**Narrative Record of Government Spending Changes**

**Military and other Government Spending Changes of the 1950’s:**

We begin our narrative by briefly describing the major military and defense spending changes of the 1950’s. We decided to lump together all of the defense spending changes into one section because there were no other significant changes taking place during this time. We assume that all of these spending changes were assumed to last for 5 years at the time of announcement. We make this assumption since the budget speeches gave no explicit information about when the military spending increases were due to be reversed. At the same time, it was clear from the reading of the budget speeches that most of the increases in defense spending was exclusively due to the outbreak of the Korean War and thus were not intended to be permanent at the time of their announcement.

We also document several other government spending changes of this decade. We do not provide the overall context of the budget for each of these measures because all these measures were taken in isolation without any link to the overall context of the budget. In some instances, we got information about a spending change only in the budget speech of the following year. In that case, we make certain assumptions regarding when to date that change. Those assumptions are mentioned in detail below.

March 28, 1950: In his budget speech made on March 28, 1950, the finance minister commented that there was a significant increase in national defense and defense research spending of around $100 million (P 1211). However, we could not find the mention of this increase in the budget speech of 1949. Therefore, we date this increase in defense spending to the March 1949.

There was also increase in payments in form of family allowances, old age pensions, and pensions to the blind (P 1215, April 10, 1951 budget speech P 1804). The budget mentioned this increase without mentioning the specific size of the increase. Therefore, we refer to the budget speech of 1951 which states that the size of this increase in 1950 was $22 million. This change was intended to be permanent (April 10, 1951 budget speech P 1804). We classify this change as Exogenous-Ideological.

September 7, 1950: In July 1950, the Korean War broke out that necessitated a sudden increase in defense spending. In his speech on September 7, 1950, the finance minister informed the house that the government needed to increase spending on national defense and on production of military equipment and related services (P 418). The total increase in government spending announced at that time was $244 million (P 418). The finance minister also stated that the government anticipated higher tax revenue collection in the fiscal year compared to what was predicted earlier in the year. This increase in tax collection was made possible due to improved economic conditions in the United States and Canada that increased output and employment (P 418). The higher tax revenue covered most of the proposed increase in government spending. The remaining part of the increase in government spending was to be financed through small increases in corporate profit taxes, and some commodity taxes on goods like alcohol, sporting goods, and motorcycles (P 422-423).

April 10, 1951: The government of Canada had hoped for a swift end to the Korean War in 1950 but it was clear from the speech of the finance minister that that expectation had changed in 1951 as the war had only intensified and had showed no signs of letting up (P 1797). The government announced to increase defense spending by a further $893 million in the year (P 1806). To finance the increase in government spending, the government imposed a series of surcharges on corporations and individuals. While it was not explicitly announced to be a temporary measure, it was clear from the budget speech that government did not anticipate the surcharges to last for a long period of time. The finance minister, for example, mentioned that the government did not anticipate increased outlays for “any considerable succession of years” (P 1807) and hence decided against altering the baseline tax structure (P 1807 – 1808). The government imposed a 20 percent defense surcharge on corporate profits that were taxes at 38 percent (which was the highest tax rate on profits). Similarly a 20 percent defense surcharge was imposed on tax payable by individuals (P 1808).

April 8, 1952: The government of Canada announced to further increase its military expenditure by $665 million in 1952 (P 1250). While there was no explicit mention of the Korean War as the motivation behind the increase in military spending, it was clear that the increase was indeed due to the international commitments of Canada. The government made some changes in the tax structure for corporations and individuals - for example federal corporate profit taxes were increased by 5 percent which replaced the 5 percent provincial corporate profit taxes, and part of defense surcharge imposed on individuals was incorporated into the marginal tax rates while the other part of the surcharge was dropped which reduced the tax liability for individuals compared to a year ago (P 1252-1254). However, none of these changes were designed to raise any revenues to finance the increase in defense spending since the finance minister mentioned that government was in a position to run a budget surplus even in absence of any tax changes (P 1251).

Third Quarter 1952: The budget speech of 1953 (P. 2121) made a mention of a sum of $42 million paid by the government for the price support program for beef and pork in response to the foot-and-mouth disease pandemic. This measure was not announced in the budget speech of 1952 (made in April) even though the spread of the disease had started in January 1952 (<https://www.ncbi.nlm.nih.gov/pubmed/2174297>). Without any further information about when this particular was announced, we assume that the measure was announced in the third quarter of 1952. We classify this change as Endogenous-Supply Stimulus.

March 14, 1957: This budget included increases in several types of social benefit payments. First, scales of payments under the Pension Act and War Veterans Allowance Act were increased. The size of this measure was $19 million in the first year and $25 million each year thereafter. Second, several types of family allowances were increased. The size of this measure was $24.5 million in the first year and $42 million per year thereafter. Third, payments under the Old Age Security Act were increased. The size of this measure was $45 million in the first year and $60 million per year thereafter. Finally, old age assistance payments and pensions were increased by $4.5 million in the first year and $6 million per year thereafter (P. 2221, 2222). We classify these measures as Exogenous-Ideological.

December 6, 1957: The finance minister announced some increases in government spending in the speech presenting the financial statement of the government. First, $28 million was to be spent (onetime) on the Railways to meet the shortfall that it was facing due to reduced demand from passengers. We classify this measure as Endogenous-Supply Stimulus. Second, the government increased unemployment assistance by $3 million per year as a result of a recent agreement with the provinces. We classify this measure as Exogenous-Ideological.

June 17, 1958: The Emergency Gold Mining Assistant Act was extended for the next two years. This act was meant to assist the mining industry and was going to cost the government $12 million over two years. We classify this measure as Endogenous-Supply Stimulus.

**March 31, 1960:**

**Context:**

The Canadian economy was expanding, shown by increases in incomes and willingness to save, reasonable assurance of price stability, rise in capital investment, high business confidence and etc. The same trend and rate of increase in expansion was expected for the year 1960. (P.2674)

After the onset of recession in 1957, taxes were reduced to boost demand and bring the economy out of recession. The fiscal policy thus followed was quite effective in achieving the goal. By the third quarter of 1958, the low point of recession had passed and the economy began to move towards expansion. Looking at the recovery situation in 1959, tax increased in order to bring back budgetary balance. As a result of careful analysis and implementation of policies, the position of a fully balanced budget with sound prospects was achieved. (P.2681) In the light of these prospects, no major tax changes were proposed. (P.2682)

**Spending Changes:**

* **Measure:** The recommendation ‘increases in the salaries of many classes of civil servants’, was accepted. (P.2679-80)

**Reason:** The increase in salaries had been recommended by the civil service commission, comprising of about 50,000 employees of the public service. It took into account the disparity between civil service salary rates and those of private employers and the problems of recruitment and retention of qualified employees.

**Size:** $ 15 million for the fiscal year of 1960-61.

**Status:** Permanent

**Classification:** Exogenous- Ideological

**June 20, 1961:**

**Context:**

The restraining influence on expansion witnessed in 1960 disappeared and signs of improvement started to appear in mid-1961. The employment rate increased, but it was still below the acceptable level. The output was also expected to rise at a slower rate. These economic difficulties were long term in nature, caused by the changes during World War II, which were somehow hidden as a result of demand created in post war due to shortage of goods and capital investment. As a result of these changes, United States suffered from inadequate growth which negatively affected the exports of Canada.

The objective of the government was to use a mix of fiscal, financial and commercial policies, to increase output, create more jobs, and improve the general state of the economy.

**Spending Changes:**

* **Measure:** In order to promote continuing growth of the operations of Industrial Development Bank, the government of Canada had decided to provide it with additional funding. (P.6647)

**Reason:** This would lead to greater employment through expanded operations of the bank. Moreover, with the increase in financing capacity, the bank would be able to assist more types of businesses. This would assist in the development of a stronger, more productive and more flexible economy in the future. (P.6647)

**Size:** It was announced to an increase from $160 million to $400 million. (P. 6647)

**Status:** Temporary (one time)

**Classification:** Exogenous-LR performance.(As this measure was implemented to achieve greater employment and thus, greater productivity for the economy we classified it as Exogenous-LR performance).

