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STRONG LEADERSHIP: BALANCING THE BUDGET

The Harper Government is fulfilling its promise to balance the budget in 2015. Canada's Economic Action Plan has been underpinned by prudent fiscal management and the Government's low-tax plan for jobs, growth and security. Since the depths of the recession, over 1.2 million net new jobs have been created—overwhelmingly full-time, well-paying and in the private sector.

At the same time, the Government has lowered taxes every year since coming into office, and has delivered the lowest overall federal tax burden in over 50 years.

The Government's balanced-budget, low-tax plan for jobs, growth and security is working. But the job is not done. There are new challenges on the horizon, and the Government must stay the course to protect the economic interests of Canadians and the security of Canada.

Economic Action Plan 2015 (EAP 2015) builds a stronger Canada by:

Responsibly Managing Taxpayers' Dollars

Since 2006, the Government—under the leadership of Prime Minister Stephen Harper—has been a responsible manager of taxpayers' dollars. It paid down \$37 billion in debt before the global recession. This helped Canada achieve the lowest total government net debt-to-GDP (gross domestic product) ratio in the Group of Seven (G-7) economies.

As a result of this strong leadership, the Government was in a position to boost the economy through the stimulus phase of Canada's Economic Action Plan without leaving the country's finances in a vulnerable position. After the crisis, and as the economy recovered, the Government made a promise to balance the budget by 2015—a promise that has been fulfilled. As promised at the beginning of the economic recovery, the Government's plan to balance the budget by 2015 has focused on controlling direct program spending by federal organizations, rather than raising job-killing taxes or cutting transfer payments used for programs Canadians depend on. Careful control of direct program spending reflects the Government's fundamental belief that business, not government, is the engine of growth and job creation.

Introducing Balanced Budget Legislation

EAP 2015 will enshrine the Harper Government's prudent and pragmatic fiscal approach in law, through proposed balanced budget legislation.

Acceptable deficits would occur only in times of recession or in extraordinary circumstances, such as a war or natural disaster.

- For deficits that result from a recession or extraordinary circumstances, within 30 days of a published deficit, the Finance Minister would be required to appear before the House of Commons Standing Committee on Finance and present a plan with firm timelines to return to balanced budgets.
- The plan would include a freeze on operating spending and a wage freeze for Ministers and Deputy Ministers, to be implemented when the recession is over.
- When deficits occur outside of extraordinary events, the salaries of Ministers and Deputy Ministers would be reduced by 5 per cent.

A Balanced Budget Means:

- A balanced budget means more tax cuts for hard-working families and less debt for future generations.
- It ensures taxpayer dollars are used to support the programs Canadians depend on—rather than paying interest costs.
- A balanced budget preserves Canada's low-tax plan and allows for further tax reductions, fostering growth and the creation of jobs for the benefit of all Canadians.
- It strengthens the country's ability to respond to longer-term challenges, such as unexpected global economic shocks.



Raising Our Standard of Living

The Government's strong fiscal management has also occurred at the same time that Canadians' standard of living has significantly improved. *The New York Times* recently reported that "after-tax middle-class incomes in Canada—substantially behind in 2000—now appear to be higher than in the United States." In fact, the Canadian middle class is among the richest in the developed world.

The Government's strict fiscal discipline achieved a balanced budget in 2015 but did not come from raising taxes or cutting transfers to people, and provinces and territories. Increasing the Universal Child Care Benefit, introducing the Family Tax Cut, and increasing the Child Care Expense Deduction together are helping all Canadian families with children. Two-thirds of those benefits will go to low- and middle-income Canadians, leaving families with more of their tax dollars.

Helping Canada Rise to Its Fullest Potential

Canada experienced a strong recovery from the recession. The path forward for our country is marked by new opportunities and possibilities. The Harper Government's Economic Action Plan is helping Canada unleash its full potential: creating jobs, balancing the budget, cutting taxes, and building a brighter country for our children and grandchildren, a future unencumbered by unaffordable debt.

With these and other measures, EAP 2015 is doing what is necessary to balance the budget.
