

# Deficits, debt & disappointment

It's been said that Tory times are tough times. The latest federal budget proves this to be true for Canadian taxpayers. With Mr. Harper in power, taxpayers thought they had a federal government interested in keeping its promises; a government that would control spending, balance the budget and break the decades-long habit of overspending. We were wrong. When the Liberals left office program spending stood at \$175-billion. By the end of this fiscal year, it will have grown to \$229-billion — a 31% increase in the size of government in just four years.



by Kevir Gaude

since the Great Depression unless we spent heavily. This is rubbish.

In reality, unemployment is up to just 6.6% from last year's historic low of 5.8%. Worst expectations place it rising to 8%. This pales in comparison to the 14% unemployment suffered in the recessions of the 80's and 90's. Interest rates were more drastic then as well, approaching 10% in the 90's and almost 20% in the 1980s. Today, they are below 5%. The economy (GDP) is flirting with zero growth, nothing like the 43% contraction in the 1930's.

In essence, an acorn fell on Canada's head, but Parliament responded as if the sky was falling. This Chicken Little approach betrayed the government's promises of a balanced budget, debt repayment, and prudent fiscal management. One would think this country had learned the lessons of unchecked debt. Because of our past excesses, the federal government is spending \$84-million a day in interest payments.

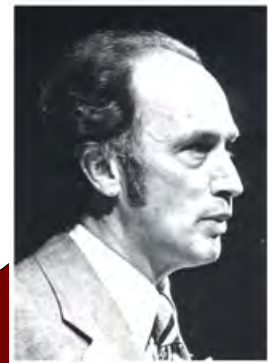
The 2009 federal budget brought back big spending in a big way. Not only does this spending spree waste your money, it will also steal your childrens'. The Harper government plans to rack up an astonishing \$85-billion in new debt in just five years. Eight years of debt reduction will be wiped out with this one budget.

## How did it happen?

Doubtless, part of the reason lies in threatening tactics by the coalition of opposition parties, with the flames fanned by endless media indoctrination. Every news channel and nearly every newspaper in the country warned that Canada risked an economic meltdown unheard of

**Lester Pearson**  
1963-68  
Debt: \$18.75 billion  
19.6% increase

**Joe Clark**  
1979-80  
Debt: \$77.4 billion  
18.3% increase



**Pierre Trudeau**  
1968-79 1980-84  
Debt: \$157.2 billion  
738.7% increase



**Brian Mulroney**  
1984-94  
Debt: \$487.5 billion  
67.7% increase



**Jean Chretien**  
1994-2004  
Debt: \$496.2 billion  
1.8% increase



**Paul Martin**  
2004-06  
Debt: \$481.5 billion  
4.7% decrease



**Stephen Harper**  
2006-2014  
Debt: \$541.9 billion  
12.6% increase (est)

# Canada's Debt Mountain

# Budget 2009

Most provinces pay millions more each day. Does it make sense to add to this burden?

Projected Deficits (\$ Billions)				
2008/09	2009/10	2010/11	2011/12	2012/13
1.1	33.7	29.8	13.0	7.3

special interests are all too happy to encourage government to “stimulate the economy” all the while with

their hands out.

The truth about the “stimulus”

Eleven straight years of surpluses and debt reduction have been swallowed by a giant plunge into deficits. Canada, like much of Europe, is now embracing the Bush-Obama economic doctrine of “stimulating” the economy here or “injecting” the economy there as though it were as simple as waving a magic wand.

Newsflash: Governments don’t have any money of their own. They get it through taxes taken today or taxes taken tomorrow from our children ... plus interest!

Of course, big business, big labour and

## “Temporary” Spending?

This year’s program spending is budgeted to be \$229-billion—the first time Ottawa has ever broken the \$200-billion barrier. Worse, this 11% increase will be fully-funded by borrowed money.

Once government opened the wallet for Big Auto the line-up of organizations seeking privileged access to taxpayer money grew longer. The budget throws cash at aerospace, auto, forestry, mining, ship-building, “regional development,” slaughter houses and more. The only letter missing from this alphabet soup of organizations is ‘Z’ for zoos. Hmmm ... maybe we shouldn’t be giving them any ideas.

And although cash has been thrown in every direction, much of it will land in Ontario. The province will see an \$878-million annual increase in transfer for health care, \$347-million more per year for equalization payments, new railway tracks, \$350-million for Atomic Energy of Canada (located outside Toronto), and a new \$1-billion “temporary” regional development agency for southern Ontario (including Toronto!).

“Of course, big business, big labour and special interests are all too happy to encourage government to ‘stimulate the economy’ all the while with their hands out.”

The budget also includes a “temporary” increase in Employment Insurance (EI) payments from 45 to 50 weeks. There is \$12-billion for new infrastructure spending, \$225-million for rural high-speed internet, and another \$1-billion for regional development agencies for “community restructuring” due to economic hardship.

“Temporary” government programs

have an annoying tendency to become permanent—a prospect all the more likely given the pressures of a minority Parliament. Now that the spending taps have been turned on, it will difficult to turn them off again.

The government plans to return to surplus in five years. But this will only be possible if its rosy revenue projections come true and it is able to restrain spending growth.

## Regional development sinkholes

Budget 2009 adds \$2-billion to regional development programs. Half of this total will go to the “temporary” new Southern Ontario Development Agency (SODA). As well, another \$50-million over five years will go to a new northern development agency.

Prime Minister Harper used to be a very vocal opponent of these programs and promised to reduce them. Instead, he has embraced them and created new ones. These programs don’t work. They merely provide another channel for taxpayer cash to be shovelled to questionable businesses with little or no returns. They are inherently subject to political pressure and have, in the past, been nothing more than political pork-barreling.

## Modest Tax Relief

The Deputy Minister of Finance argued during budget consultations, attended by your CTF, that temporary tax measures don’t work. Nevertheless, the government introduced a \$2.5-billion home renovation tax credit as part of its budget. This is a 15% credit for renovation expenses over \$1,000 up to a maximum credit of \$1,350.

The only glimmer of good news in the

# Budget 2009



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budget is the rise in income tax thresholds.

The basic personal exemption jumped from \$10,100 to \$10,320. Also, the lowest two tax brackets saw their threshold’s hiked from \$38,832 to \$40,726 (15% bracket) and from \$77,664 to \$81,452 (22% bracket).

Raising these thresholds means more income is taxed at a lower bracket. This measure is broad-based and provides modest relief for the average Canadian family. It is a tax change your CTF had been calling for and represents a small victory for the CTF and for taxpayers.

## Looking forward

All the talk of “temporary” this and “temporary” that is bunk. Without enormous public pressure the country will once again spiral into prolonged deficits, a permanent increase in the size of government and eventually, higher taxes to pay for it all.

Moreover, the first baby boomers are now retiring and the costs of health care and social security are about to explode. We can ill afford this.

To that end, your CTF has launched [www.debtclock.ca](http://www.debtclock.ca) to draw public attention to the dangers of excessive public debt and build support for balanced budgets. Please go to the site, sign the petition and forward to your contacts.

Taxpayers can ill afford not to take action!■

