate in our communities. Most of our elders don't have defined pension plans. They don't have government pensions. Most people don't have RRSPs in small communities, so they depend on the GIS and old age security. When they do work in the communities—in the schools or with youth groups—and they get honoraria or some kind of a pay, they're quite surprised at the end of the year when they get a tax bill. Because they're on fixed incomes and they don't have access to any other money, they're in a real financial bind for a long time. I think that for us in indigenous communities, and I think it's the same in most societies across the country, changing the exemption program gives the elders, or the seniors, a role to play in our society again, and I think that's important.

Would you agree with my comment that Canada has to not only recognize, but also allow seniors to play a role again in our country, and that this is part of how we could make that happen?

Prof. Kevin Milligan: I think the member is correct that the role and impact of measures like the guaranteed income supplement are different across different demographics and different communities. People have different backgrounds in Canada. That's one of the reasons I have always been in favour of the gender-based analysis plus that has been part of the budget process over the past couple of years. This is a perfect example. When you look at the legislation, it doesn't say people in rural indigenous communities this and people in urban areas that. It just has some numbers and some laws, but the impact of those numbers is felt very differently across different communities. That's where GBA+ is very helpful.

As the member mentioned, in rural communities there can be a different impact because of the different role of seniors there, but also the GIS has a really important impact on the older seniors who are predominantly female. When you look at the impact of expanding the GIS and expanding the possibility of working a bit longer to buttress one's own retirement savings, it is hard to look at that without understanding there's a big impact on females, who tend to be longer lived in older ages. Whether it's people in rural communities or the women of Canada, making sure that we analyze public policies through those lenses really helps to improve the policies.

The Chair: Go ahead, Michael.

Mr. Michael McLeod: I have another question for Universities Canada.

We agree with your comment on expanded post-secondary options for the Arctic. We don't have any university in the north. We have colleges and we have a lot of education programs. We see our way forward for our younger people through education. We're also paying a price, I believe, by the way of missing out on research funding because we don't have a formal university or an institution such as a university in the Northwest Territories, Yukon or Nunavut. We see a lot of research happening in the north, especially as we see climate change progressing.

I want you to speak a little bit about that. Is that real? Are the Manitoba and Alberta universities benefiting because we're missing out?

• (1240)

Ms. Wendy Therrien: Thank you for the question.

I think there is a lot of interest and there's a lot of conversation happening around the potential to have a university in the north. There are a lot of different possibilities as to how that might happen and who—or who plural—that might be. It's something that we are watching very closely, and we are engaging in conversations with a number of different institutions that currently exist, as well as thinking about how our current institutions partner and work in the north and how they do research.

I know that we've been actively involved in a strategy and in consultations that have been held through the granting councils about how research is done in the north, how that might be done differently in the north and how we might even need to think about evidence differently and peer review differently to value different forms of knowledge. There's that whole conversation, not just about what institution might exist in the north and how that would change the dynamics, but even about how research needs to be adapted and changed, and how participatory research needs to be done differently to value the communities, the perspectives and traditional knowledge.

The Chair: Thank you.

Ms. Kwan.

Ms. Jenny Kwan (Vancouver East, NDP): Thank you very much, Mr. Chair, and thank you to the witnesses.

I have a question for you, Mr. Mohammed. Thank you for your testimony. As you know, this bill brings forward a substantive change to the refugee determination process for asylum seekers.

Yesterday at the immigration committee, we heard groups such as Amnesty International, the Canadian Council of Refugees, and CARL, the Canadian Association of Refugee Lawyers, say to the government that they need to withdraw this bill, that there is no way to fix this bill, because it puts in jeopardy the lives of asylum seekers.

I'm just wondering if you would comment on this. Is there any way to fix this bill to ensure that asylum seekers would not be put in jeopardy?

Mr. Seidu Mohammed: Thank you for the question.

For me, if this bill is passed, yes, it would put a lot of refugees in danger. You can't expect someone to come from the United States without seeking asylum. For sure, you seek out asylum there, but the United States will not give you the opportunity that Canada will give you to give evidence and tell your story in front of a judge. The United States will just lock you up with people who have committed felonies. You aren't even allowed to have evidence to tell them your story. They will just deny you, because that's what they do, and they don't care about you.

