



Federal budget: seduction  
for the next election?

## Description

# The Trudeau government unties its purse strings and shovels the deficit forward

By **Luc Archambault**

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The federal budget, presented on Monday, April 19th, is making history. First, it marks the government's return to a willingness towards budget planning, following the omission of one last year due to the pandemic. Second, this is the first budget in history to be tabled by a woman. **Chrystia Freeland** is the first woman in Canadian history to serve as Minister of Finance.

This budget provides \$17,6 billion for green investments and \$12 billion to expand programs destined to help businesses deal with Covid-19.

And what a budget! A colossal brick of 724 pages, nothing less. With more than 227 separate measures, comprising \$101,4 billion in various investments to stimulate business fragilized by the pandemic, and get the country's economy back on track. This budget provides \$17,6 billion for green investments and \$12 billion to expand programs destined to help businesses deal with Covid-19.

## Childcare expenses

One of the strengths of this budget resides in its reduction in childcare costs in the years to come. Aiming at the creation of a national network of childcare centers, inspired by Quebec's network, through the contribution of \$30 billion over 5 years, followed by \$8,3 billion annually thereafter, Ottawa aims to reduce childcare costs by 50% by 2022 and has a plan to set costs at \$10 per day by 2026. The Minister talks about putting in place an asymmetric agreement with Québec so that the latter can improve its existing network.



## Old Age Security

Another key measure is the \$500 bonus offered to seniors aged 75 or more over next August. The budget also plans to increase Old Age Security by 10% for the year 2022, followed by annual increases indexed to inflation in subsequent years. This will surely influence how our seniors vote in the election to be held next fall.

'More than 227 separate measures, including \$101.4 billion in various investments to stimulate businesses hurt by the pandemic and get the nation's economy moving again.'

The sum of all the measures in this budget adds up to \$65,9 billion over five years. In terms of revenue for the same period, a total of less than \$12 billion is expected. Counting on a strong economic recovery, the minister and her government are betting that this recovery will be strong enough to absorb the deficit, which will still amount to the "modest" sum of \$30 billion in 2025-2026.

## Increased federal debt

The opposition parties have little or no say in this electioneering budget. The amount of money that has been sprinkled on all segments of the population undermines any concerted criticism. Except that as the government shovels money forward and plays both sides of the fence, economic uncertainty grows, and future generations of taxpayers will have to pick up the tab.

'Does the pandemic alone justify such huge spending?'

Despite the highly optimistic words of experts such as **Stephanie Kelton**, President Biden's muse and author of *The Deficit Myth: Modern Monetary Theory and the birth of the People's Economy*, is there not a reason to be concerned about a deficit of \$354 billion as of March 31 of this year, to which \$155 billion will be added this year, despite the soaring deficit?

And what about the federal debt, which will increase "only" by 20% this year, and from 31% of GDP in 2020-21 to 51% of GDP by 2021-22? Does the pandemic alone justify such huge spending? When interest rates start to rise again, will this little gamble still hold up?

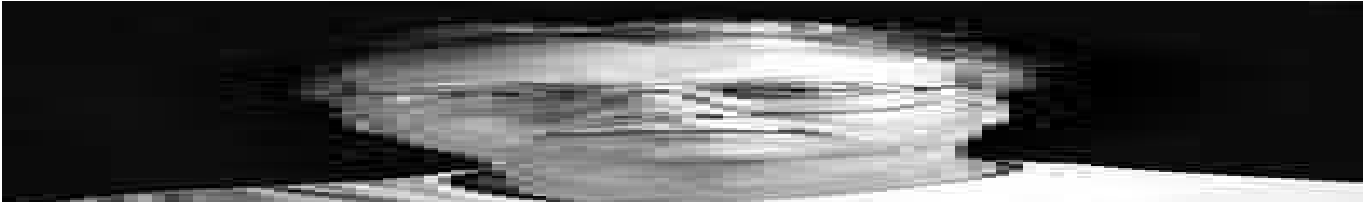
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**Luc Archambault**, writer and journalist, globe-trotter at heart, passionate about movies, music, literature and contemporary dance, came back to Montreal from an extended stay in China to pursue his unrelenting quest for artistic meaning.

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