

Ottawa Journal by David Tilson MP ? Budget 2016: Fighting a recession we aren't in

The government is borrowing money we don't have to fight a recession we're not in.

The Parliamentary Budget Office says we can't trust the Liberals' job numbers and economic forecasts because they are hiding vital information and failing to consult independent experts.

The Liberals don't actually have a plan to put Canadians back to work. They think jobs are automatically created by spending taxpayer money. Instead of supporting real job-creators, the Liberals are making it more expensive for companies to hire people and raising taxes on the small businesses that employ 95 per cent of Canadians.

The Liberals are holding back billions in private investment through red tape and the threat of new taxes. This recent Liberal budget isn't about growing the economy; it's about growing the size of government. The world is littered with examples of countries that thought they could get rich by spending more than they earn. In the end, it only leads to debt and taxes.

Canada's current economic conditions are not those that justify a fiscal stimulus. According to the Bank of Canada's January forecast, the economy will grow by 1.4 per cent in 2016 and 2.4 per cent in 2017. Figures released since then suggest growth could be even higher this year, with some commentators saying Canada will outperform the G7 average. Compare that to the depths of 2009, when GDP was shrinking at a rate of more than four per cent because consumer and business spending had collapsed.

The crux of Canada's economic trouble is a supply shock due to structurally lower commodity prices. This has reduced the value of output in pockets of Alberta, Saskatchewan and Eastern Canada, causing resource businesses to cut investment and hiring. Recovery depends not on propping up demand through stimulus, but on workers and businesses shifting to higher-value activities. Helped by a lower Canadian dollar, the rapid growth of non-energy exports since mid-2015 suggests this process is already underway.

The Liberals' first budget offers few insights into how the government plans to create jobs. In Budget 2015, the verb 'hiring' show up 15 times, mostly in reference to measures that would get businesses to take on new workers. This year, the word shows up only three times ? and only in the context of the government's plans to hire more tax collectors.

Any economic boost from higher spending will be overshadowed by immediate and looming tax hikes. Personal income taxes are set to go up by \$1.3 billion this year and \$2.4 billion next year, due to the elimination of income splitting, tax credits and higher rates on income more than \$200,000. Small businesses will be hit with higher income and payroll taxes. The Budget also reaffirms the government's plans to create a national carbon tax and to hike Canada Pension Plan premiums. New costs and regulatory uncertainty is hardly a recipe to get businesses investing and hiring again.

