

# COMMENT

*The way we were*



## History lane

Main St., now known as Stewarttown Rd., is shown in this photo looking south from Bunker's Hill in 1908. On the right is Mackenzie's Inn, which served beer from the Brain Brothers Brewery in Hornby, among other libations. Also a favourite meeting place of the Township Council to discuss the politics of the day, Mackenzie's old pine hotel burned down in 1909.

*Text courtesy of Heritage Halton Hills/Photo courtesy of Esquesing Historical Society*

## From our readers



### THE MARK OF WINTER

*Local amateur photographer Rein Pater sent in this photo of ice forming on a window one very cold morning recently.*

*Have a photo you want to share? Email with details to [cgamble@theifp.ca](mailto:cgamble@theifp.ca).*

## Tories left Grits some good books

From small business owners to family households, Canadians understand the importance of being responsible with money. The end of a decade of Conservative government and the beginning of a new Liberal government is a good time to assess the federal government's balance sheet and its profit and loss statement.

When measuring the federal debt, the debt-to-GDP ratio is the only real true measure. Any other measure, such as enumerating the federal debt in terms of billions of dollars, does not paint an accurate picture.

The previous Conservative government was in office from Feb. 6, 2006 to Nov. 3, 2015. During that time, the federal debt-to-GDP ratio fell to historic lows, going from 34 to 31 per cent.

This was a result of a growing economy, tight spending controls and, despite incurring significant deficits in response to the 2008 global financial crisis, balancing the budget by 2014 and leaving a surplus to the new government.

As incoming governments do, the new government has suggested that the previous government left them with a deficit. The facts say otherwise.

In Canada, the fiscal year—or, the period used for calculating financial statements—runs from April 1 to March 31. According to independent figures released in the Fiscal Monitor last November (available online at the Department of Finance's website), the federal government ran a surplus of \$600 million from April 1 to Oct. 31. The new Liberal government came to power four days later on Nov. 4.

To be fair to the incoming government, Canada's economic situation has deteriorated over the last six months, as a result of declining global commodity prices. This reduced what would have been a much bigger surplus than \$600 million reported in the Fiscal Monitor. But the simple fact is

that the new Liberal government inherited a surplus from the previous government. More importantly, it inherited a federal debt at historically low levels.

Since coming to power, the new Liberal government has made some worrisome fiscal decisions.

During the last election, they promised new spending, but also promised not to exceed \$10 billion in deficits for each of the next two years, returning to balanced budgets after that.

Since the election, however, they have spent a lot of money that was not accounted for in their election platform. For example, the Prime Minister recently announced an additional \$1 billion for the international UN climate change fund, spending that had not been included in their election platform.

Furthermore, the Liberals underestimated the costs of their campaign commitments.

For example, they underestimated the revenue that their federal income tax hike would generate by about \$1 billion.

Taken together, these decisions raise concerns that the federal deficit will exceed \$10 billion, and more concerning, that federal deficits will last far beyond the two years that were promised.

While Canada's economy has deteriorated in the last six months, new spending not accounted for in the campaign along with underestimated costs for campaign commitments are the bigger reasons for the declining fiscal situation of the federal government.

As a member of Her Majesty's Loyal Opposition, Conservative MPs will be keeping an eye on how the Liberal government manages Canada's public purse.

If you have any questions or comments, please contact me at (866) 878-5556 or at [michael.chong@parl.gc.ca](mailto:michael.chong@parl.gc.ca)

*Michael Chong is the MP for Wellington-Halton Hills*



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