

A Fifty-Year Deficit for Canadians!?

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Wouldn't it be nice to have a plan to get Canada completely out of debt by 2070? How about, instead, adding to the debt every year until then? The second scenario is the likely one, and it isn't pretty.

Deficits have become the norm for our federal government, and also our provincial governments. This is not a good practice, and it is getting worse, much worse....

According to a recent article¹ by Jesse Snyder in the National Post: "The federal government could be running budget deficits until 2070 if current spending plans are not altered, according to estimates by the Parliamentary Budget Officer." For many of us, that would mean no return to a balanced budget in our lifetime!

The CD Howe Institute likens it to "rolling the dice"² (PDF) on Canada's future. Their ". . . baseline scenario shows the federal debt burden on an upward long-run drift with the debt ratio reaching 60 percent by 2055. Nationally, taking provincial governments into consideration, **the combined federal/provincial net debt ratio could reach over 140 percent** (emphasis mine) under our baseline scenario, and almost 100 percent even under the more favourable budget scenario. As such, recent federal and provincial budgets amount to 'rolling the dice' on Canada's future."

The CD Howe Institute is sounding the warning, and they are not alarmists. The Canadian Taxpayers Federation, which regularly warns us about Canada's growing debt and deficit, are saying the same thing:³ "Racking up trillions of dollars in debt and interest is not okay, and that's why we need to see federal politicians start taking deficits seriously," said Franco Terrazzano, Federal Director for the CTF.

So, are any federal politicians actually taking the deficit seriously? Certainly not the Prime Minister; he is happy to tax and spend to whatever level possible in order to get more votes. But what about the Official Opposition? While there are some "fiscal hawks" in the ranks of the Conservative caucus, their leader Erin O'Toole is not showing the leadership⁴ that is needed or expected: "Between the tabling of the federal budget in April and the end of the parliamentary sitting in June, Conservative Erin O'Toole asked dozens of questions in the House of Commons and spoke thousands of words. Not one of those words was 'deficit'."

If there is one "safe" issue to criticize the Liberal government on, it should be their reckless spending and growing deficit; the fact that Erin O'Toole is not reminding them about this on every available occasion is quite worrying. Is he not concerned about balancing the books either? In his defence, many Canadians seem to have forgotten or become numb to the whole issue, though it is still the number four issue⁵ in recent polling.

Canadians should be smart enough to see through this, but they are not being reminded very often. The government is employing a shallow and immoral strategy of borrowing and spending like crazy to make

everyone feel that things are fine, to try to get re-elected with a majority, and to worry about the details later. Much later.

The current deficit is estimated to be around \$354 Billion⁴ for 2020-2021; that is \$354 billion being added to our debt in one year! By the way, Canada's federal debt is now over a Trillion dollars;⁶ that is a thousand billion. It is big enough to be incomprehensible to the average person.

The long-term difficulty with this scenario is that even the slightest uptick in interest rates will cause problems; as the earlier-cited study by the CD Howe institute warns: ". . . the size of the debt burden is itself a risk factor because of its influence on interest-rate movements. High-debt countries experience larger interest-rate increases in response to unexpected changes in economic conditions and volatility."

While economies are in somewhat difficult times now, interest rates are still low, and the full effect of our government's borrowing spree is not being fully felt. But Canadians need to be reminded that just because it does not feel like a problem today, does not mean that it is morally acceptable or sustainable in the long-term.

Canada's Government ought not to keep borrowing and racking up deficits, even if the "sky has not caved in" yet—because it is wrong to keep adding to a debt that **will not begin to be paid off** in the lifetimes of most of those who are piling it up. Leaving a debt to the next generation is already bad, leaving an out-of-control deficit to them is unconscionable.

All choices are moral at their root. CHP continues to remind Canadians of the need to base decisions on biblical morality. If you believe that this "conscience" needs to be heard, please support CHP and join⁷ our membership.

Footnotes

¹ nationalpost.com/news/without-fiscal-course-correction-ottawa-could-be-posting-deficits-until-2070-pbo-says

² www.cdhowe.org/sites/default/files/attachments/research_papers/mixed/e-brief_319.pdf

³ www.taxpayer.com/newsroom/feds-won-25E2-2580-2599t-balance-the-budget-until-2070

⁴ www.cbc.ca/news/politics/minority-report-balanced-budget-era-over-1.6114982

⁵ angus Reid.org/federal-politics-pre-writ-2021/

⁶ www.debtclock.ca

⁷ www.chp.ca/get-involved/

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