

Editorial ? Deficits are key part of budgets

When our federal government in Ottawa brings down its annual budget, it usually dominates headlines and water-cooler talk for some number of days.

Yet such was not the case with the budget brought down last week by Finance Minister Bill Morneau.

True, there might have been some other factors at play, including the tragic terrorist attack in London. But it's also true that the reaction was somewhat lacking. Even Dufferin-Caledon MP David Tilson was quick to point out it didn't really amount to much.

‘It was really a do-nothing budget,’ was Tilson's opening line to the Citizen when we contacted him for comment last week.

And it looks like there was considerable agreement with that.

Even the headline in an editorial in the Globe and Mail contained the words ‘nothing to see here.’

‘Budget 2017's hundreds of thin pages are filled with buzzwords and buzzy ideas,’ it went on to say; ‘beyond that, it exhausts itself enumerating what the government did last year, and teasing out what it might do next.’

But one point both Tilson and the Globe raised had to do with the deficit.

The government proposes, with last week's budget, to spend some \$23 billion more than it takes in, and that figure is expected to rise to \$28.5 billion. And Tilson had no qualms about reminding us this was from a government that campaigned for office on a pledge that the deficit would not exceed \$10 billion.

More to the point, these deficits aren't stand-alone figures. They are part of an accumulated national debt. And the Canadian Taxpayers' Federation reports that debt is getting close to \$637 billion, increasing at a rate of almost \$58 million per day. Maybe a handful of people reading these words will see \$58 million in their lifetimes, yet our government is adding that much to our financial burden per diem. That scares us. It should scare all of us.

The Globe tried to soften that message, citing where the deficit stands in terms of gross domestic product (GDP). But it doesn't cover up the fact that we're talking about a lot of money that's going to have to be paid back, eventually.

And one of the reasons why the debt is growing is interest has to be paid on it.

It is true that we get a break. Interest rates are relatively low and have been for several years. That slows down how quickly the debt grows. But will interest rates stay that way forever? Who's to say?

There is nothing wrong with being in debt. Anyone who has ever taken out a mortgage in order to buy a house knows that. But a mortgage on a home is only granted if the person taking it out can demonstrate an exit strategy, namely through regular payments. And if they get into the habit of not making the payments, the consequences are not very nice.

We don't believe the federal government has an exit strategy for getting out of debt. Indeed, Tilson told us that Morneau was asked about plans to get rid of the deficit. ‘He didn't have an answer,’ Tilson said.

We're not surprised.

We realize that balancing budgets is not easy. It means not spending on some things, and saying ‘no’ to people and certain interest groups. That's a hard way to go about getting votes if a government is looking ahead to the next election, and what government isn't? It takes political will, and we might be hoping for too much to expect it.

We are hearing that the Provincial government is still looking at balancing its budget.

As the saying goes, we'll believe it when we see it.