

NEWS RELEASE

Current Ontario government plans to balance budget by replicating failed McGuinty approach

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For immediate release

TORONTO—The new Ontario government’s plan to balance the budget—relying largely on increased revenue, not spending reductions—resembles similar unsuccessful plans by past Ontario governments, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“You don’t have to look too far back in Queen’s Park history for examples where a government’s plan to slowly balance the budget didn’t succeed,” said Ben Eisen, Fraser Institute senior fellow and co-author of *Ontario’s Deficit Reduction Strategy Mirrors Previous, Unsuccessful Attempts*.

The study finds that the 2019 budget—while a departure from the last two years of the previous government—virtually mirrors the budgets of former premier Dalton McGuinty.

For example, McGuinty’s 2011 budget increased program spending by 1.4 per cent, close to the 1.0 per cent increase planned in the 2019 budget.

Likewise, the 2019 budget—which forecasts returning to balance in five years—reduces the deficit by \$2.4 billion annually over the next five years. That’s nearly the same average annual amount (\$2.38 billion) achieved by the McGuinty government from 2011 to 2016.

Crucially, McGuinty’s 2011 plan back to balance proved largely unsuccessful.

“These go-slow approaches are risky and often don’t come to fruition because they rely on forces beyond the government’s control—such as continued revenue growth—and are easily derailed by an economic slowdown or recession,” said Steve Lafleur, a senior policy analyst with the Fraser Institute and study co-author.

“The evidence is clear—governments that plot long trajectories back to balance by slowing the growth of spending almost always fail to achieve their goal. What works is governments moving quickly to bring spending in line with available revenues.”

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MEDIA CONTACTS:

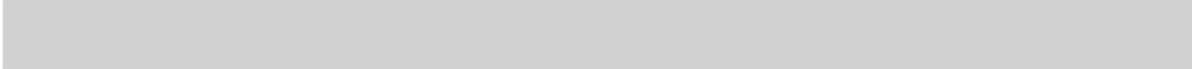
Ben Eisen, Senior Fellow
Fraser Institute

Steve Lafleur, Senior Policy Analyst
Fraser Institute

To arrange media interviews or for more information, please contact:

Bryn Weese, Senior Media Relations Specialist, Fraser Institute
(604) 688-0221 ext. 589

bryn.weese@fraserinstitute.org



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