**April 10, 1962:**

**Context:**

Canadian economy was showing rapid expansion as a result of the increase in the level of economic activity during 1961. The gross national product increased by 7 percent for that fiscal year. For the period of March to December 1961, the industrial output rose by more than 9 percent. The output for certain types of heavy industries, in particular, showed sharp increases. There was a sharp rise in the exports of Canadian goods, an increase of 9 percent by the end of 1961. Moreover, the rapid expansion in the economy was not accompanied by the increase in the level of prices. Instead, the consumer price index increased by only half percent, while there was one and half percent increases during the same period last year. (P.2689)

The finance minister pointed out that a mix of fiscal and financial policies contributed towards utilizing the unused productive capacity in the industries, increasing employment and trade, and stimulating economic growth. (P.2690) However, we must not be complacent. We still had unused capacity in the industries. The unemployment rate fell from 7.8 percent in February 1961 to 6.0 percent in February 1962, but it was high and needed further reduction. The position of balance of payments needed to improve. (P.2692)

**Spending Changes:**

* **Measure:** The largest spending change mentioned in the report was the increase in old age security benefits of $110 million.

**Reason:** Not mentioned. Such spending increases were generally for the welfare of the society.

**Size**: $110 million

**Status:** Permanent

**Classification:** Exogenous-Ideological

* **Measure:** Increase the welfare payments for elderly, blind and disabled persons.

**Reason:** Not mentioned. Such spending increases were generally for the welfare of the society.

**Size:** $12 million

**Status:** Permanent

**Classification:** Exogenous-Ideological

**March 16, 1964:**

**Context:**

The economic conditions continued to show improvement during the year 1963. Unemployment was lower than it has been in the past few years. (P.969) Industrial and manufacturing production increased by 5.6 percent in 1963. (P.971) To a greater extent, the increase in the rates of capital cost allowances lead to the increase in the industrial building and expenditures. (P.970) However, the finance minister argued that the economic conditions still needed to improve. The trade deficit decreased, but it still remained more than half a billion in 1963. The unemployment rate was around 5 percent, and it would be reduced even further. (P.971)

To further improve the economy, the finance minister revised some of the government’s major objectives. The first goal was to not only achieve and maintain high level of employment, but attain employment in good jobs with qualified men and women to work efficiently. The second goal was to achieve high level of economic growth that can be sustained over a long period. The third one was to gain all the advantages of international trade through both exports and imports. The fourth one was to maintain price stability and currency value. He also pointed out that the budget policies and measures should be formulated to achieve these objectives. (P. 970)

**Spending Changes:**

* **Measure:** The government announced increases in family allowances. The monthly payment now being made for children less than ten years old was $6. For those from 10 to 15 years old, it was $8 in recognition of the higher cost of looking after older children. Extending the same principle, the monthly payment for those 16 and 17 years old would be $10 a month. Eligibility would depend upon full-time attendance at a school, university or technical training course. (P. 981)

**Reason:** The motivation behind this policy was to encourage and assist young people to continue their training, so that they were more prepared for the future employment. **Size:** Less than $27 million (since we do not have other information about the exact size of this change, we assume the size to be $27 million)

**Status:** Permanent

**Classification:** Exogenous- LR performance.

**June 1, 1967:**

**Context:**

By September 1966, the expansion began to slow down, and the inflationary pressure started to appear. To bring the demand to moderate levels and sustain the long run economic growth, the government implemented a mix of fiscal and monetary policies. Then, the economic condition improved by the end of the year. The overall unemployment rate was 3.9 percent during May 1967. The production level also increased over the past year, but with a small increase in productivity. However, the most unsatisfactory aspect of Canadian economy at that time was the continuing upward movements in costs and prices, which was the focus of this budget. (P.861-2)

**Spending changes:**

* **Measure:** Parliament was going to provide an additional $300 million that year as compared with last year for post-secondary education and manpower training. (P. 857)

**Reason:** This measure was implemented to strengthen financial support to higher education.

**Size:** $300 million

**Status:** Permanent

**Classification:** Exogenous-LR performance

**March 12, 1970:**

**Context:**

The Canadian economy showed notable gains both in output and employment for the year 1969 (P.4740). In 1970, the economy was expected to continue to move upward, but at a lower rate than in 1969. In terms of volume of output, the rate of growth in 1970 may well be 1.5 or 2 percentage points lower than last year’s 4.8 percent. Employment will continue to rise, but more slowly than in 1969, which might lead to an increase in unemployment. (P.4742)

The finance minister argued that the economy was confronted with a hard task of bringing a significant reduction in the rate of increase in prices and costs. As a result, the government adopted the policy of restraining the growth of total spending in the economy. (P.4742) The government also adopted some additional restraints to fight against the inflation. The budget proposed no tax increases for this purpose. (P. 4745)

**Spending Changed:**

* **Measure:** An increase inloans to Central Mortgage and Housing Corporation (P.4744)

**Reason:** To assist in offsetting an expected decline in the flow of private funds into financing housing, to give more emphasis to low-cost rental housing, and to finance more sewage plants urgently needed to reduce pollution. (p.4744)

**Size:** Nearly $150 million more. (P.4744)

**Status:** Temporary (one time)

**Classification:** Endogenous-Supply stimulus

* **Measure:** An increase in the mortgage funds for farm credit. (P.4774)

**Reason:** Chiefly to assist prairie farmers in readjusting to meet the new outlook for grains (P.4744)

**Size:** $25 million. (P.4744)

**Status:** Temporary (one time)

**Classification:** Endogenous-Supply stimulus

* **Measure:** An increase in funding to Atomic Energy of Canada (P.4744)

**Reason:** To invest in advanced power plants and a large heavy water plant to meet the urgent shortage of that important material. (P. 4744)

**Size:** About $40 million more. (P.4744)

**Status:** Temporary (one time)

**Classification:** Endogenous-Supply stimulus

* **Measure:** An increase in funding for the less developed countries (P. 4744)

**Reason:** external aid program (P.4744)

**Size:** $40 million more (P.4744)

**Status:** Temporary (one time)

**Classification:** Exogenous-Ideological

**December 3, 1970:**

**Context:**

The main focus of this budget was to achieve a steady and sustainable improvement in the standard of living of all Canadians. In particular, the government was concerned about reasonable economic stability, without which it was impossible to reach a steady improvement in the prosperity of the Canadian people.

At this time, unemployment was falling in Canada, after allowing for normal seasonal patterns. The real output was rising as revealed in the national income accounts. The economy faced a pause in the growth of production of goods and services during the second quarter of the year 1970, which did not continue and started moving again towards advancement. In terms of trade, the year 1970 had shown a record improvement as a result of the vigorous increase in the exports. (P.1738) The strength of the trade balance contributed successfully towards putting brakes on price increase.

The finance minister regarded both inflation and high unemployment as the two enemies in achieving the primary objective of the economy, and reinforced that the government should maintain its fight against these two enemies. (P. 1739)

**Spending Measures:**

* **Measure:** An immediate increase of 10% in the rates of unemployment insurance benefits under the existing system. This allowance would be provided to all workers who were receiving the insurance benefit during the period of next January to June. (P.1740)

**Reason:** This measure was implemented to help unemployed workers and their families during the peak season of unemployment.

**Size:** $54 million

**Status:** Temporary

**Classification:** Endogenous-Demand Management

* **Measure:** A fund would be set up to provide aid to provinces and through them to municipalities. The distribution of this fund to the provinces would be based on a formula which takes into account the differing levels of unemployment experienced over the last six months of 1970. (P.1740)

**Reason:** This fund was intended to provide assistance in the form of additional job creating programs.

**Size:** $150 million

**Status:** Temporary (for the remainder of the fiscal year and 1971-72)

**Classification:** Endogenous – Demand Management.

* **Measure:** A sum of $23 million was allocated to departments and agencies where unemployment was most severe. (P.1740)

**Reason:** The federal government was responsible for a wide range and important capital works across the country. This funding was therefore allocated for agencies to undertake further capital improvements in regions with severe problem of unemployment.

**Size:** $23 million

**Status:** Temporary (one time)

**Classification:** Endogenous- Demand Management (As this measure was intended to help the regions of unemployment therefore we classified it as Endogenous.)

* **Measure:** A sum of $20 million was allocated for the needs of the special areas program of the Department of Regional Economic Expansion. (P.1740, 1741)

**Reason:** This program was implemented under the expansion of capital program by the federal government in order to accelerate the development of access roads and necessary local services in the area surrounding the new Montreal International airport. Parliament had already spent huge amounts on the construction of the airport itself and work was in progress on high speed. The municipal areas surrounding the airport must also be progressively developed for the region to achieve its full status of dynamic center for economic growth in the province and the country as a whole.

**Size:** $20 million

**Status:** Temporary

**Classification:** Endogenous-Demand Management (Although the reason provided for the measure may suggest that this should be classified as exogenous. However, it was presented as one of the measures that were aimed at battling growing unemployment).

* **Measure:** An amount of $40 million was to be provided immediately to the Capital Budget of Central Mortage and Housing Corporation. (P. 1741)

**Reason:** This amount was allocated due to the real and urgent need of the Corporation, as previously $100 million was allocated to enable it to expand its lending for construction of moderate cost homes for families of modest incomes.

