

THE BARRIE EXAMINER

PUBLISHER/GENERAL MANAGER: David Zilstra
EDITOR: Brian Rodnick
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comment

Time to turn
the debt tide

Our nation faces constant perils in an ever-changing and complex world. I am extremely concerned about one issue in particular threatening our very sovereignty; a threat by stealth that is an insidious cancer.

Patrick Brown
PARLIAMENT HILL

This newest threat is the rising rates of personal debt in Canada.

Personal debt in Canada has nearly tripled since the mid-1980s. Canadians are increasingly relying on credit cards and lines of credit to finance day-to-day expenditures and the total national household debt in Canada has surpassed an all-time high of \$1.4 trillion.

The latest data shows Canadian personal debt to disposable income soaring to a record 147%, and most analysts agree it could reach 151% within the next three years. In simple terms, this means for every dollar Canadians earn in income today, they owe almost \$1.50.

As of early 2009, lines of credit had expanded to a record setting \$181 billion. This type of debt has bloated from \$100 billion in 2004 and under \$50 billion at the start of the decade.

This is a very troubling trend. Many economists point to near zero interest rates and suggest an increase in rates to curb spending. But studies show many households in Canada are at risk of being unable to meet their current basic financial needs when interest rates rise, even if only by a couple of basis points.

A recent Canadian survey showed that 58% of respondents said the reason they are going further in debt is just to keep up with day-to-day living expenses. Another 26% admitted borrowing just to pay the interest on their existing debt.

Recently, Statistics Canada confirmed that, on average, Canadians have the highest personal debt load of any nation in the 20-member Organization for Economic Cooperation and Development.

These are all alarming statistics. Couple this reality with my concerns for the sputtering economic giant south of us. The United States has increased its deficit by 60% in four years, underemployment is now 20% and their annual trade imbalance now equals all other debtor nations combined.

Granted, Canada has the strongest global banking system and lower government debt than most industrialized countries, but it is overly optimistic to think we can completely avoid the effects of the U.S. economic decline.

Our fiscal house needs to be in order now more than ever. Canadians need to save more and consume less.

Canada's five biggest banks earned a combined \$4.8 billion in third quarter profits this year (up 9% from 2009), largely on strong debt growth (consumer loans, credit cards and lines of credit). Therefore, it is not realistic to think that the banks will stop enticing us and pushing their products on Canadians with so much profit at stake.

I support government playing a more prominent and proactive role, shoulder-to-shoulder with citizens. We must promote and educate for a more sustainable system. I look for more rules to be put in place to better qualify borrowers and reign in lax lending rules.

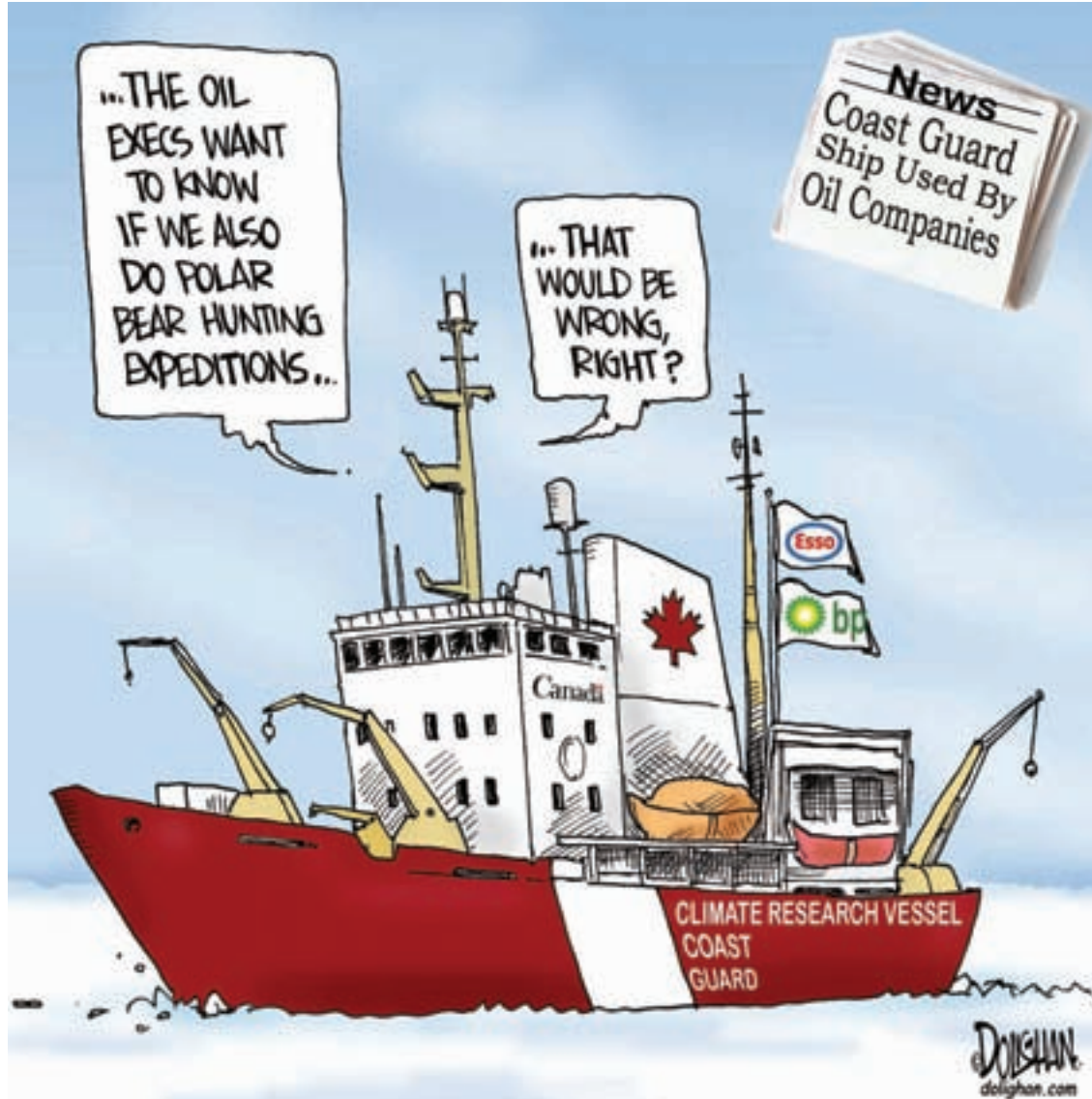
I feel secondary schools in Canada should make courses on financial management and budgeting mandatory. I also believe the Canadian Mortgage and Housing Corporation should avoid potential taxpayer exposure to bad debt at all costs.

