lationships of interdependency are with persons excluded from the family class as defined by Canadians of dominant cultures.

Both problems could be tackled by rejecting the present categorical definitions of "family" codified in immigration law, and embracing instead a contextually functional definition of family immigration. Rather than simply granting permission to immigrate based on documentary proof of a sanctioned relationship, family (whether biologically linked or not) would be admitted in recognition of ongoing emotional and material interdependency with the Canadian sponsor. This conceptual flexibility might be coupled with mechanisms such as conditional admission to ensure *de facto* viability of the relationship in Canada, an enhanced system of enforced accountability for sponsorship undertakings, and perhaps even general numerical limits for each sponsor.

By refocusing immigration law on facilitating the continuation of relationships of demonstrable emotional and economic interdependency, we would force debate about "family" reunification away from rhetoric, and onto the ground of principle. This would both impose a self-regulating constraint on demands for ever-expanding family immigration opportunities and effectively incorporate a meaningful assessment of social viability at the outset of the sponsorship process. Such a shift would, moreover, be consistent with the emerging legal trend to recognize families as legally significant because of their social value rather than because of stereotypical assumptions; it is "the responsibility and community that family creates that is its most important social function and its social value" (per Madam Justice L'Heureux-Dubé, dissenting, in *Canada v. Mossop*, [1993] 1 S.C.R. 554, at 629).

The government's recent reform, in contrast, stuck comfortably to the modification of particular sponsorship modalities for traditionally defined families. It did not confront the critical importance of rethinking the basic premise for validating family in immigration law, opting instead to cut family immigration just enough to generate (unwarranted) "get tough" headlines. It is high time to recognize that it is not anti-family to demand reasonable balance between opportunities for family-defined immigration and more general immigration policy objectives. Nor is it anti-family to expect enough definitional fluidity to recognize as legitimate a variety of family forms. Such principled stands do, however, require policy leadership at a level not evident in this fall's policy review.

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The Federal Deficit: One More Time (With Feeling)

by William Robson

Ten Years After ...

To find a period as critical for Canada's long-term economic health as the current one, you have to look back a full decade to 1985 when a newly elected government faced a comparable opportunity to turn a deteriorating situation around.

On that occasion, the chance slipped by. Fearing the wrath of recipients if federal transfers were reined-in, the Conservatives substituted the language of fiscal restraint for the real thing and never broke the vicious cycle of compound interest that drove debt and taxes up through the next eight years. In 1993, Canadians saw the ludicrous spectacle of Kim Campbell running on a deficit-fighting platform even as Ottawa's borrowing — which, on average, had topped $30 billion annually under her Conservative colleagues — headed for a new record of over $42 billion.

The subsequent electoral debacle had many causes, but the mounting burden of taxes during the late 1980s and the virtual stagnation of Canadian incomes during those years doubtless played a major role. Unable to escape the pressure of irresponsible fiscal policy on their living standards, voters could only lash out at the government that presided over it — leaving its successor to pick up the pieces.

... The Costs of Excessive Borrowing Are Obvious ...

This time around, the new government's enthusiasm for addressing the problem appears to be weaker. Considering the current strength of the economy, the Liberal's 3 percent of GDP ($25 billion) target for the deficit by 1996-97 amounts to little more than marginal nibbling — inadequate to prevent the deficit from ballooning again

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when the boom is over. Yet the evidence that this course will lead only to more misery is stronger. We need only look back because the future will bring more of the same.

To begin with, the 3 percent target implies deficits that could add as much as $140 billion to Ottawa's debt load over the life of this Parliament. If the average interest rate on federal debt does not change, the first budget voted by the next parliament will contain an additional $10 billion — $1300 per family of four — in interest costs. The result: higher taxes for fewer government services and continuing erosion of respect and support for the public sector.

Moreover, if government continues its 1990s trend of soaking up almost 85 cents of every dollar of private sector saving, Canada's national wealth will scarcely grow. The likely result: once the current cyclical rebound is over, Canadian living standards will stagnate again.

... And Threaten to Become Acute

As grim as it is, this outlook would be far worse in the event of a sudden drop in the amount, or hike in the cost, of credit to Canadian borrowers. A financial crisis is far from certain, but Canada is vulnerable on too many fronts to dismiss the possibility.

Our foreign debt, for example, cannot continue to mount faster than our economy indefinitely without producing a crisis of confidence. Alternatively, Canada could see a provincial "Orange County." Quebec separatists could move ahead in the polls. Or ongoing fiscal pressure could push the Liberals toward a "soft" option — monetizing more debt, or forcing low-interest bonds on financial institutions and pension funds.

Such fears are already reflected in massive risk premiums in Canadian interest rates. If they are realized, credit will be choked off, forcing an abrupt, panic-driven balancing of the budget — and sudden, deep spending cuts along with clumsy, confiscatory tax hikes will be prominent in the package.

This Time Could Be Different

Decisive action, by contrast, could change everything. Reversing the rise of interest costs would allow Paul Martin to contemplate new spending initiatives or tax cuts — or both — in this 1998-99 budget. Plugging the drain of government borrowing on Canada's saving could, by the end of the decade, produce annual increases in national wealth rivaling anything since World War II.

"Putting the budget on course for balance by the end of this Parliament would require two-year cuts of some $17 billion from this year's budgeted spending. As large as this cut appears, it would put the total 1996-97 spending in Canada back only around its level two years ago—hardly Draconian."

Without a growing mounting of debt to provoke fears of inept future policy lurches — even default — interest rates would fall, while consumer and business confidence would rise. After a decade of loud, but ineffectual talk, moreover, actual action would do wonders in restoring Canadians' faith that government might fulfill its promises and honour its contracts.

But Ottawa Needs a Plan for a Balanced Budget ...

The difference between the gloomy scenario and its rosy counterpart is a simple objective: a balanced budget by 1998-99, the last year of the current Parliament. The current scrambling in Ottawa suggests that Cabinet is hamstrung by a lack of choices. In fact, however, the opposite is true: numerous options exist.

Some are less attractive than others, to be sure — particularly on the tax side. "Temporary" tax hikes to get us over the hump, for example, deserve especially skeptical treatment: after 25 years, Canada's deficits have proved persistent enough to deserve the label "structural" — and structural problems require more than temporary measures. To make quick headway against an interest-driven debt buildup, a budget package needs to inspire enough confidence in future success to bring interest rates down. "Temporary" tax increases that signal an unwillingness to take the necessary action on the spending side will not do the trick.

But if it is long-lasting changes that are needed, we had better not levy anything we cannot live with. Taxes per family of four in Canada went up by over a fifth during the 1985-93 period, after inflation, and now stand over $38,000 annually. Competitiveness issues aside, Canadians have stumbled into a vicious cycle of tax exhaustion, avoidance, and evasion on the one hand and increasingly heavy-handed and arbitrary enforcement on the other. Solutions involving more "snitch lines," inspectors, and jail terms are unattractive and, in a free society, ultimately unworkable.

... Some Smart Choices for Achieving It ...

The spending side presents numerous options, as a glance through the pages of the Public Accounts quickly confirms. Even if social spending were ruled off limits, cuts