**Size:** $40 million

**Status:** Temporary (one time)

**Classification:** Endogenous- Demand Management.

* **Measure:** Funding for various industries including the shipbuilding industry to boost its efficiency and boost employment. (P. 1741)

**Reason:** The purpose of implementing this measure was to maintain and expand employment in the private sectors.

**Size**: $60 million

**Status**: Temporary. It was not clear for how long the program was going to last as the finance minister used the term “next several years”. Without any further information, we make an assumption that this program was to last for 5 years.

**Classification:** Endogenous – Supply Stimulus

* **Measure:** Increase in old age security pension, veterans’ pensions, and guaranteed income supplement. (P. 1741, 1742)

**Reason:** Such measures were generally undertaken due to ideological reasons. However, the finance minister, while acknowledging that such measures improve distribution of income, stated that these increases would help the weakest regions of the country the most and that “…the great bulk of the expenditure will quickly work its way into the consumer spending stream”. Thus it appears that main motivation behind these measures was to help the economy as well.

**Size:** $225 million ($200 million out of this was for increase in old age security pension and guaranteed income supplement and $25 million was for the increase in veterans’ pensions).

**Status:** Permanent

**Classification:** Endogenous – Demand Management

**May 8, 1972:**

**Context:**

The economy showed improvement in 1971 as compared to 1970, due to the government expansionary policies. As a result of higher employment, higher wage rates, and higher farm incomes, personal income grew rapidly. Moreover, reduction in personal income taxes during 1970 resulted in the higher net incomes. The rate of increase in after tax incomes was higher than the gross incomes. Despite the declining growth in exports for European and Asian countries and other menacing developments in the international commercial environment, Canadian exports showed a positive growth in 1971. However, Imports also increased at a high speed with the level of activity in the economy. The higher level of imports decreased the surplus achieved from merchandise trade in 1971. The economy showed an overall surplus in 1971, taking goods and services together. Although the unemployment rate showed a downward trend, the unemployment rate remained unacceptably high. It remained the major challenge for the government. (P. 1999)

**Spending Changes:**

* **Measure:** Old age security pension was announced to increase in accordance with the full increase in the cost of living. This change was made effective as of January 1, 1972 with the monthly payment increased as per the percentage increase in consumer price index in the fiscal year 1971-72 over the year 1970-71. The maximum monthly benefit payable under a combined old age security/ guaranteed income supplement would be raised from $135 for a single person to $150, and for a married couple from $255 to $285. (P. 2002-2004)

**Reason:** These measures were implemented to provide the needed relief and assistance to elderly Canadians.

**Size:** The total size was $350 million, which included tax and spending allowances both. Without further information, we assume that half was it was in form of increase in government transfer payments and the rest was in form lower tax liabilities. (P. 2004).

**Status:** Permanent

**Classification:** Exogenous-Ideological

* **Measure:** Pensions and allowances paid to war veterans would be increased from year to year in accordance with the full increase in the cost of living, effective from January 1, 1972. (P. 2002-2004)

**Reason:** To provide protection to the veterans against their real income erosion as a result of inflation.

**Size:** $25 million (P. 2004)

**Status:** Permanent

**Classification:** Exogenous-Ideological

**February 19, 1973:**

**Context:**

The objectives of this budget was to bring a substantial reduction in unemployment, reduce inflationary pressures, increase the real income, improve the standard of living of Canadians, and contribute to balanced economic expansion from all regions of Canada.

The Canadian economy showed expansion during 1972. The gross national product rose by 10.5 percent to 11 percent. Personal income per capita increased by 10.5 percent. The standard of living of Canadians in terms of consumer expenditures per capita also increased. Employment increased by 250,000 new jobs, as compared with 200,000 in 1971, an increase of 25 percent. However, during the third quarter of 1972, the economic expansion was interrupted due to a decrease in output as a result of adverse weather conditions. In September, there had been a sharp rebound of economic activity and it was anticipated that the fourth quarter of 1972 would turn out to be quite extraordinary. The forecasts for 1973 provided good basis for economic expansion. This expansion would be led by business capital investment and a buildup of inventories. Consumer spending and house building would continue at high levels, but could rise less rapidly. The economy was confronted with two major problems - unemployment and the rise in prices and costs. The budget measures were directed towards the solution for these problems.

**Spending Changes:**

* **Measure:** Effective on April 1, 1973, the pension level was raised to $100 per month which represented an increase of more than 15 percent. This increase was in addition to the increase in accordance with the increase in cost-of-living (P.1431)

**Reason:** The elderly persons, those 65 years and over, who worked hard and carefully planned their retirement, did not qualify for any part of guaranteed income supplement. But, the incomes of these elderly persons were still small, especially in comparison to the rising incomes of other Canadians. Inflation had eroded the real value of their pension incomes, and they were unable to enjoy the benefits of rapidly rising productivity of the country, despite hard work and careful planning for their life after retirement.

**Size:** $290 million

**Status:** Permanent

**Classification:** Exogenous-Ideological.

**May 6, 1974:**

**Context:**

There were three main purposes in the budget for this year. The first one was to reinforce our fight on inflation through increased supplies of goods and services. The second was to act directly against high prices where practical, and the third was to further alleviate the adverse impact of rising prices on all Canadians especially lower income groups. (P.2076)

Canada had been less affected by the shadows of unfavorable international events. Output, employment and income had all continued to increase. According to the forecasts for 1973, the real growth of the economy was predicted to be 7 percent, whereas the actual value turned out to be 7.1 percent, the highest rate achieved in 17 years. In 1973, the employment increased by 430,000, an increase of 5.2 percent. (P. 2077)

Looking at the growth of output and employment for the early months of 1974, a sharp rise was observed. Rate of real output in 1974 was expected to increase by 5 percent, as compared to the year 1973, assuming favorable weather conditions. Employment was expected to increase further by 300,000. (P.2078)

**Spending Measures:**

* **Measure:** The rate paid for orphans’ allowances was raised to $125 per month for each orphan, and escalated annually in line with the formula for family allowances, effective from April 1, 1974. Moreover, a new allowance would be provided for dependent children of needy veterans.

**Reason:** To provide assistance to these children.

**Size:** $10 million

**Status:** Permanent

**Classification:** Exogenous-Ideological

**June 23, 1975:**

**Context:**

The world recession had negative effect on the economy, leading to less bright prospects for the economic expansion this year. However, Canadian economy was able to escape from the full impact of the deep recession in the United States, as a result of the expansionary policies. The economy was now confronted by a dilemma that if it keeps on following the expansionary policies that would make the inflation even worse, and instead if it follows the contractionary policies that would face worsening unemployment. Another problem was related to the field of energy. There was a sharp increase in the domestic price of oil and gas, which led the economy to be dependent on the imported oil. Looking at the present situation, it implied that the economy had to keep a balance in the choice of policies, in order to deal with the issues of inflation, unemployment and energy simultaneously. (P.7020)

**Spending Changes**

* **Measure:** Increase in public funds earmarked for housing activity (P.7029).

**Reason:** The finance minister mentioned that the housing market was severely affected by the rising costs of construction and high mortgage rates which resulted in significant decline in the rate of construction of new houses. (P7028 – 7029)

**Size:** An increase of $200 million to the existing $1 billion commitment. (P.7029)

**Status:** Temporary (one time)

**Classification:** Endogenous Supply-Stimulus

* **Measure:** Temporary increase in grants available for housing financed by the private sector. (p.7029)

**Reason:** Construction costs and land cost had risen, and mortgage interest rates remained high. This measure, therefore, was intended to help Canadians of modest means through increase in demand and provide them access to adequate housing. Moreover, these government spending changes would give an important stimulus to a sector of the economy which had not in recent months played its full role in providing jobs for Canadians. (P.7029)

**Size:** $125 million (increase from $ 600 to $1200 for owner occupied housing grants and from $600 to $900 for rental accommodation grants). (P.7029)

**Status:** Temporary (one time)

**Classification:** Endogenous-demand management

* **Measure:** A direct employment program was initiated consisting of five distinct parts: occupational training, manpower placement and mobility, a new local initiatives employment program, an employment program for students for the summer of 1976, and a federal program of labor intensive works and activities. This program would act as a catalyst enabling governments, industries and private groups to coordinate their efforts to improve the skills of the workforce and create useful jobs. (P.7029)

1. **Sub-Measure:** Additional allocation to occupational training, half of which would be available for training in industry and half for training in educational institutions.

