

NEWS RELEASE

Ottawa could balance budget in 2019 (as promised) with modest spending reduction

February 23, 2018
For immediate release

VANCOUVER—The Liberal government could still balance the federal budget by 2019/20—a promise Prime Minister Justin Trudeau made during the 2015 election campaign—by reducing program spending by just one per cent over the next two years, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

The federal government is expected to table the 2018/19 budget next week.

“A key driver of Ottawa’s deficits is a staggering run-up in program spending under the Trudeau government, but getting back to balance and keeping that promise to Canadians is still doable,” said Charles Lammam, director of fiscal studies at the Fraser Institute and co-author of ***Back on Track: How the Federal Liberals Can Deliver Their Promised Balanced Budget by 2019/20.***

The study finds that a one per cent reduction in program spending—spread out over two years—would balance the budget by 2019/20. That means the government needs to reduce program spending by just \$3.2 billion—from \$304.9 billion to \$301.7 billion—in its next two budgets.

Incidentally, since coming into office in 2015, the federal Liberals have increased program spending by \$51 billion—a 20.1 per cent increase in just three years.

And for recent historical context, a one per cent reduction in program spending is much less dramatic than the 9.7 per cent reduction by Prime Minister Jean Chretien in the 1990s.

“With a more disciplined approach to spending, the Trudeau government can still keep its promise to Canadians and balance the budget by the end of its first mandate,” Lammam said.

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