



Atlantic Chamber 2018 Federal Budget Insights

The following information is provided to members for consideration and awareness in future discussions with members and government officials.

The 2018 Federal Budget

The 2018 federal budget includes many positive proposals to address social issues such as living conditions for indigenous people, gender equality in the workplace and increasing the net income of low income Canadian. It even has some specific allocations that will appeal to Atlantic Canadians – improvements for small craft harbours and enhancements to the EI program for seasonal workers. But what it lacks is anything that addresses the fundamental challenge of the rising cost of operating a business in Canada and a reliance on questionably optimistic economic forecast to justify its fiscal plan.

“Although the budget sets out many positive measures, including support for women entrepreneurs, a clearer path to Indigenous self-determination and improved skills development, it doesn’t address the most basic issues facing our economy. The cost of running a business in Canada is rising rapidly. Without a strong private sector, there’s no way to pay for all this spending, except by sending the bill to our kids.”

Perrin Beatty, president and CEO of the Canadian Chamber of Commerce.

“Federal budgets show an increasing tendency to put spin ahead of substance. The 2018 budget marks a new low: it buries the key fiscal projections – which in many provinces would be on the front page – in an annex on page 319. Budget 2018 shows spending on programs up yet again, with interest costs putting further pressure on the bottom line. The government has adopted overspending and red ink as signature policies.

Balancing the budget is out of scope.”

Bill Robson, president and CEO of the C.D. Howe Institute.

Many analysts are questioning the real value of the budget process and the tendency of governments to use the documents as predominantly political tools versus a rigorous planning exercise. This budget embodies an approach of disregard for fiscal responsibility by ignoring basic economics. If the government is to be believed, that our economy is flourishing, then it is hard to understand why the country continues to spend more money that it takes in and refuses to reduce its exposure to economic downturn and rising interest rates.

One of the key challenges for Canada, as it exposes itself to increased competition via trade

agreements, is to remain competitive. The potential for significant cuts in US Corporate tax rates and a failure to renew NAFTA loom large as potential threats to investment and trade.

Minister Morneau's budget is another example of leadership without an economic plan. While we rightfully look to our governments to provide protection, social order and equity, we need a government that will plan beyond election cycles and provide the country with lasting conditions that support business investment and job creation.

"...for Canada to capitalize on its innovation and global export strategies, decisive action is needed to halt the erosion of Canadian competitiveness."

Dennis Darby, President and CEO of the Canadian Manufacturers and Exporters.

Other Available 2018 Budget Analyses

Atlantic Provinces Economic Council

<https://www.apec-econ.ca/publications/view/?do-load=1&publication.id=355>

Canadian Chamber of Commerce

Budget Analysis

<http://www.chamber.ca/download.aspx?t=0&pid=7bf115d4-0e1c-e811-ba63-005056a00b05>

(English)

Press Release

<http://www.chamber.ca/media/news-releases/180227-budget-big-on-spending-short-on-growth>

(English)

<http://www.chamber.ca/fr/medias/communiqués-de-presse/180228-un-budget-fort-en-dépense-faible-en-croissance> (Français)

Deloitte Canada

<https://www.youtube.com/watch?v=nB5YsveKpC0> (English)

https://youtu.be/ic417_JEtOI (Français)

CFIB

<https://www.cfib-fcei.ca/en/advocacy/federal-budget> (English)

<https://www.cfib-fcei.ca/fr/influence/budget-federal> (Français)

Fraser Institute

<https://www.fraserinstitute.org/blogs/trudeau-government-0-for-3-for-budgets-that-improve-fundamentals-for-growing-the-economy>