**Reason:** This was intended to train workers with specialized skills that would benefit their employability and earning capacity. Also, it would provide employers with a substantial number of trained workers and assist them to make effective use of plant facilities. (P.7029)

**Size:** $70 million over the next 2 years. (P. 7029)

**Status:** Temporary

1. **Sub-Measure:** Funds for intensifying job placement and mobility programs of the government. (P. 7029)

**Reason:** These programs had proven to be a highly effective instrument in bringing together jobs and workers. (P.7029)

**Size:** $10 million. (P.7029)

**Status:** Temporary

1. **Sub-Measure:** Creation and funding of local initiatives employment program for two years.

**Reason:** Aiming at expanding employment at the community level through a wide range of projects, sponsored by private citizens and municipalities. It was expected to provide over 400,000 man-months of employment. (P.7029)

**Size:** $285 million. (P.7029)

**Status:** Temporary (for the next two fiscal years)

1. **Sub-Measure:** Funding for an employment program for students for the summer of 1976. (P.7029)

**Reason:** Improve the skills of the workforce (inferred from P.7029).

**Size:** $60 million more. (P.7029)

**Status:** Temporary

1. **Sub-Measure:** Funding for temporary labor-intensive federal projects, particularly in regions severely affected by unemployment. (P.7029)

**Reason:** Help to reduce unemployment. It was expected to provide 30,000 man-months of employment. (P.7029)

**Size:** $25 million. (P.7029)

**Status:** Temporary

**Size:** $450 million over the next two years ($150m in the current year).

**Status:** Temporary

**Classification:** Exogenous-LR performance (It can be argued that these changes were in fact endogenous as they were designed to increase employment. However, upon closer inspection, it becomes clear that the specific measures were aimed at improving the skills and employability of workers which could not have happened in the short-run. Hence, we decide to classify these changes as exogenous as they were designed to affect the long-run performance of the economy).

* **Measure:** Reduction in government spending in various departments. (P. 7025, 7026).

**Reason:** The finance minister stated the outlays of the government had increased substantially in the previous few years and the recent inflation was putting pressure on the resources available to the government and hence there was a need to decrease expenditure. The specific reduction measures were

1. Reduction of $100 million in capital expenditures of Departments of Transport, Defense, Public Works, Environment, and others.
2. Reduction of $250 million in grants and contributions of the Departments of External Affairs, Industry Trade and Commerce, the Secretary of state, and others.
3. Decrease in planned loans, advances, and investment for new enterprises by $350 million.
4. Decrease in departmental funding by $130 million.

**Status:** Temporary

**Classification:** Endogenous – Demand Management

**May 25, 1976**

**Context:**

International economies were recovering from the recession of 1973. Production in the OECD countries had stagnated in 1974 and decreased in the following year but showed strong recovery in the recent months. The role of automatic stabilizers (like social security payments) together with strong stimuli injected by OECD governments resulted in recovery of these economies and strong forecasts for increase in output for the next year. However, while output seemed to recover from the recession, inflationary pressures caused by the recession still persisted.

**Spending Changes:**

* **Measure:** Increase in equalization payments paid by the federal governments to lower income producing provinces (P13825).

**Reason:** Energy costs had been increasing worldwide and in Canada. Till that point, the effect of this increase in energy cost was muted for Canadian consumers as a result of the national policies for oil and gas. But the government realized the necessity of increasing prices of oil and gas in order to ease the fiscal burden on the government and to encourage production of energy and conservation at the same time. However, concerns about inflation meant that the increase in prices of oil and gas were moderate. The resulting increase in revenue was to be distributed in form of higher equalization payments to low income producing provinces (P13825).

**Size:** $60 million (P13825).

**Status:** Temporary (onetime).

**Classification:** Exogenous – LR performance (It was not clear how to classify this particular change. We believe that the overall context made it clear that there were no contemporaneous happenings in the economy that necessitated this spending increase. The increased payment was made possible by the increase in oil prices which were increased to match the increase in worldwide oil prices. Without further information, we assume that this increase in funding was to help low income provinces improve their economic situations).

**March 31, 1977**

**Context:**

The inflationary pressure for the Canadian economy was decreasing. The unit labor costs were brought under control with the anti-inflationary program. At the same time, the real income of working Canadians was showing a significant increase. Output grew rapidly in the beginning of the year 1976, but then the pace slowed down like in other industrial countries during that time. Consequently, the number of new jobs rose less than the anticipated by 209,000. The most important concern regarding the economic performance was the recent rise in unemployment, particularly among the young people. This situation required not only some general measures of economic stimulus, but also specific initiatives directing at these structural problems. (P.4534)

**Spending Changes:**

* **Measure**: An increase in funding for job creation programs (P4535).

**Reason:**  Canadian economy was currently facing high unemployment (14% for the young, 7% for women and 5% for men). This measure was intended to deal with this issue and expected to create 60,000 man months of employment (P4534-4535).

**Size:** Increase of $100 million for a total of $458 million (P4535).

**Status:** Temporary (onetime)

**Classification:** Endogenous – Demand Management (This measure intended to deal with the recent problem of unemployment prevailing in the economy, therefore we classify it as Endogenous.)

**October 20, 1977**

**Context:**

The Canadian economy had been showing progress in bringing down the inflation rate. The anti-inflation programs led to decreases in wages and non-food prices. However, the economy faced some setbacks due to higher food prices and a weaker Canadian dollar. The growth in output had been slow previously. Total output in 1977 was forecasted to increase only by 2 percent than it was in 1976. The employment target of 250,000 jobs had been achieved, but the number of Canadians willing to work increased rapidly at the same time. Consequently, unemployment had increased by 8.3 percent. (P.98)

The budget measures introduced for this year intended to offset the cut in the wages for low and middle income wage earners, stimulate consumer spending and housing and create jobs. (P.100)

**Spending Changes:**

* **Measure**: Funding for job creation programs like Young Canada, Work Canada etc. as well as work projects with a high employment content (P100).

**Reason:** Unemployment had risen to 8.3% for Canada as a whole. This program would focus on high unemployment areas. This program was an expansion of the previously announced job creation programs (P100).

**Size:** $150 million (P100).

**Status:** Temporary (onetime).

**Classification:** Endogenous-Demand Management (implemented in response to high unemployment).

**April 10, 1978**

**Context:**

The purpose of this budget was to respond to the complex and difficult problems faced by the Canadian economy. The economy was recovering slowly from the inflationary pressures. In 1975, an anti-inflationary program was launched as a strong economic action to deal with the underlying inflation in the country, which served as a major contribution to ease the situation. The implementation of the program achieved reductions in the wage increases, and the underlying rate of inflation had also been reduced. (P.4315)

The decrease in costs and exchange rate had helped the economy to become more competitive internationally. This had contributed towards reducing the trade balance deficit from $500 million in 1975 to a surplus of around $3 billion in 1977. The economy still needed more to speed up the recovery through the collective action by federal and provincial governments. (P.4316)

**Spending Changes:**

* **Measure**: Increases in funding for various job creation schemes (P.4319)

1. **Sub-Measure**: Funding for Canada Works and other job creation programs

**Size:** $458 million ($225 million to be specifically for young people)

1. **Sub-Measure**: Funds for seasonal work projects with high employment content in high unemployment areas

**Size:** $150 million

1. **Sub-Measure**: Funds for manpower training

**Size:** $500 million (half on youth)

**Reason:** Unemployment had reached unacceptable levels so these schemes were implemented to reduce the current level of unemployment.

**Status:** Temporary

**Classification:** Endogenous-Demand Management

**November 16, 1978**

**Context:**

The Canadian economy improved during 1978. Employment increased and there were 362,000 more Canadians with jobs as of October as compared to the same period last year. But unemployment was still too high, because of the increase in the labor force in the country. The GDP increase in current dollars was estimated to be close to 11 percent. Growth in prices of goods produced was estimated to be 6.5 percent with the real output growth rate of 4 percent. There was a sharp increase witnessed in the consumer price index, which was 8.6 percent higher during September than a year earlier. The rise in food prices and decline in the value of the dollar were seen as the reasons behind this outburst of inflation. The faster rise in CPI led to the reduction in the growth rate of real income and real purchasing power of Canadians. As a result, consumer spending increased less than expected, affecting growth negatively. The April budget of this year provided stimulus to the economy in the form of personal income tax cuts and temporary reductions in provincial sales taxes, the expansionary impact of which were offset by higher food prices and other imported goods. (P.1198)

In these circumstances, the economy needed actions to stimulate investment, respond to the needs of regions and sectors, and keep the costs competitive while reducing the high cash requirements. (P.1201)

**Spending Changes:**

* **Measure**: Investment in the Export Development Corporation, the Federal Business Development Bank and Enterprise Development Program. (P.1199)

**Reason:** To assist the industries to exploit new markets, develop new technology and meet the economic challenges. (P.1199)

**Size:** An additional sum of$300 million. (P.1199)

**Status:** Temporary (onetime)

**Classification:** Endogenous-Demand Management

**December 11, 1979**

**Context:**

Output and employment for the Canadian economy showed improvement during the third quarter of the year 1979. The increase in the gross national expenditure was estimated to be 3 percent in real terms. In particular, business investment grew strongly with an increase of 12 percent for the year 1979. Employment increase had also been impressive with 440,000 more people employed in October 1979, as compared to the same period last year. However, the economic performance during this year had not been good from all aspects. The exports decreased as a result of the slowdown in the US economy, while imports increased because of greater outlays on machinery and equipment, which led to a negative balance on the current account. Consumer prices also showed a year-to-year increase in excess of 9 percent. (P.2359)

The prospects for the year 1980 suggested that the economy would face recession which appeared to be under way in the United States. As a result, Canadian output was expected to rise by 1 percent and also, employment would rise less than the current year and so unemployment rate was expected to increase by 8.25 percent. The increase in energy prices would put the upward pressure on the consumer price index. In these circumstances, the major challenge for the economy would be to bring down the inflation rate.

