

An Economic Charter could keep Canada from drowning in debt

by FRANK STRONACH

The latest economic and fiscal outlook from Canada's Parliamentary Budget Officer (PBO) indicates that the federal deficit will grow more than previously projected, up to \$46.5 billion in the current fiscal year. The PBO also said we'll continue to run deficits for the remainder of this decade.

In fact, according to a recent report by the Fraser Institute, Canada's overall debt is expected to grow by more than \$140 billion over the next five years. That means the government will pay a lot more in interest to service our ballooning national debt, in much the same way that many Canadians are paying more interest today for mortgages, credit lines and car loans.

The question we need to ask is why are we racking up this enormous debt? And why are we still generating massive deficits year after year, especially now that the pandemic is behind us?

If the reason we're running up the debt is to inject a powerful amount of financial stimulus to get our economy going again, it's clearly not working. And if it's not to get our economy working, then what is the government spending all this borrowed money on?

When government spending goes off the rails from time to time, the opposition often vows to restore fiscal sanity and return to balanced budgets. But if the opposition is successful and forms the government, there's nothing that prevents them from continuing to run deficits.

In other words, we have no effective checks on limiting government spending.

Why does this matter?

It matters because fiscal mismanagement directly impacts our standard of living and the living standards of future generations. It can cause inflation, which corrodes the value of our savings and makes consumer staples like food, fuel and clothing more expensive while putting a big dent in consumer spending.

But if we had an Economic Charter of Rights and Responsibilities, which required the government to pay down debt, balance the budget and reduce spending on overhead, then we would have guardrails in place to keep government from spending recklessly and driving us deeper into debt.

The two key charter responsibilities imposed upon the government, with clear-cut percentages and dates attached, would be the following:

Eliminate the debt and balance the budget ? a commitment to get our fiscal house in order and reduce our national debt by 5 percent per year for 20 years so that we will be debt-free within two decades.

Cut red tape and over-regulation ? a commitment to reduce government overhead by 5 percent per year over a ten-year period.

An economic charter of rights and responsibilities would protect the pocketbooks of Canadians by preventing governments from mismanaging the economic affairs of the nation in much the same way that the Charter of Rights and Freedoms prevents overzealous governments from trampling on the democratic rights of Canadians.

The fact is our country is drowning in debt.

We need to cut spending, return to balanced budgets, and start paying down our debt.

An economic charter of rights and responsibilities is a powerful tool to accomplish that ? not just for today, but for generations to come.

To learn more about the economic charter and how it could help Canadians, email me at info@economiccharter.ca. Or to learn more about the economic charter, please visit: www.economiccharter.ca.

Author Bio

Frank Stronach is the founder of Magna International Inc., one of Canada's largest global companies, and was inducted into the Automotive Hall of Fame.

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