

THE GLOBE AND MAIL

PM asks voters for budget advice

In 2009, the Harper government sought guidance on spending. With Parliament shut down, the questions will be about cuts
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The Harper government is asking Canadians what Ottawa's spending priorities should be in the lean times when the recession deficits have to be whittled away.

In the run-up to last year's budget, Ottawa asked Canadians how it should spend money. This time, Canadians will be asked to look beyond the 2010 budget, and tell the government how it should tighten its belt.

The first session comes Friday when Prime Minister Stephen Harper holds an economic roundtable with business leaders in Saint John. Next week, a broader, government-wide consultation will begin.

While it might seem politically unwise for governments to talk about the pain to come, the populist touch of asking for Canadians' opinions on facing tighter times could be politically shrewd.

"It frames the problem facing the country as the deficit, as opposed to health care," said pollster Greg Lyle, managing director of Innovative Research Group. "If the problem you want to solve in the election is getting somebody who's best able to handle the deficit, the answer's going to be Stephen Harper."

Through meetings hosted by cabinet ministers and backbench MPs, and by means of techniques such as online surveys, Ottawa will be asking Canadians how fast the government should move to balance the books and what the priorities should be.

"Once the recession is over, once stimulus measures come to an end, we're not going to be raising taxes, we're not going to be cutting transfers to provinces, so we're going to have to make do with a reality that revenue is going to have to grow faster than expenditures," a government official said.

"[The question is] how do you make do with that reality?"

Budget consultations are held every year, but were expanded for last year's recession budget, and this year's will be just as extensive.

Part of the Finance Department website invites budget suggestions and lists five questions. Among them, Canadians are asked whether the government's stimulus plan is effective and how it might be improved – and how fast the government should move to eliminate the deficit.

"It's necessary to continue stimulus measures this year, but to start planning exit measures..." Mr.

Harper told Radio-Canada television Thursday, insisting the deficit can be eliminated by restraining the growth of spending, but without sharp cuts. "We will have to examine the priorities."

TD Bank chief economist Don Drummond, a former senior finance official, said he supports the open call for suggestions, but warns that such calls tend to attract comments from those who are vehemently for or against specific issues, not from those who comprise the silent majority. "It's like phone-in radio shows," he said.

Mr. Drummond, a Finance Department official during 1990s budget cuts, said it is wise to start preparing the public. "There will be pain if you cut back and part of the cardinal rule of doing these things is you do some conditioning before you inflict pain," he said.

MPs on the Commons finance committee have already crossed the country hearing budget suggestions and tabled a report last month. They recommended Ottawa continue existing stimulus measures but also that the government "engage in meaningful expenditure review and prepare long-term debt reduction plans."

Cabinet ministers recently received written instructions from the Prime Minister to start looking for ways to save money in their departmental budgets.

On Thursday, Mr. Harper told Radio-Canada that the end of stimulus-spending provisions will go a long way to cutting the deficit, and the rest can be accomplished by restraining the rate of growth in government spending.

Parliamentary Budget Officer Kevin Page, meanwhile, is poised to release a report suggesting it will be much harder for the government to balance the books. This year's deficit is expected to reach \$56-billion.

Douglas Porter, deputy chief economist with BMO Capital Markets, said the government will need to bring in a "transition" budget that deals both with stimulus and restraint.

"Policy makers want to soothe the concerns of bond investors that they are going to address the gaping budget deficits that we see around the world down the line," he said. "But at the same time, they don't want to spook consumers – and to some extent businesses – that major restraint is right around the corner and brace yourself for hard times."