The measures introduced in this budget were intended to reduce the deficit for the economy. (P. 2360)

**Spending Changes:**

* **Measure**: The government made available funding to initiate new programs or supplement existing programs to boost employment (P2265).

**Reason:** This measure was aimed at“respond to the differences in employment opportunities across the country” (P2265)

**Size:** $50 million (P2265).

**Status:** Temporary (onetime)

**Classification:** Exogenous-LR performance (The main aim of this measure was to remove the differences in employment opportunities across the country, a long-run measure, rather than provide an immediate boost to employment.)

**April 21, 1980**

**Context:**

The forecasts for the year 1980 depicted a downward adjustment mainly due to the higher world and domestic interest rates, combined with the revision in the United States outlook especially for the housing sector on which Canadian exports depended heavily.

The unemployment rate was expected to increase to an average of about 8 percent. This forecast was slightly lower than the forecast in the December budget, which reflected the strong growth in employment over the past few months. The consumer price index was projected to increase by 10 percent, which was also lower than the forecast in the December budget, because Canadians were not imposed heavy excise on gasoline. The main areas of strength during 1980 were consumer expenditures and investment. The increase in the volume of consumer spending was likely to rise by 2 percent, whereas, investment was projected to rise by 7.5 percent. Other domestic sectors were not expected to show any increase, rather they would show a decline in 1980. (P.246-7)

**Spending Changes:**

* **Measure:** An increase in spending in the oil import compensation program (P. 244)

**Reason:** This measure was introduced as a result of current high international oil prices.

**Size:** $1.5 billion increase

**Status:** Temporary (onetime)

**Classification:** Endogenous-Demand management. (As this measure was introduced in response to high international oil prices.)

**October 28, 1980**

**Context:**

The world economy was hit by a second major oil shock in 1979 which produced devastating effects both for the industrial as well as developing countries. The industrial countries faced a sharp renewal of inflationary forces, whereas the developing nations were confronted by a sharp rise in their international deficits which were two to three times the amount they receive in aid from the rest of the world. In such circumstances, the tasks of economic policy presented a great challenge. (P.4184)

The Canadian economy, like the rest of the world, experienced fall in output during 1980. Productivity showed a sharp decline, while the rate of inflation went back to 10 percent. The finance minister argued that the problem was deep rooted than simply a matter of ensuring an appropriate demand for goods and services. He also pointed that the economy needed a mix of structural, regional and industrial policies with the right implementation of fiscal and monetary policies. The most important task for the finance minister at that time was to reduce the large deficits in international account which was the main focus of the budget measures for this year. (P.4185)

**Spending Changes:**

* **Measure**: Investment in various energy and power related schemes, listed below (P. 4189).
* **(i)** “Fund will be established to support the conversion of oil fired electricity plants to coal.”
* **(ii)** “Financial assistance will continue to be given for interprovincial electrical connections and federal equity will be provided in support of hydro development on the Churchill River in Labrador.”
* **(iii)** Funds for research into how Cape Breton coal can be used “to enhance energy security in the maritimes”.
* **(iv)** “The P.E.I conservation and renewable energy agreement will be extended.”
* **(v)** “An industrial conservation program will be implemented and a housing retrofit program introduced for Newfoundland, P.E.I., the Yukon and the Northwest Territories.”

**Reason**: Due to higher oil prices owing to the 1979 oil crash, the government aimed to meet the energy objectives of Canada’s individuals and industries as efficiently as possible (inferred from P.4184 & P.4189).

**Size:** $8.4 billion (P. 4189)

**Status**: Temporary (2 years)

**Classification:** Endogenous-Demand Management. (This measure was implemented to meet the energy objectives of Canada’s individuals, as a result of 1979 oil crash.)

* **Measure**: Created a western development fund for the modernization of the western grain handling and transportation system (P.4189).

**Reason:** The finance minister stated that “resource wealth of Western Canada have laid the base for rapid economic growth in that region” and the federal government hoped to play its part in related “growth supporting policies”. (P. 4189)

**Size:** $4 billion, with $2 billion to be spent over the next 3 years. (P. 4189)

**Status:** Temporary

**Classification:** Exogenous-LR performance. (This was implemented as part of federal government growth policies.).

* **Measure:** Increase in development funds (called the economic development envelope). (P. 4190)

**Reason:** The finance minister stated that the increase in funds for economic development will allow the government to expand existing program and initiative new ones that would support research and development, industrial expansion, and export development. Eventually, he stated, these programs would lead to high levels of investment and increased prosperity in the long-run.

**Size:** $1 billion (BP. P. 30 – The exact size was not mentioned in either the budget speech or the budget plan. It was stated in the budget plan that the total size of the economic development envelope was going to be $5,883 million in the year which was a 21.6 percent increase from the previous year. From these numbers, we calculate the increase in the size of the envelope was around $1 billion).

**Status:** Temporary (one year)

**Classification:** Exogenous-Long Run.

Note: There were increases in sizes of other types of expenditures as well (e.g. defense envelope, social transfers envelope). However, it did not seem from the speech that these increases represented any new programs. Rather, these increases seemed normal inflationary increases and hence we do not include them in our data set.

**November 12, 1981:**

**Context:**

The Canadian economy was recovering from the oil shock. Output grew more than the forecasts of the last year budget. However, the economy was confronted by severe inflation and extremely high interest rates which were acting to bring the economic growth to a standstill and increase the inequities among the people of Canada. The damaging effects of high interest rate could be seen on home owners, small businesses and farmers. The finance minister argued that the high interest rates were the result of high inflation, so there could be no relief, unless inflation was controlled. Thus, the primary motive of this budget was to bring down the level of inflation to achieve other objectives. (P.12721)

**Spending Changes:**

* **Measure:** Farmers that find it difficult or impossible to operate at the current interest rates would be lent loans by the Farm Credit Corporation at a rate of 11.75% which is 5% points below the normal Farm Credit Corporation lending rate. (P.12723)

**Reason:** The economy was suffering from high inflation and high interest rates (P.12723). So, this measure was to help those farmers who find it difficult or impossible to operate at the current interest rates. (P.12723)

**Size:** $50 million. (P.12723)

**Status:** Temporary (onetime)

**Classification:** Endogenous-Supply stimulus

* **Measure:** Defer interest, within limits, when mortgage payments exceed 30% of gross income. This would help those home owners who had ‘a reasonable amount of equity in their home’ to obtain relief ‘by deferring part of the higher interest’. (P.12723)
  + For those home owners whose mortgage debt would rise very high, the government proposed to pay for all or part of the interest deferred, up to a maximum of $3,000 a year though. (P.12723)
  + Provide interest-free loans of up to $7,500 per unit in order to encourage construction of rental housing. To be done for up to 15,000 units ‘allocated to tight markets across Canada’. (P.12723)

**Reason:** The economy suffered from high inflation and extremely high interest rates. (P. 12721). The measure aimed to help those home owners that face difficulty in renewing their mortgages at higher interest rates. Also, the measure helped to overcome a shortage of rental accommodation. (P.12723)

**Size:** $350 million. (P.12723)

**Status:** Temporary (onetime)

**Classification:** Endogenous-demand management

* **Measure:** Increase in defense and foreign aid spending. (P. 12724)

**Reason:** These increases were due to the international commitments of Canada. (P. 12724)

**Size:** Neither the budget speech nor the budget papers gave the size for these measures. The finance minister only stated the estimated increase in terms of percentage. The budget in brief mentions that the government would spend $400 million on its foreign commitments and that is the size that we use in our data.

