

WSSR WORKSHOPS ON SOCIAL SCIENCE RESEARCH

Is Deficit Spending Responsible?

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March 23rd, 2018

9:00am – 4:30pm

Summary

On March 31st, 2017, the Canadian federal debt was at \$631.9 billion, and it continues to rise every year. With a government that is committed to increasing spending by “investing in the middle class”, is freedom from debt a realistic possibility for future generations of Canadians? At what point does spending to stimulate the economy start to backfire? Is deficit spending for economic growth responsible?

Join Kevin Page, Canada’s first Parliamentary Budget Office and founding President and CEO of the Institute of Fiscal Studies and Democracy at the University of Ottawa as he takes you through a deeper understanding of how government spending works and how the spending of tax dollars has changed. Page will also dig deeper into the different types of deficit spending and how going into debt responsibly can actually help raise the country out of deficit in the long run. What short and long term strategies are Canada and other countries using to restore growth? Is it time to consider other policy options? What must this government do to ensure fiscal policy that will secure a prosperous future for all Canadians?

Outline

How do we spend taxpayer money in Canada?

- Where is the money going?
- How can spending help the economy?

How has government spending evolved?

What is deficit spending?

- Cyclical deficits
- Structural deficits

Can there be responsible deficits?

- Setting long term agendas
- Informing the public

What are the long term projections based on our current trajectory?

Are Canadian leaders focusing on key long term issues?

- Campaign promises vs. public good
- The speech from the throne: transaction or inspirational?



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Required Readings*

- Bartlett, Randall (2017) "An Improved Outlook, but Deficits Persist for the Foreseeable Future". *Canadian Fiscal and Economic Forecasts Series*. Ottawa: Institute of Fiscal Studies and Democracy (IFSD). 3: 17008.
<http://www.ifsd.ca/web/default/files/Presentations/Reports/17008%20Forecasts%20-%20Improved%20Outlook%2C%20but%20Deficits%20Persist%20-%20Final%20-%2016%20March%202017.pdf>
- Di Matteo, Livio (2017) "A Federal Fiscal History: Canada, 1867-2017". *Fraser Institute*.
<https://www.fraserinstitute.org/sites/default/files/federal-fiscal-history-canada-1867-2017.pdf>
- International Monetary Fund (2012) "Chapter 3: The Good, the Bad and the Ugly: 100 Years of Dealing with Public Debt Overhangs". In *World Economic Outlook October 2012: Coping with High Debt and Sluggish Growth*, Washington: IMF, pp. 101-127. <https://www.imf.org/en/Publications/WEO/Issues/2016/12/31/Coping-with-High-Debt-and-Sluggish-Growth>

Recommended Readings

- Bartlett, Randall and Dominique Lapointe (2017) "Fiscal Sustainability Report 2017". *Institute of Fiscal Studies and Democracy (IFSD)*, November. <http://ifsd.ca/web/default/files/Presentations/Reports/17016%20-%20FSR%202017%20-%2014%20November%202017%20-%20Final%20-%20REVISED.pdf>
- Chowdhury, Anis and Iyanatul Islam (unknown) "Is there an optimal debt to GDP Ratio?" *Vox Economics*
<https://voxeu.org/debates/commentaries/there-optimal-debt-gdp-ratio>
- Cottarelli, Carlo and Laura Jaramillo (2012) "Walking Hand in Hand: Fiscal Policy and Growth in Advanced Economies". *International Monetary Fund*. <https://www.imf.org/external/pubs/ft/wp/2012/wp12137.pdf>
- Gaspard, Heleina and Kevin Page (2018) "Compared with its peers, Canada budget process leaves room for improvement". *Globe and Mail*, January 30. <https://www.theglobeandmail.com/report-on-business/rob-commentary/compared-with-its-peers-canadas-budget-process-leaves-room-for-improvement/article37795471/>
- Government of Canada (2017), Fall Economic Statement: Progress for the Middle Class
<https://www.budget.gc.ca/fes-eea/2017/docs/statement-enonce/fes-eea-2017-eng.pdf>
- Marleau, Robert and Camille Montpetit (2000) "Chapter 18: Financial Procedures" in *House of Commons Procedure and Practice*. Standing Committee on Procedure and House Affairs, Fifty-First Report.
<http://www.ourcommons.ca/marleaumontpetit/DocumentViewer.aspx?DocId=1001&Language=E&Sec=Ch18&Seq=0>
- Ostry, Ghosh, Espinoza (2015), When Should Public Debt be Reduced, *International Monetary Fund*, June 2015
<http://www.imf.org/en/Publications/Staff-Discussion-Notes/Issues/2016/12/31/When-Should-Public-Debt-Be-Reduced-42931>
- Page, Kevin (2018) "Chapter 10: The UK Office of Budget Responsibility: Mission Accomplished?" in *Independent Fiscal Councils: Watchdogs or Lapdogs?* Roel Beetsma and Xavier Debrun (eds.) London: CEPR Press, pp. 117-124.
<https://voxeu.org/content/independent-fiscal-councils-watchdogs-or-lapdogs> (free registration to access document)
- Page, Kevin and Tina Yuan (2017) "How Ottawa's Budget 2018 can reduce poverty and homelessness" *Globe and Mail*, August 27. <https://www.theglobeandmail.com/report-on-business/rob-commentary/how-budget-2018-can-reduce-poverty-and-homelessness/article36097080/>
- Panizza and Presbitero (2013), Public Debt and Economic Growth in Advanced Economies: A Survey, MOFIR
<http://docs.dises.univpm.it/web/quaderni/pdfmofir/Mofir078.pdf>

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The Economist (2015) "Public Debt: How much is too much?" *The Economist* (online), June 3.

<https://www.economist.com/blogs/freeexchange/2015/06/public-debt>

Veldhuis, Niels, Charles Lammam and Milagros Palacios (2017) "Ten year-end facts Canadians need to know". *Fraser Institute*. December 21, 2017. <https://www.fraserinstitute.org/blogs/ten-year-end-facts-canadians-need-to-know>

*If you are registered for non-credit and are unable to locate the readings, please contact us at wssr@concordia.ca

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