

A BLEAK FISCAL SNAPSHOT

MASSIVE INCREASE IN DEFICIT AND DROP IN GDP ARE EXTREMELY CONCERNING, WRITES MICHAEL CHONG



MICHAEL CHONG
Column

Finance Minister Bill Morneau recent tabled the federal government's Economic and Fiscal Snapshot 2020. The snapshot highlights spending and economic projections linked to Canada's COVID-19 Economic Response Plan.

With this year's budget delayed indefinitely due to the pandemic, this is the most detailed economic update this year.

The snapshot projects a massive increase in the federal deficit, a significant decline in GDP and a jump in the federal debt-to-GDP ratio.

The Liberal government is projecting a deficit of \$343 billion this year, the largest deficit in Canadian history. For the first time, the net federal debt will climb over \$1 trillion.

Compared to earlier this year, federal government revenues are expected to be down by \$71.1 billion and spending up by \$236 billion.

The debt-to-GDP ratio is projected to jump this year from 31 to 49 per cent, and Canada's economy is expected to contract 6.8 per cent.

This year's emergency spending and resulting deficit were necessary to help Canadians through this pandemic. However, the Liberal government had weakened Canada's fiscal

position before the pandemic by racking up \$87 billion in deficits — at a time when the economy was booming and the government should have been saving.

As a result, the federal government has a lot less room to manoeuvre post-pandemic before Canada hits the fiscal wall, like what happened in 1995.

That is why Canada's debt was recently downgraded by Fitch Ratings and Canada lost its AAA credit rating.

In addition, the snapshot did not provide any recovery plan — something that is needed immediately to address the millions of Canadians who are unemployed and whose emergency benefits run out this fall.

Parliament is shut down until Sept. 21, providing no opportunity for MPs to raise these concerns in the House of Commons. The Liberal government needs to reopen Parliament in order to ensure better accountability for the billions of dollars being spent without parliamentary approval or oversight, and to ensure that pressure is put on the government to provide a roadmap for recovery. Canadian lives and livelihoods are depending on it.

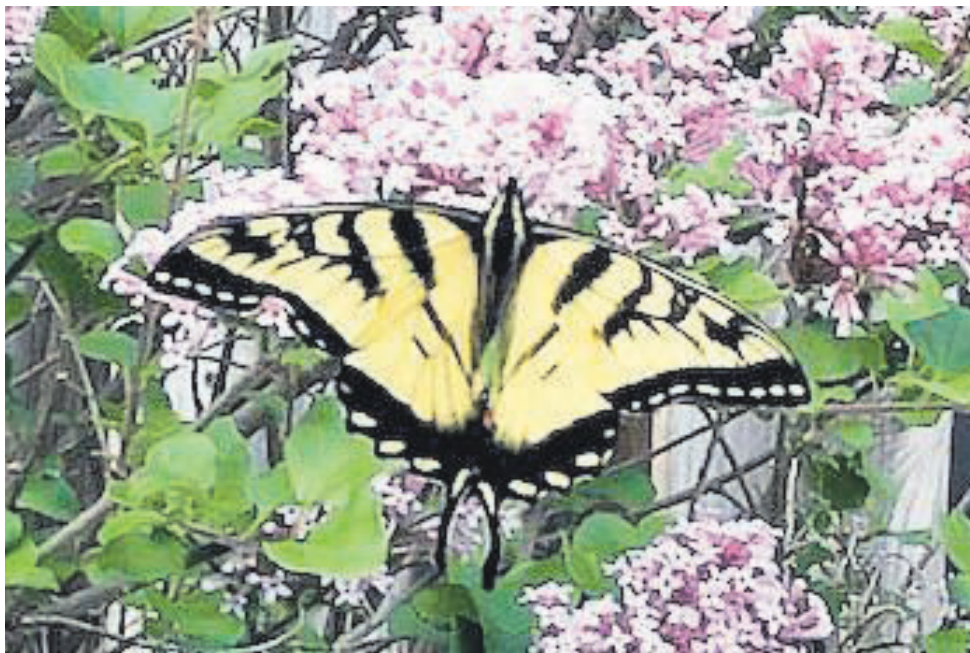
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SNAPSHOT



Rob Johnson photo

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A GREAT ADDITION TO OUR EDUCATION SYSTEM

TEACHING FINANCIAL LITERACY TO YOUNG STUDENTS WILL PROVIDE THEM WITH AN ESSENTIAL LIFE SKILL, WRITES PETER WATSON



PETER WATSON
Column

Young children will start learning financial planning at school. This is an excellent life skill and, in my opinion, an educational upgrade.

One of the foundations an individual carries through life is a strong education. Reports over the years show a correlation to higher education and higher earnings.

Maintaining a desired standard of living requires earning an income, but it also requires the skill of managing your money.

That is the role of financial planning.

The Ontario government announced a new curriculum that starts in September. All elementary grades will have financial literacy.

CBC reported students from Grades 1 to 8 will learn about the value of coins, cash, calculations of interest rates, how to use customer loyalty programs and general issues of long-term financial planning.

Other aspects of math education will also change. This is based on the increasing frustration with the existing Ontario curriculum that has not been upgraded in 15 years.

Standardized math scores in recent years of Ontario students in Grades 3 and 6 are disappointing. Premier Doug Ford campaigned on upgrading the math education.

The inclusion of financial literacy will help students succeed as financially self-sufficient adults, and will also help the government.

The pressure on governments to provide financial

assistance in the form of direct payments or services is a tremendous strain on its finances. The more our educational system can assist individuals in being stronger financially, the less support they might need from the government.

Education is critical. Math is recognized as an important subject that will benefit those with math ability and our country.

Ontario has made a good decision that will have positive impacts for decades ahead.

Peter Watson is registered with Aligned Capital Partners Inc. (ACPI) to provide investment advice. Investment products are provided by ACPI. ACPI is a member of the Investment Industry Regulatory Organization of Canada. The opinions expressed are those of the author and not necessarily those of ACPI.

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