**Classification:** Exogenous - Military

**June 28, 1982**

**Context:**

The economy was struggling with the effects of the recession. Inflation was still high and Canadians wanted to know when and how the economy can start to grow again. Unemployment rate was also high in the economy. The aim of this budget was to introduce measure that would mitigate the effects of the recession for Canada. (P. 18876)

**Spending Changes:**

* **Measure:** $ 200 million were allocated to direct employment programs. $150 million (done earlier) were allocated for ‘increased spending on localized, employment-intensive projects under existing government construction and other programs. In addition to these, $ 100 million were made available from existing Employment and Immigration allocations. The total adds up to $ 450 million, to be spent on direct job creation. A further $300 million was allocated to economic development programs that aimed to create private sector jobs that were permanent. The total was $750 million. (P.18881)

**Reason:** To ensure the creation of additional jobs, especially targeting areas most adversely affected by the recession or by longer-run adjustment problems. (P.18881)

**Size:** $ 750 million. (P.18881)

**Status:** Temporary (onetime)

**Classification:** Exogenous-LR performance (This also responds to recession but as the jobs are of permanent nature, we’ll take this as exogenous.)

* **Measure:**  Introduced ‘a five-point package of new and expanded housing programs’:

1. The government would provide grants of $ 3000 to those that purchase new houses on which construction commences before December 31, 1982, and to those that buy an existing house for the first time before the afore-mentioned date. It is estimated that about 100,000 will be eligible for this grant. (P.18881)

Size: $ 300 million. (P.18881)

1. Doubled the allocation to the home renovation plan, from $ 30 million to $ 60 million. (P.18881)

Size: Increase of $ 30 million. (P.18881)

1. Increased the annual allocation for non-profit and co-operative housing from 25,000 units to 27,500 units in 1982. To focus on the housing needs of the low-income Canadians. (P.18881)

Size: $ 10 million in 1984-5. (P.18881)

1. The Canada Mortgage Renewal Plan, which was introduced in the previous November, was extended to December 31, 1983. Home owners that spend more than 30 % of their gross income as a result of renewals taking place after the present day would be eligible for a grant of up to $3000. It would not be necessary anymore to defer the interest prior to becoming eligible for a grant. (P.18881)

Size: Not stated

**Size (total):** $400 million (P. 18882)

**Reason:** The economy was suffering from recession, high inflation and high interest rates. There was a dire need to ‘get the economy growing again, get industry to invest, expand and provide the jobs our people need.’ (P.18876). These measures were to stimulate the residential sector while also creating a significant number of jobs which would bring the unemployment rate down. (P. 18881)

**Status:** Temporary (onetime)

**Classification:** Endogenous-Demand Management (As the economy was suffering from recession, high inflation, and unemployment, this measure was introduced to bring the economy out of the devastating effects of recession.)

* **Measure:** Introduced a new program to reduce the interest costs for small businesses that were undertaking new investment. (P.18881)

**Reason:** Many small businesses had faced difficulty in their aims to expand owing to high interest rates. Hence, grants would be made to cover 4% points of interest charges, over 2 years, on loans given by financial institutions to the small businesses-incorporated as well as unincorporated. (P.18882)

**Size:** $ 400 million. (P.18881)

**Status:** Temporary (one time)

**Classification:** Endogenous- Supply stimulus (As this measure was introduced to help the small businesses in overcoming the challenges of recession, it was classified asEndogenous- Supply stimulus.)

* **Measure:** Provide $ 100 million more to help farmers facing financial difficulties. The loans given by the FCC (Farm Credit Corporation) would carry FCC’s regular rate of interest. However a rebate amounting to 4 % points would be extended for 2 years. The aim was to enable the Farm Credit Corporation (FCC) to make loans totaling $ 200 million over those that were provided for in the November budget. (P.18882)

**Reason:** The economy had faced with recession and high interest rates. (P.18876). This measure aimed to help the farmers facing financial difficulties. (P.18882)

**Size:** $ 100 million. (P.18882)

**Status:** Temporary (onetime)

**Classification:** Endogenous- Supply stimulus (As this measure was based on the motivation to help farmers to cope with the challenges of recession, we classified it asEndogenous- Supply stimulus.)

**October 27, 1982:**

**Context:**

The Canadian economy had been deeply affected by the worldwide recession. The gross national product decreased by 6.2 percent during the second quarter of the current year, as compared to the same period last year. However, the recovery was expected in the current quarter. Inflation was falling. The consumer price index increased by 10.4 percent in September which was lower than the average increase of 12.5 percent in 1981. The reductions in inflation and the prospects of continuing improvement led Canadian interest rates to fall, which would contribute towards easing the difficulties faced by businesses and thus stimulate economic recovery. For 1982 as a whole, real gross national product was expected to decline by 4.4 percent, the unemployment rate was forecasted to be 10.9 percent and the consumer price index to rise by 10.9 percent.

The recovery was expected to become faster gradually during 1983. The increase in real growth was likely to be 3 percent by next year. The increase in CPI was expected to fall down to an average of about 7.5 percent in 1983. However, the major area of concern was the employment situation in 1983. The employment growth was expected to increase to 2.5 to 3 percent by the fourth quarter of 1983. But, the people willing to work also increased at the same time. Unemployment rate, for the year 1983 would likely to be slightly above 12 percent. This budget introduced a number of measures to improve employment prospects. (P.20079-20080)

**Spending Changes:**

* **Measure:** Increased spending on job creation programs via Canada Community Development and special youth programs. (P.20082)

**Reason:** To overcome ‘the hardship of unemployment’ by creating jobs for over 6000 Canadians, especially for those belonging to the ‘most vulnerable communities’, with the aim of having most of the hiring during November, December, January and February. (P. 20082)

**Size:** $ 300 million. (P. 20082)

**Status:** Temporary (onetime)

**Classification:** Endogenous-Demand Management

* **Measure:** Introduction of the New Employment Expansion and DevelopmentProgram (P.20082). The aim of the program was to ‘draw upon the abilities of all employers in Canada whether they be in the public, non-profit or private sectors to generate employment.’ It aimed to provide 60,000 individuals with a job in a period of 18 months. (P.20082)

**Reason:** To help those that ‘face severe financial difficulty because of prolong unemployment’. ‘The duration and depth of the recession had led to a significant increase in the number of people who no longer had access to unemployment insurance benefits. Lacking employment and other sources of income, many people would be forced to seek social assistance, often for the first time in their lives.’ The aim was to bring about ‘a significant reduction in the number of people who would otherwise be forced to seek social assistance’. (P.20082)

**Size:** $ 500 million. (P.20082)

**Status:** Permanent

**Classification:** Endogenous – Demand Management

* **Measure:** A further allocation of $ 50 million to the already existing program-the Canadian Home Renovation Plan. (P.20082). Through this program, eligible home owners could receive a grant equal to the third of their costs for home repairs, up to a maximum of $ 3000 though. This Program had been successful to date and the $65 million allocated to it had been ‘almost completely committed’.

**Reason:** Canada was facing severe recession. ‘Half a million jobs’ had been lost in the past year alone. (P.20078). This measure would help to provide about 13,000 new jobs (in the construction industry).

**Size:** A further $ 50 million. (P.20082)

**Status:** Temporary (onetime)

**Classification:** Endogenous- demand management.

* **Measure:** The $3000 home ownership stimulation grant in the Canadian Homeownership Stimulation Plan, was extended to the end of April, 1983. The maximum cost of this was $100 million. A modification in this existing program would be that starting from January 1 1983, the assistance would be given to only those that purchase new housing. (P.20082). This program provided relief from high interest rates for prospective home buyers.

Grants were available for all those that purchase new homes on which construction started prior to December 31, 1982, and to those that were buying an already existing house for the first time but prior to December 31, 1982. There have been 65,000 grantees to date.

Since last June, the ‘mortgage interest rates had fallen considerably’ and ‘housing prices had come down’ too. (P.20082)

**Reason:** This measure aimed to stimulate the construction industry which did not seem to have recovered from the slump. On the other hand, mortgage interest rates and housing prices had decreased and Statistics Canada’s new house price index revealed there to be a year-over-year decline of 3 % in September.

The modification in the program, stated above, would help to ensure that ‘maximum amount of activity and employment’ was generated. (P.20082)

**Size:** $ 100 million. (P.20082)

**Status:** Temporary (onetime)

**Classification:** Endogenous- supply stimulus

* **Measure:** Designated about $ 400 million for ‘the expansion and modernization of rail capacity in the west and to facilitate an early, fair and balanced resolution of the Crow rate issue’. (P.20082)

**Reason:** To help Canada be in a better position to benefit from world recovery. (P. 20082)

**Size:** $ 400 million. (P.20082)

**Status:** Temporary (onetime)

**Classification:** Endogenous – Demand Management (although the explicit reason stated was that there was a need to be prepared to benefit from world recovery. However, the overall context of the budget and other measures made it clear that the main of this measure was also to provide jobs).