We are all humans, and we need a better life than where we came from. Also, as refugees, we are facing a lot of difficulties. For me, this bill will put a lot of people at risk, and I don't think it should be passed. I'm pleading with you guys because a lot of people have a lot of problems back home in their countries, and they don't want to face those kinds of problems again. I plead with you. This bill should not be passed.

• (1245)

Ms. Jenny Kwan: Thank you very much.

I also received a letter—in fact, it was a letter sent to the Prime Minister, as well as other people—from West Coast LEAF, which is a leading organization advocating for the rights of women and challenging for them in court. Along with them, some 40 organizations have signed on to this letter to call on the government to not proceed with this bill. They say that if it does, women and children would be particularly vulnerable in this situation, in fact, recognizing that in the United States, for example, they do not recognize domestic violence as a legal and valid means for asylum seeking. For those who face violence, for example, gang violence, it will no longer be recognized in the United States as a valid reason for asylum.

From that perspective, they are now saying that—particularly for a feminist Prime Minister—we are actually, if this bill passes, putting women in danger. I wonder whether you could comment on that.

Mr. Seidu Mohammed: Yes. Most of it, such as in the United States, the way they are separating children from their mothers, is dangerous. People are dying without seeing their mothers. The last time I saw it on the news, about 10 people had died in prison. The United States didn't want them to come into the country and they separated them from their parents. For me, it's terrible for a country to do that. Honestly, they don't respect people. The United States doesn't respect refugees. They have no idea what we are facing, or I don't know whether they know and they are just....

I have no idea what they are doing.

Ms. Jenny Kwan: Therefore, to sum up—

The Chair: We are over time, but go ahead with another supplementary question.

Ms. Jenny Kwan: Thank you very much.

Basically, as I understand it, there's no way to fix this bill. It needs to be withdrawn, and if it's not, we're going to be putting people's lives, refugees' lives, in danger, and the United States is not a safe country for refugees.

Mr. Seidu Mohammed: Yes, the United States is not a safe country for refugees. They don't want to accept refugees in their country. They see us as criminals, but we are not. We are just

refugees who want a better life, to start over from where we came from.

The Chair: Mr. Mohammed, we'll have to leave it there.

Mr. Seidu Mohammed: Therefore, yes, the United States is not safe for refugees.

The Chair: Just so that people understand, folks who are witnesses, and especially you, Mr. Mohammed, the finance committee has farmed out to the citizenship and immigration committee the two sections in the BIA that deal with immigration issues. They have more expertise in that field than we have here. They'll report back to us with their recommendations on where to go on those matters in the budget implementation act that relate to immigration.

Jenny, are you on that committee?

Ms. Jenny Kwan: I am. Thank you very much for allowing me to be part of the committee today on the issue.

May I ask a procedural question?

Given Mr. Mohammed's testimony and his presentation to this committee, will that information be shared with the immigration committee as well? Is that possible?

The Chair: It is not a problem. The minutes will be available. You're on that committee, and if you want to take that evidence and table it with them, that's quite possible to do. The statements that have been made here today are on the record, so it certainly can be shared with the other committee.

Ms. Jenny Kwan: Thank you.

The Chair: I have Mr. Sorbara, and then we'll go back to Mr. Lake.

It will be five minutes, and then after those two MPs, we'll be out of time.

Go ahead.

Mr. Francesco Sorbara: Mr. Milligan is a former classmate.

Kevin, it's good to see you.

On seniors and GIS, I know my colleague Mr. McLeod touched on this, but when we were first elected, one of our promises was to increase the GIS by 10% for the most vulnerable seniors, single seniors. From my understanding, we lifted about 57,000 of those 900,000 recipients out of poverty. Also, we reduced the age of eligibility for OAS and GIS from 67 back to 65, where the previous government had announced that policy change on a foreign trip in Switzerland without any type of consultation. We also enhanced the CPP for future generations and put that in place. Now, in this budget, we've gone in again and looked at the GIS exemption amount.

