



# NEWS RELEASE

## Alberta's deficit reduction takes longer and reduces spending less than previous reform-minded governments

December 5, 2019  
For immediate release

**CALGARY**—The Alberta government's plan to eliminate the budget deficit by 2022/23 is less aggressive—both by timeline and by the amount of spending reductions—than previous successful deficit-reduction plans by other governments across Canada, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“The recent Alberta budget represents a real change in fiscal direction for the province, but when compared to other fiscal reforms of the recent past, it should be viewed only as a first step of a broader strategy,” said Ben Eisen, Fraser Institute senior fellow and co-author of *What's Changed, By How Much, and What Remains to be Done: An Analysis of Alberta's Budget*.

The Alberta government plans to eliminate the deficit (which currently stands at \$6.7 billion) by reducing program spending by 1.6 per cent over the next four years. But this plan is less ambitious than deficit-reduction plans by previous governments—both provincial and federal. For example:

- Prime Minister Jean Chretien's federal government reduced program spending by 9.7 per cent from 1995 to 1997 and eliminated Canada's deficit within three years.
- Premier Roy Romanow's government in Saskatchewan called for reducing program spending by 8.9 per cent from 1992 to 1994 and eliminated that province's deficit in two years.
- Ralph Klein's provincial government in Alberta budgeted to reduce program spending by 21.6 per cent from 1993 to 1997 and eliminated Alberta's then-substantial deficit, and subsequently eliminated provincial debt as well.

And crucially, the longer it takes to return to budget balance, the greater the risk that economic shocks—a recession, for example—could derail the plan.

“Given the comparably small level of spending reductions in this government's first budget, the road back to balance will take longer, and is riskier than if the province had pursued a more aggressive approach,” said Steve Lafleur, Fraser Institute senior policy analyst and study co-author.

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