

LEADER OF THE OPPOSITION



CHEF DE L'OPPOSITION

April 1, 2010

The Honourable Perrin Beatty, P.C.
President and Chief Executive Officer
The Canadian Chamber of Commerce
420 – 360 Albert Street
Ottawa, Ontario
K1R 7X7

Dear Mr. Beatty:

I want to thank you for your letter of March 29th, 2010. As you know from our meetings together, I highly value the policy and advocacy work that the Chamber of Commerce performs on behalf of its members.

Your letter focused on the Liberal Party's announcement that if we form government, we would freeze corporate tax rates until we can afford to reduce them further. Given the significant fiscal deficit that our country faces, combined with the necessity to make targeted investments in Canada's economic and social future, my party is proud of this policy decision.

Those who participated in the *Canada at 150* Conference in Montreal heard that our country is facing a number of significant challenges that we must address in a serious, credible way. These include not only Canada's deficit, but also the difficult combination of skills shortages and high unemployment, an aging population that is putting pressure on our health care system, and a world that is leaving Canada behind in the race to create clean energy jobs.

My party believes that we must take action on these challenges. Moreover, we believe that fighting the deficit, nurturing learning and innovation, investing in homecare and pensions, and incentivizing clean energy are a higher priority than further reductions in the corporate tax rate at this time.

In a study that KPMG describes as "the most thorough comparison of international business locations ever undertaken by KPMG," it was demonstrated that Canada is already among the most competitive countries in the world in terms of the cost of doing business. This is a reflection of the previous Liberal government's record of reducing corporate taxes by nearly one third since 2000, giving us a 25 percent advantage over the United States. We agree that even lower corporate tax rates are an ideal outcome - when the country can afford them. Now is not that time.

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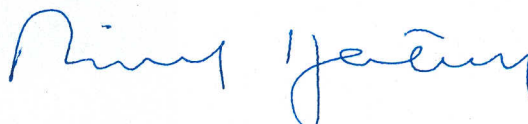
In response to the Liberal Fiscal Update of 2005, the Chamber praised our corporate tax reduction plan, but lobbied for a rate of 17% by 2009, as opposed to the current government's trajectory to 15%. At 18%, we are very close to the level that you advocated for.

Mark Carney said last week, "governments have put in place conditions for a productivity revival. Business, thus far, has disappointed." I know business can achieve that productivity revival. A Liberal government would be a partner in achieving this goal – by making investments in learning, innovation, families, and clean energy – along with a credible approach to fighting the deficit and our already competitive corporate tax rates.

We believe that a discussion about business taxes in this country should be a comprehensive one. In particular, I look forward to hearing your views on the present government's decision to increase (rather than freeze) payroll taxes by 35% over the next five years.

Thank you once again for your letter.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael Ignatieff". The signature is fluid and cursive, with the first name "Michael" and last name "Ignatieff" clearly distinguishable.

Michael Ignatieff, M.P.