



PUBLIC FINANCE

Balancing the Budget in a First Mandate and Then Cutting Taxes

Issue

Canada's public finances are in a disastrous state. Under the Trudeau Liberals, spending, deficits, and the national debt are exploding. Justin Trudeau exploited the covid crisis to create a whole series of expensive new programs in areas of provincial jurisdictions such as daycare and dental care. The Conservatives, NDP, Bloc and Greens all supported the Liberals' massive covid spending and none of them is committed to reducing the size of government.

This is utterly irresponsible. Because of this fiscal profligacy, inflation and interest rates are at their highest level in decades. When another recession hits, the federal government will be in a precarious fiscal situation and could lose control of its finances. Moreover, no broad-based reduction in the tax burden will ever be possible with a government that keeps growing and paying for new programs with borrowed money.

Facts

The Liberal government incurred massive deficits in the hundreds of billions of dollars during the pandemic years, and our national debt will total a record \$1.2 trillion (or \$1200 billion) by 2024. These deficits were funded by money printed by the Bank of Canada, which predictably fueled inflation and forced the Bank to hike interest rates. Instead of paying for these deficits directly with taxes, Canadians are paying them indirectly with higher prices on all goods and

services, and higher interest payments on mortgages.

Pierre Poilievre voted for the Liberals' massive covid spending and has refused to condemn their new, unconstitutional programs that intrude on provincial jurisdictions. He has only said that he would cut one dollar somewhere for each dollar of new spending, which means a Poilievre Conservative government will keep overall spending at the same level and will not reduce the size of government. He offers nothing that substantially differs from the Liberals.

Even though the exceptional spending of the pandemic years is over, spending has not gone down to pre-covid levels. The Liberals have permanently increased the size of the federal government. The 2023 Budget is forecasting more deficits for the next five years. Even though Canada's aging population will continue to weigh on public finances, the Liberals are not putting a single dollar aside for rainy days, but instead continue to spend recklessly as if there is no tomorrow.

According to data published in 2021 by the Parliamentary Budget Officer, if current policies are not adjusted, the federal government will only balance its budget again in the year 2070. A baby born in 2021 already owes more than \$26,000 in federal government debt. By the time the budget is balanced a half-century from now, newborns will be on the hook for about \$67,000.

Our Plan

Deficits and debts are nothing more than deferred taxes on our children and grandchildren. Instead of buying votes with borrowed money, a responsible government should aggressively cut spending, balance the budget as quickly as possible, and then lower taxes in a prudent manner to put money back into Canadians' pockets.



A People's Party government will:

- Reverse new spending programs announced by the Trudeau government.
- Get rid of the deficit by the end of a first mandate through fiscal prudence and spending cuts, including corporate welfare, foreign development aid, CBC, equalization payments, and funding for programs which are provincial or municipal responsibilities.
- Stop using our tax system for political ends and make it simpler and fairer. In particular, it will eliminate targeted tax measures that are inefficient and serve no compelling public policy purpose.
- Cut personal income taxes, corporate taxes, and the personal capital gains tax after the deficit has been eliminated, over the course of several budgets, as the fiscal room is found to allow it.

(Updated August 2023)