I'll try to be as succinct as possible.

We brought in also national poverty reduction, which is in our BIA. In thinking of all our policy tools, the Canada child benefit, the Canada training benefit, the Canada workers benefit, a middle-class tax cut for nine million Canadians, and now these measures that we brought in on the GIS, you're an economist, just how powerful are those tools in ensuring that the economic growth that occurs is what's called inclusive economic growth?

•(1250)

Prof. Kevin Milligan: Thanks for the question. Again, it's good to see my former classmate.

I note that the poverty reduction act is part of the BIA. I think what's important in thinking about a poverty strategy is to have a strategy that looks both at short-run measures, for example, for seniors who are already retired, to make sure that they do not have to live their older years in poverty, and to look at families who are right now struggling with the needs of children, to make sure their incomes are sufficient as well. A strategy should incorporate both those short-run, immediate measures, but also a long-run view to make sure that in the long-run Canadians are also able to help themselves and lift themselves out of poverty through their own efforts.

I have two examples of that: first, the Canada training benefit, which allows workers to continue to upgrade their training while still on the job; and second, the enhancements to the Canada pension plan, which are going to be transformational for the next generation. For people who are already retired, it doesn't touch their benefits. For the people who are younger, who are just starting to work, they're going to have benefits that are substantially larger, that are secure, invested wisely by the Canada Pension Plan Investment Board. I think that long-run strategy is a great complement to the short-run measures that have had, as we have seen, an immediate impact on poverty measures.

Mr. Francesco Sorbara: Thank you, Kevin.

Changing gears a little bit, Mr. Cross and Mr. Milligan, competitiveness is very important to me. I'm an economist by training. I grew up in a very middle-class humble background in northern British Columbia, but I had the privilege of working on both Wall Street and on Bay Street. I understand what risk takers and small businesses or large corporations do every day.

In the fall economic statement we brought in the accelerated investment incentive which now implies an effective marginal tax rate for investing a dollar in Canada is at 14%, the lowest in the G7. In the United States, it's 18%. Mr. Cross and Mr. Milligan, surely no economist would argue that we follow the path of the United States in doing a deficit-to-GDP ratio of nearly 5% in any sorts of tax measures versus our number, which is around 0.7% of our debt-to-GDP ratio, which is now declining.

First, I'll go to Mr. Milligan and then I'll turn it over to Mr. Cross.

The Chair: Mr. Milligan, go ahead.

Prof. Kevin Milligan: I think it's great to bring this up because, as Mr. Cross mentioned, the new tax regime in the United States is something and was something that I think deserved a response, and we did see that response in the fall economic statement.

One could respond to the U.S. fiscal situation in one of two ways. One could follow them directly and run irresponsible deficits and raise the debt-to-GDP ratio by throwing good money after bad, but that was not the path taken. Instead what we see is some smart measures that have an immediate impact on investment going forward, which is the accelerated depreciation measure, which for an affordable amount provides a large boost to investment incentives in Canada.

What you see with the measures in the fall economic statement is that we've improved the investment climate in Canada in terms of the accelerated depreciation, but also done that in a context where we didn't have to blow the budget to do it.

The Chair: Mr. Cross.

Mr. Philip Cross: One comment I'd make is I would be careful of making comparisons of Canada-U.S. debt figures that only focus on the federal government. It ignores that our federation is a much more decentralized federation. I think these comparisons are much better done at the level of total government. But I do agree that I'm not advocating debt-financed transfers to the business community.

I think I indicated, though, that there are lots of ways of communicating with the business community and not all of them involve money. Rhetoric and actions are another.

I mentioned, for example, that I thought one of the most significant measures from the new Ontario government was when they appointed the former head of the Ontario Chamber of Commerce to chief of staff at Treasury Board, overseeing government operations. This is a person who is very well known in the business community in Ontario. I think that sends a very strong message, as strong as any of the policies that have been announced so far by the Ford government, that there's going to be a different relationship between the business and government communities in Ontario going forward.

•(1255)

The Chair: Thank you.

