

Bank of Canada interest rate hike hits consumers again

BY DAVID TILSON

The Bank of Canada recently raised the overnight lending rate to 1.5 per cent from 1.25 per cent. This was the fourth increase in just over a year, which means Canadian consumers will likely end up paying more for such things as variable-rate mortgages and lines of credit. It also means that Canadians are going to be paying more for the money the current Liberal government has borrowed. It is, therefore, not the time for more Liberal tax hikes to further burden Canadian taxpayers who are already stretched to the limit.

The Bank of Canada points out that there are big risks for the Canadian economy ? trade uncertainty and tariffs, rising interest rates, higher consumer debt, vulnerability in housing, and higher inflation. This is the wrong time for Prime Minister Justin Trudeau and the current Liberal government to be imposing new taxes on Canadians. These are threats that the Bank of Canada has been warning about for years. A responsible government would've prepared for a downturn by setting aside funds or paying down debt. Instead, the Prime Minister has added \$60 billion to the national debt in his first three years in power. Last year, Canada's net debt reached an all-time high of \$670 billion or \$47,612 per Canadian family.

Consumer debt is also a serious concern in Canada. In 2017, Canadian households had a record \$1.74 of debt for every dollar of disposable income. As interest rates rise over the next three years, debt payments will consume a larger share of household income than at any time in the last three decades. As households are ?shocked? with higher interest on their credit cards and mortgages, their taxes will need to rise to pay a one-third or \$8 billion increase in federal government debt interest. The gravity of this situation cannot be understated ? Canada's combined personal, business, and government debt is now three times the size of the entire Canadian economy.

All of this is sobering news for Canadians. Prime Minister Trudeau spent the cupboard bare when rates were low and times were good. Now consumers and households will be forced to pay for his reckless borrowing. In 2009, the previous Conservative government was able to take decisive action to support the Canadian economy. The cupboard will be bare the next time Canada is faced with a crisis.

Canadians remember that Prime Minister Trudeau broke his promise to only run small deficits of \$10 billion per year and to balance the budget by 2019. He now admits the budget won't be balanced until 2045 ? twenty-five years later than he promised. As a result of his reckless borrowing, Canadians will spend \$40 billion annually on federal debt interest by 2021 ? a 60 per cent increase from last year. This means higher taxes for Canadians to pay wealthy bond holders and bankers. Furthermore, the cost of living is rising and Prime Minister Trudeau is making it worse. His carbon tax will raise the price of everything and his reckless borrowing means higher interest on debt for consumers and taxpayers. He should've considered how future interest rate hikes would impact Canadian families before he raised taxes on gasoline and home heating; Canadians' savings accounts; and payroll taxes for businesses.

We, the Conservative Official Opposition, believe taxes should be lower for Canadians: for businesses, families, and individuals. Given the recent Bank of Canada interest rate hike, the Prime Minister's reckless spending leading to higher interest on debt for consumers and taxpayers, this is definitely not the time for more Liberal tax hikes. We will continue to be the voice of the taxpayer. We will continue to hold Prime Minister Justin Trudeau and the current Liberal government to account for the taxes he's raised to pay for his out-of-control spending and for leaving ordinary Canadians behind.