* **Measure:** Investments in railways. (P.20082)

**Reason:** Canada suffered a recession-ridden economy with ‘half a million jobs’ lost in the previous year. (P.20078).This measure aimed to spur economic activity in all regions. To stimulate the construction industry but also the manufacturing sector (‘steel rail, locomotives, rolling stock and electronic equipment’) especially in central and eastern Canada. It was estimated that about 400,000 jobs would be generated. (P. 20082-3)

**Size:** $ 11.8 billion. (P.20082)

**Implementation date:** Over the period to 1991 (P. 20082)

**Status:** Temporary

**Classification:** Endogenous-supply stimulus

**April 19, 1983**

**Context:**

The Canadian economy was moving towards recovery after recession. Industrial production was up, growth through the year would be strong, and the rate of real GNP was expected to be 6.5 percent higher by the end of 1983 than the same period the previous year. This growth was expected to continue at an average rate of 5.2 for the year 1984. Inflation continued to decline, averaging 6.3 percent for 1983 and falling further 5 percent in 1984. Employment also increased significantly during the two years 1983 and 1984, over 600,000 more Canadians would be at work by the end of 1984. As the economic prospects improved, employment began to grow again as many workers joined the labor force, who had withdrawn temporarily during the recession. Consequently, unemployment rate continued to increase for the current year, which was expected to fall to 11.4 percent. This downward trend would continue in the coming years.

The budget of this year introduced measures that would help to create more jobs for Canadian in the years ahead. (P.24668-9)

**Spending Changes:**

* **Measure:** Special Recovery Program: The government of Canada enacted a temporary recovery program aimed at accelerating the recovery from the recession. As part of this program, the government committed $2.2 billion dollars for capital projects that were to help the economy recover from the effects of the recession. (P.24659)

**Reason:** The motivation behind this plan was to create and “improve public sector facilities that (would) directly support private sector expansion” which would create opportunities of jobs and help the economy come out of the recession. (P.24659)

**Size:** $2.4 billion (P.24659)

**Status:** Temporary (4 years)

**Classification:** Endogenous-Demand Management.

* **Measure:** Extended the Special Farm Financial Assistance Program administered by the Farm Credit Corporation. (P.24663) “Eligible recipients will be entitled to interest rebates of four percentage points for the first two years.” (p. 24663)

**Reason:** In recognition of the exceptional financial difficulties being faced by many farmers and in order to “enable the recipients to remain in agriculture and to become commercially viable contributors to Canada’s agricultural economy”. (P.24663)

**Size:** Added $100 million to bring the total to $150 million available in 1983-84. (P. 24663)

**Status:** Temporary

**Classification:** Endogenous-Supply Stimulus.

* **Measure:** Invested in the Western Transportation Initiative ( P.24663)

**Reason:** The Special Recovery Projects would enhance agricultural and transportation development, they did not include any of the capital outlays arising from or associated with the Western Transportation Initiative ( P.24663)

**Size:** $3.7 billion over next 4 years

**Status:** Temporary

**Classification**: Exogenous-LR performance

* **Measure:** Various housing schemes, listed below. (P.24663-24664)

1. Spur recovery in the housing industry. The expansion would create jobs in all parts of the country through the construction and renovation of housing units.

**Size:** $355 million.

1. Funds to be available in the Canadian Home Renovation Plan. It would provide grants up to $3000 to low and middle income Canadians wishing to renovate their homes.

**Size:** Additional $120 million.

1. An allocation over 2 years for the Residential Rehabilitation Assistance Program for the improvement and repair of substandard housing in designated areas.

**Size:** Additional $40 million.

1. Annual allocation of housing units, which would increase by 2,500 units to 25,000 units.

**Size:** Not stated.

1. An allocation for Indian on-reserve housing in 1983-84. A supplementary increase of $22 million per year would also be introduced.

**Size:** Additional $40 million.

1. An allocation for the Canadian Home Ownership Stimulation Plan, which should be sufficient to extend this program until the end of May. Over the last 9 months, 200,000 Canadians had benefited from the $3000 home ownership grant it provides.

**Size:** Additional $30 million.

**Reason:** To “spur recovery in the housing industry” since this industry “employed a large number of people and used materials primarily made in Canada”. This means that supporting this industry would “create jobs in all parts of the country through the construction and renovation of housing units”. (P.24664)

**Size:** Stated next to each individual measure.

**Status:** Temporary (onetime)

**Classification:** Endogenous-supply stimulus **(**This measure was introduced to bring recovery in the housing industry after recession therefore we classified it as Endogenous-supply stimulus.)

* **Measure:** Increased the total spending for human resource development. (P.24665 and 24667)

**Reason:** To increase the number of well-educated and well trained workers. Over 250,000 Canadians were expected to benefit from it. This measure would also enhance “skills development in occupations that are significant for economic growth’. (P. 24667)

**Size:** Additional $155 million, bringing the total to $1.2 billion in 1983. (P.24667)

**Status:** Permanent

**Classification:** Exogenous-LR performance (Helping people to get education would benefit economy in the long run, so classified as Exogenous-LR performance.)

* **Measure:** Changes in the Canada Student Loans Program that would “expand loan availability to include part-time students, increase the size of available loans and ease repayment conditions for those having difficulty obtaining employment upon graduation”. (P. 24667)

**Reason:** To help young people finance their education which had become increasingly difficult owing to “weak employment opportunities”. Around 185,000 people would benefit from these measures. (P.24667)

**Size:** $60 million over two years.

**Status:** Temporary

**Classification:** Exogenous-LR performance (Helping people to finance education would benefit the economy in the long run.)

**February 15, 1984:**

**Context:**

The Canadian economy was successful in reducing the inflation rate from almost 12 percent in June, 1982 to 4.5 percent at the end of 1983. For the year 1984, the rate of inflation was forecasted to be about 5 percent, whereas further reductions were expected through the mid-1980s. (P.1424)

Public investment was likely to increase over the course of 1984 and it was to provide a boost to the economic recovery. Business investment was expected to increase by 2.5 percent in 1984, and was projected to be a major source of economic growth in Canada from 1985 onwards. The economic recovery had been much stronger during the year 1983 than was forecasted during the April budget. The real growth achieved in 1983 was 3 percent rather than the 2.3 percent predicted, and employment also increased significantly by 400,000 more jobs created (P.1425). For the year 1984, real growth was expected to increase further to 5 percent with a continued strong employment growth of about 3.5 percent. It was argued in the budget that these forecasts were not goals for the economy, and that the economy could achieve much more. The measures introduced in this budget were directed towards this. (P. 1426)

**Spending Changes:**

* **Measure**: A further increase in the Youth Opportunity Fund. (P.1426)

**Reason**: This measure aimed to help young Canadians to acquire new skills and find meaningful jobs in the private, voluntary and public sectors. (P.1426)

**Size:** An additional $150 million, bringing the total to a $1.3 billion in the current year. (P.1426)

**Status:** Temporary (onetime)

**Classification:** Exogenous-LR performance.

* **Measure**: Increase in commitment to Special Recovery Capital Projects and to direct employment support. (P. 1423)

**Reason:** This measure was part of the broader government goal to create more jobs for Canadians in the long-run. (P.1423)

**Size:** $525 million (P.1423)

**Status:** Temporary (one time)

**Classification:** Exogenous-LR performance.

* **Measure:** Creation of the Canadian Labor Market and Productivity Centre. (P.1426)

**Reason:** The aim of this measure was to boost job creation in the future. It was stated that this the Canadian Labor market and Productivity center would “… develop a new national partnership of labor, management and governments to meet the tough competitive challenges of the 80s and provide the jobs Canadian need.” (P.1426)

**Size:** 27 million over the next 4 years. (P.1426)

**Status:** Temporary

**Classification:** Exogenous-LR performance.

* **Measure:** Created a special fund in support of an expanded roles for Canadian firms in developing countries (P.1427)

**Reason:** The government had made a commitment to devote 0.5 percent (increasing to 0.7 percent by the end of the decade) of its GNP to official development assistance. Half of this increase was to be used in the establishment of the special fund aimed at expanding the role of Canadian firms in developing countries. The funds were to finance those projects that were led by Canadian firms and were of high importance to recipient countries. (P. 1427)

**Size**: An increase of 1.3 billion by 1990.

**Status**: Temporary (onetime)

**Classification:** Exogenous-Ideological

**November 8, 1984**

**Context:**

The finance minister stated that the new government that came into power in September of that year quickly realized that Canadian economy was faced multiple problems in the previous decade in the form of rising government deficits and rising unemployment. The government put forward an economic revival plan that aimed at 1) reducing debt, 2) redefine the role of the government to accelerate growth and job creation, 3) to foster higher investment, greater innovation, and increased international competitiveness, and 4) bring about changes in a fair manner. (P. 96-97)

**Spending Changes:**

* **Measure:** Reduction in various types of government spending. These reductions would in form of decrease in overhead spending, decrease in salaries of cabinet members and other programs. (P. 99)

**Reason:** This measure was the beginning of a new phase in the Canadian government spending policy. The finance minister made it clear that it was their priority of the government to reduce the long-term debt. These reductions were a step in that direction. (P. 99)

**Size:** $4.2 billion in 1985-86.

**Status:** Permanent

**Classification:** Exogenous-Deficit Consolidation

* **Measure:** Extension of the Spouse’s Allowance program to all windows and widowers between ages 60 and 64. (P. 103)

**Reason:** No explicit reason was given for this measure but it was clear that this measure was aimed at helping those in need of financial assistance from the government.