It's back to Mr. Lake for what will have to be the final round.

Hon. Mike Lake: Thank you again, Mr. Chair.

I've been around here for a while, 13 years as a member of Parliament. I know many of you from previous iterations, both in your worlds and mine. Those whom I know, I know we care a lot about the same types of things. I think what we're debating here is how we get there.

Adam, are the things you're advocating for today things that you want to make sure we can still afford 10 and 20 years from now? I'd like quick answers on this.

Mr. Adam Brown: The short answer would be yes. I think a lot of the things in here, like interest rates or if we're talking about moving towards 100% work-integrated learning, are absolutely things that Canada needs to continue with into the future.

Hon. Mike Lake: Does anyone want to weigh in on that?

Mr. Michael Bourque: I'll add a couple of points.

First of all, if our goal is to ensure everyone owns a home, then we're going to fail because that's not realistic. We support new construction in the rental market, for example, and we recently saw some announcements in Ontario that will help, I think, boost private sector investment in the rental market. Every market is different, so just as you have different impacts on communities from government policy—northern communities, smaller communities—the same thing holds for programs affecting real estate.

Let me give you a couple of examples. Someone's talking about average prices. There is no such thing as an average price or an average market. Every market is different. We calculate based on a benchmark, which is how much you took an average property and then added inflation over the years, so we call that a benchmark and we calculate those things. In Ottawa, \$405,000 is the benchmark price for a single family home. In Edmonton I mentioned \$380,000, but that's a little high; it's closer to \$320,000 right now.

Hon. Mike Lake: Michael, I'm going to have to cut you off just because I'm looking at the time and I have two minutes and I want to ask Kevin a question.

Kevin, was a 20.6% debt-to-GDP ratio in 1971 reasonable at that point?

Prof. Kevin Milligan: I think what's always important is to look at the debt-to-GDP ratio and whether it's going up or down in the context of the macroeconomic environment of the day.

The member will know that in the 1970s we saw interest rates approaching double digits, and in the later 1970s—

Hon. Mike Lake: But not in 1971. I'm talking about 1971.

Prof. Kevin Milligan: We saw interest rates approaching double digits in the 1970s. Today we have an entirely different atmosphere and different macroeconomic environment.

When I talk about macroeconomic policy, I prefer to look at the calendar we have and the macroeconomic environment that we have today.

Hon. Mike Lake: We were at 20.6% in 1971, three or four years into the Trudeau government, coming from a place of balanced budgets and almost no debt.

In 1997, the debt-to-GDP ratio was 63.8% as a result of the accumulated spending spree that Pierre Trudeau went on. Comment on a 63.8% debt-to-GDP ratio. Is that a healthy debt-to-GDP ratio?

● (1300)

Prof. Kevin Milligan: It absolutely is not and the mistake we made over that era was to increase our debt-to-GDP ratio to have deficits that were in the high single digits as a per cent of GDP and those are certainly mistakes we don't want to repeat.

To make the context of today's 30% debt-to-GDP ratio in the context of the 1990s we would have to add over \$900 billion of debt to get back to the 1990s level of debt-to-GDP, but then we're at an interest rate environment that is less than one-third of what we had in the 1990s, so the idea that the 1990s is a relevant threat for today is simply not in the numbers.

I prefer to focus on the challenges that we face today, whether it's poverty, inclusive growth or making sure we have an economy that benefits everyone.

The Chair: We are going to have to end it there.

I don't know about Mr. Cross, but I'm one who's sitting around the table who, at one point in my life, paid 23.5% interest. I'll tell you, I don't think anybody wants to see that period of time again.

Hon. Mike Lake: I have a point of order.

I want to point out that in 1971, the interest rate was 5.19%, just for clarity.

The Chair: That is true.

I could also get into numbers—I don't have them with me, Mike—that the debt during the Trudeau period was.... If you look at the debt levels at the time, they really escalated in the Mulroney years. They went up a little during the Chrétien years. Then they went up another \$150 billion during the Harper years and they're going up a little now. If you want to get to the absolute numbers, we can get to them.

With that, we'll adjourn the meeting.

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