

NEWS RELEASE

Ontario government debt will reach 47 per cent of the economy (GDP) this year, requiring immediate action

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For immediate release

TORONTO—Ontario’s net debt (total government debt minus financial assets) will equal 47 per cent of the provincial economy by the end of this fiscal year, finds a new study released today by the Fraser Institute, an independent, non-partisan, Canadian public policy think-tank.

“If the Ford government wants to work towards eliminating the province’s historically large deficits, it must address the spending side of the ledger,” said Steve Lafleur, a Fraser Institute senior policy analyst and co-author of [*Lessons for the Ford Government from the 1995 Federal Budget*](#).

For example, to return to budget balance—without increasing tax revenue beyond current projections—the Ontario government must reduce annual spending by 3 per cent of GDP.

While this would require sizeable spending reductions, there are historical precedents for spending-focused deficit elimination efforts of this size. In fact, the Chrétien government’s 1995 federal budget reduced annual spending by 4.6 per cent to eliminate the federal deficit in only two years.

“The 1995 Chrétien reforms included a rigorous review of federal programs that helped determine the appropriate role of government in delivering services and resulted in broad spending reductions,” said Ben Eisen, senior fellow at the Fraser Institute and study co-author.

“The Ontario government has an opportunity to change course in its third budget, just like the Chrétien government did in its second budget 25 years ago,” Lafleur said.

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