

# Sprinkles of Fairy Dust

*Ideally an election budget should carry a strong, clear vision of a bright future based on the thrust of initiatives proposed by the government. Right now, such a clear vision would help overcome the pervasive pessimism among Canadians about the economy.*

Instead, Finance Minister Trudeau has put forward approximately 120-150 initiatives aimed primarily at the millennials and seniors striving to maintain middle class membership. The theme of the budget is “The Middle Class”, a fuzzy term at best. For example, Millennials will receive financial incentives as well as less stringent barriers to be first-time home buyers. The government thinks their initiative will increase the number of buyers by 43,000. The NDP counters by saying the problem is a lack of affordable housing, not a lack of demand. Of course, affordable houses are not voters. As for those seniors on GIS (guaranteed income supplement), they will be able to earn an additional \$3000 before the supplement is subject to a claw-back.

The 2019-20 budget deficit is projected to rise to \$19.8 bil based on a GDP growth forecast of 1.8%. Many economists have recently reduced the growth estimate to 1.5%. Four years from now the deficit is supposed to recede to \$9 bil.

Financial support during the period devoted to skills training figures prominently in the budget. Even seniors will qualify for some of the skills programs. Bringing seniors into the Digital Age may have the additional advantage of reducing inter-generational tensions.

Realistically, very few of the 150 initiatives will be enacted prior to the election. Most of them will require debate in committee, detailed legislation and passage by parliament. At this stage, the initiatives are a broad, inclusive, intelligently-constructed wish list that may encourage voter support.

Often election budgets contain a surprise: some program or even just a slogan that captures everyone’s attention. So far, none has emerged, possibly because the large number of initiatives has smothered what could have become a galvanizing theme. Instead, what is most noticeable about Trudeau’s budget are the issue not mentioned or barely touched upon.

For example, there is an urgent need for tax reform. Our personal and corporate tax rates are regarded by many as not competitive. Canada hasn’t had a comprehensive overhaul of the tax system since the Carter Commission and Edgar Benson’s tax reforms in 1971.

Canadians wonder why the large internet companies are not regulated (and taxed) like other media companies. Also, why have the costs of post-secondary education risen at more than twice the rate of inflation? Most important, what

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can be done to make Canada more attractive to foreign investment? As in the past, Canada's future and present prosperity depends on foreign investment. Some budgetary attention to these problems might have been appropriate.

While Western Canada alienation is a crisis gaining momentum, the

budget offers only \$100 million spread over three years for the problem.

In some ways, this was Finance Minister Mounreau's most successful budget, including his half dozen or so updates. It will certainly be remembered for being the least controversial. The many proposals were well defined, sensibly modest and incapable of causing outrage. Mr. Mounreau has possibly tired of being a target.



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