

Editorial ? Don't forget the debt

The Provincial budget came down a couple of weeks ago, and as usual, the attention of most people was caught by certain items it contained.

Some were drawn to the plan to provide free post-secondary tuition for students coming from families with household incomes of less than \$50,000 annually. Others are looking at the costs they are going to have to pay over the coming years, for things like gas for their cars, energy to heat their homes, etc. The cost of getting around is going to increase, and that means the price of transporting merchandise to stores is going to go up too. Merchants are going to have to find some way to cover those increased costs. Get used to paying more for your groceries, your clothes, your amusement, etc.

While we are all free to determine whether it was a good or bad budget, there is one word that sums up a reality that few of us seem prepared to face ? ?debt.?

And folks, that is a reality we had better start facing, because it's not going away any time soon.

This budget, like so many before it, includes a deficit of some \$4.3 billion. In the great scheme of things, that doesn't sound like a lot of money. But it's money that's to be added to the government's accumulated debt, and that is now on the order of \$300 billion.

That's money that's going to have to be repaid ? with interest.

A certain percentage of the taxes we pay are going to cover the interest payments on that debt. The figure, according to published reports, will come to about \$11.8 billion this year. That money alone doesn't get the government, meaning us, out of debt. It's just the price we have to pay to keep from getting deeper in the hole. And since the budget includes an operating deficit in the coming year, it means the hole is going to get deeper anyway.

Debt is not always a bad thing. Anyone who has ever bought a home has almost certainly had to take out a mortgage, and that is debt. But those of us who have had mortgages know they come with a built-in exit strategy from that debt, in the form of regular payments that the bank or lending institution collects.

We can even understand that it is sometimes necessary for government to go into debt. In times of recession, for example, when economic activity is low, but demands on the public purse are high, deficits are to be expected.

But the Liberals at Queen's Park have been running deficits for the last nine years. True, the economy could have performed better, but it certainly has not been so bad as to justify digging the economy into a deeper hole.

Where's the exit strategy?

The government says it has one, vowing that the budget will be balanced next year. As the saying goes, ?We'll believe it when we see it.? After nine straight deficits, we believe we, along with just about everyone else in Ontario, could be forgiven for being somewhat cynical about that promise.

And even if they can balance spending, that's still a deep hole we're in, and getting out of that pit is something we're going to have to soon address.

Dufferin-Caledon MPP Sylvia Jones made a great point when she observed that interest rates are at historically low levels. What happens when they increase?

What happens indeed!