I think we need a debate in this country over phasing in 10 to 15% down payments in order to qualify for CMHC residential mortgages, as the current 5% required is inadequate. We should also be questioning if a total debt service ratio of 40% is too high in today's world.

Many of the policies surrounding debt service ratios are based on outdated 1960s borrowing models. The potential for waves of financial carnage and devastation abroad wreaking havoc on all the economies of the world remains all too real.

Now is the time to start turning back the tide.

Patrick Brown is Barrie's Member of Parliament



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■ our opinion

Councillor should pay
cost of a byelection

Alex Nuttall is not the first Barrie councillor to set his sights on higher political ground. The Ward 10 councillor has filed his nomination papers with Ontario's Progressive Conservative Party to be the Barrie riding's candidate in the Oct. 6, 2011 provincial election. His nomination is expected to be approved today by the PC brass.

Nuttall would join Rod Jackson, Greer Hermiston-Campbell and Wayne McCallum as nominees at the Dec. 17 meeting to select a party candidate.

But Nuttall would be the first Barrie councillor to officially declare his intentions to seek a provincial or federal position so soon after being elected, or in his case re-elected, in a municipal election.

Nuttall regained his seat in the Oct. 25 city vote. He hasn't even been sworn in yet for the 2010-2014 (that happens Dec. 6) and now he's eyeing the MPP position.

He didn't mention his provincial aspirations during the city election campaign. Not one word.

It likely wouldn't have mattered anyway. Nuttall easily kept his seat in the south-east Barrie ward. But voters there should have been told by Nuttall what his political ambitions were, and how it could affect them.

Because if Nuttall wins the PC nomination, and he wins Barrie in next October's provincial election (and this is traditionally a Conservative riding), he won't be the Ward 10 councillor anymore.

Less than one year into a four-year term, this would probably result in a byelection. City staff estimate this would cost \$15,000 to \$20,000, likely closer to the latter than the former.

As stated above, Nuttall is not the only city councillor who's had higher aspirations.

In 1993, then Barrie mayor Janice Laking carried the Liberal flag unsuccessfully in a federal election here. After about four years on city council, Joe Tascona ran for the Conservatives provincially in 1995 — a post he kept until 2007.

Aileen Carroll left city council in 1997 after becoming the Barrie area's MP in a federal election. Patrick Brown unseated her, on his second try, in 2006, after serving on council since 2000 (Carroll defeated Tascona in 2007 and is now Barrie's MPP).

So local politicians have used, or attempted to use, their council positions as launching pads before.

The question for voters is whether they approve of this practice or not. And should city councillors be up-front about

their intentions when they are asking for votes?

Because this is supposed to be about public service, not political careers.

That said, Nuttall has not broken any rules by filing his PC nomination papers while a Barrie councillor. He has every right to do so. But not every city councillor with similar aspirations has done it this way.

In the fall of 2003, Mike Ramsay chose not to run for reelection to council and instead ran provincially for the Liberals. He lost, to Tascona, and didn't return to council until 2006.

Nuttall chose a different path, one which initially looks politically safe. Should he not get the PC nomination, or should he get it and lose next October, he still has his council seat.

But do Ward 10 residents, and other Barrie citizens, appreciate Nuttall campaigning for provincial office while he's a city councillor?

Do they mind paying as much as \$20,000 for a byelection?

At the very least, Alex Nuttall should forfeit his council salary if and when he campaigns for the provincial election.

He should also pay for a byelection if one is necessary in Ward 10.

As for his priorities as a politician, voters can make their own decisions.

Will corrupt
Quebec need
federal help?

A quick summary of another normal scandal-ridden week in Quebec:
■ The Mr. Clean hired by the Quebec government to lead the anti-collusion unit, former Montreal police chief, Jacques Duchesneau, has to step aside after being accused of violating electoral law.



Eric Duhaime

■ The president of Quebec's union of municipalities, Marc Gascon, also has to resign while being investigated for repairs to his house by a contractor who was awarded public contracts.
■ A new poll reveals three Quebecers out of four estimate their province is corrupt.
■ Premier Jean Charest has to delay his trip to France to vote against a non-confidence motion of the opposition that wants a public inquiry into corruption and collusion in the construction industry and the alleged illegal funding of the Liberal Party of Quebec.

■ Another former Liberal candidate admits getting a brown envelope full of cash from the head administrator of a major city and a bundle of cash held together by a rubber band from a construction entrepreneur.

■ A businessman, Paul Sauve, admits to a House of Commons committee the construction industry is infiltrated by the Mafia and he links Quebec's largest union, the FTQ, to the Hells Angels.

Nobody knows how many more scandals or how much more evidence it will take before Charest finally holds an independent and public inquiry into the construction industry.

Everyone realizes Quebec is more corrupt than its neighbours. There has to be a reason for so much dishonesty concentrated in one province.

I do not believe corruption is in the genes of Quebecers.

There seems to be two major differences that could help understand why la belle province is more prone to corruption than the rest of Canada. First, the state is bigger in Quebec.

The more obese the government is, the more contracts and nominations by politicians and bureaucrats.

The second difference could well be the Quebec construction industry is built on a unique model where all construction employees have to pay union dues if they want to work and the unions have the monopoly of dispatching this labour force.

Quebec went through the same ethics crisis 36 years ago when links between the Mafia and union bosses were made public. The Cliche commission tabled an important report that recommended removing the union's power to dispatch workers.

Instead of that, union leaders were forced to resign and some local sections of the FTQ were charged for criminal activities and placed under guardianship.

Guess what? Without changing the corrupt system at its base, the Quebec model recreated a new generation of crooks. Quelle surprise!

If Jean Charest refuses to put an end to this nonsense, many Quebecers will want to ask the federal government to intervene. As much as Quebec nationalists hate federal intervention in provincial matters, there might be a formal request coming soon from a growing number of revolted taxpayers.

As shameful as it may sound, Quebecers will soon beg English Canadians to help them to clean up Quebec's dirt.

— Duhaime is a freelance writer

quote
of the day

Buildings are decaying and nobody's coming down here and then they go and close three streets at once. It's ridiculous."

Beth Symond,
downtown business owner
upset with roadwork

Co-op nursery school a gem for parents

My younger daughter is in her second year at Playtime Co-operative Nursery School, which her older sister attended before her.

Established in 1973, Playtime is operated and administered by parent volunteers, the first such non-profit co-op in Barrie.

It features an integrated, community based program with learning, singing, arts and crafts, structured and free playtimes.

Being part of a co-op is an interesting and rewarding experience. For our daughter, I suppose it's much like any other nursery school, albeit with a few special frills.

Once a month, a family member attends as the 'duty parent', assisting the teachers. And there are frequent field trips which include parental partici-

Erich Jacoby-Hawkins
ROOT ISSUES

pation for rides and supervision.

But for the parents it's a very special experience. Each family contributes to the supervision and cleaning of the centre and sits on one of the organizing committees.

For us, this has included preparing the yearbook or planning the year-end barbecue.

This involvement has two key effects. It keeps the fees much lower than with a standard program, which is what first attracted us. But on a deeper level, it constantly and deeply

engages us in the life of the organization.

We each do our part, and are engaged in the decision-making. This is very different from the standard anonymous pay-for-service model which dominates modern society. Instead, it harkens back to earlier times when schools and other public institutions were truly community endeavours, rather than the preserve of professional administrators whose main interaction with us is accepting payment.

During my first experience as a member of a co-op, I saw it as a very powerful model for com-

munity institutions. Although it requires more of our attention, it rewards us with greater belonging and input. Being similarly involved in more of our institutions would certainly require more time than most of us have available. Yet by saving money, we would need to spend less time working for wages and could trade up some of that drudgery for more meaningful activity.

Of course, like any other school, Playtime must fundraise. Coming on Tuesday, Dec. 7 is our most popular event, our Christmas party and silent auction. Running from 6 p.m. to

8:30 p.m. in Jay Hall at Central United Church, it is an exciting night for all. The event, open to the public, features a bake sale, a craft table for children, a clown and face painting and a special visit from Santa Claus himself.

Cost is only \$3 per child and free to adults with a food bank donation, and the auction tables are open to all, with fantastic deals.

We are also still looking for local businesses to donate items, or certificates for our charitable auction.

For information about the event, or to donate an auction item, contact 734-2147.

Erich Jacoby-Hawkins is an educator, father, volunteer, and politician. Comment on this and other Root Issues at www.ErichTheGreen.ca.