**Size:** $200 million per year

**Status:** Permanent

**Classification:** Exogenous-Ideological

* **Measure:** Improvement in veterans’ pensions. (P. 103)

**Reason:** The finance minister stated that the country owed a lot to the veterans and this measure was aimed at helping them. (P. 103)

**Size:** $22 million per year

**Status:** Permanent

**Classification:** Exogenous-Ideological

* **Measure:** Creation of new employment opportunities. (P. 103)

**Reason:** Creation of new employment opportunities was part of the economic revival plan of the government. The finance minister stated that the government was not looking to use any “temporary make-work programs”. This implied that the government wanted the workforce to attain skills suited for long-term employment. (P. 103).

**Size:** $1 billion.

**Status:** Temporary. (One time)

**Classification:** Exogenous-Long Run

**May 23, 1985**

**Context:**

The Canadian economy grew strongly during 1984. The real growth was highest since 1976 which was 4.7 percent, and inflation averaged 4.4 percent which was the lowest since 1971. Interest rates were also falling, and investment was expected to increase strongly during the current year. Real activity for the economy was likely to expand by about 3 percent, which was almost the same as for major industrial nations. The recent performance of the economy had led to encouraging prospects. Employment increased significantly, and more than 200,000 jobs were created for Canadians during this time. This was still not good enough as unemployment rate was just below 11 percent. There were still about 1.4 million people who were unable to find work in Canada. The other major issue faced by economy was the rising deficits. The budget for this year was designed to deal with these two problems: high unemployment and high deficits. High deficits limited the ability of the economy to promote growth and create jobs, and high unemployment produced higher deficits in turn. So, this budget had introduced a range of measures to address the vicious circle of unemployment and deficit and bring the economy towards economic renewal. (P.5013)

**Spending Changes:**

* **Measure:** Increased the funding for programs based on “a new and innovative approach to training and employment” - approach that would lead to career development. “This approach is based on greater private sector and local participation.” (P.5015)

**Reason:** “This commitment will provide greater certainty to those designing and implementing these programs. This should help get them off the ground and operating more quickly.” (P.5015). These programs aimed to help Canadians with career development. (P. 5015)

**Size:** Allocated $900 million for the current year 1985-86. An additional allocation of $900 million for the year 1986-87. (P.5015)

**Status:** Temporary

**Classification:** Exogenous-LR performance

* **Measure:** Decrease in various types of government spending. These measures included

1. Reduction in transportation expenditures. (Size: $75 million in the current year and $200 million per year thereafter).
2. Reduction in industrial subsidies. (Size: $100 million in the current year and $150 million a year thereafter)
3. Reduction in agricultural expenditures. (Size: $50 million a year)
4. Reduction in expenditures in energy sector. (Size: $150 million in the current year and $900 million per year thereafter)
5. Closing of heaving water plants in Glace Bays and Port Hawkesbury. (Size: $100 million a year)

**Reason:** It was clear from the overall context of the budget speech that government was aiming at reducing the debt levels of the economy. These measures were part of the overall fiscal plan of the government to reduce debt. At the same time, these measures were aimed at reducing wasteful spending in order to remove obstacles to growth. (P. 5017).

**Status:** Permanent

**Classification:** Exogenous-Deficit Consolidation

**February 26, 1986**

**Context:**

The economic performance of Canada was better than expected during past 18 months. In 1985, the economy grew far stronger than major European countries; the growth was twice as great as United States and equal to that of Japan. The factors which generated this growth were higher business investment, more housing starts and strong consumer spending. A great number of jobs were created during this time leading to a significant reduction in unemployment rate i.e. from 11.7 percent in September 1984 to 9.8 percent till February 26, 1986, which was the lowest since 1982. The performance of Canada had been remarkable in this regard. The rate of job creation was 50 percent higher than United States and in absolute terms more jobs were created in Canada than all the Western European countries combined.

Despite the strong growth, inflation had been stable. The cost performance was similar to the major competitors, and the competitiveness of the economy improved as a result of the strong productivity growth and moderate wage increases. However, with these positive signs one major obstacle remained as a challenge for the economy. The economy encountered a debt problem of massive proportions. The government had been borrowing millions of dollars mainly to pay the interest on past debt, which produced more debt and interest payments. This presented a challenge to the economy to break this vicious circle. (P.10980-1)

**Spending Changes:**

* **Measure**: Reduced spending in Government departments (P.10982)

**Reason:**  To reduce unneeded spending and to increase efficiency and productivity of the workforce

**Size:** would save $850 million in 1986-87 rising to $2.8 billion in 1990-91.

**Status:** Permanent

**Classification:** Exogenous-LR performance (This measure was implement to avoid waste of resources and focus on the progress of the economy.)

* **Measure**: Funded a special program that that helped social assistance recipients to find employment. (P.10986)

**Reason:** The government believed that the best way to provide for people on assistance was to provide them with meaningful jobs. (P.10986)

**Size:** $100 million a year for three years. (P.10986)

**Status:** Temporary

**Classification:** Exogenous-Ideological

* **Measure**: Adopted a new Farm Financial Assistance Policy, details listed below. (P.10987)

(i) Increased resources to the Farm Credit Corporation for two years.

(ii) This program was designed to offer “job counseling, retraining and interim financial assistance” to those farmers that wanted to switch jobs. (P.10987)

(iii)Government would help tobacco farmers diversify into other crops. (P.10987)

**Reason:**  These measures were introduced to preserve a viable farm sector. Farmers were caught in a tight squeeze of “low prices and rising costs” with many facing an “intolerable debt burden”. (P.10986)

**Size:** $195 million.

**Status:** Temporary

**Classification:** Endogenous-Supply Stimulus (The motivation behind this measure was to help farmers regarding the current “low prices” and “rising costs” problem therefore classified asEndogenous-Supply Stimulus.)

* **Measure**: To “provide a secure funding base” for councils such as Natural Sciences and Engineering Research Council, the Medical Research Council and the Social Sciences and Humanities Research council. (P.10988)

**Reason:** To create a partnership between the private sector (businesses) and the university researchers. The finance minister stated that through this program “Canada will benefit from the more vigorous and coordinated application of scientific knowledge to our industrial needs”. (P.10988)

**Size:** $300 million over a decade. The base funding could increase by 6% by matching private sector contributions to the councils, leading to a possible extra $700 million over the next 5 years. (P. 10988)

**Status:** Temporary

**Classification:** Exogenous-LR performance

* **Measure**: Created a new Canadian Jobs Strategy “in co-operation with the provinces and industry”. (P.10988)

**Reason:**  The aim of this program was to provide training to workers in order to help them adapt to the changing conditions of the labor market. In particular, the program was designed to aid young and female workers (P. 10988)

**Size:** $800 million. (P.10988)

**Status:** Temporary (one time)

**Classification:** Exogenous-LR performance

* **Measure**: Funded a new program for Older Worker Adjustment. (P.10988)

**Reason:**  This program would assist older workers who lost their jobs and who had no immediate prospects for re-employment. (P.10988)

**Size:** $125 million over a four year period (P.10988)

**Status:** Temporary

**Classification:** Exogenous-Ideological

* **Measure**: Created a new Atlantic Enterprise Program. It would provide access to lower cost financing through interest rate buy-downs and encouraged private sector lenders to make loans for business start-up or expansion. (P.10988)

**Reason:** “Certain regions of the country are continuing to experience longer-term structural economic difficulties”, particularly the Atlantic region. This measure aimed to “enhance the rate of job creation in the Atlantic and Gaspe regions”. (P.10988)

**Size:** $1 billion loans to be provided by the government. (P.10988)

**Status**: Permanent. However, it was not clear over what period of time the loans would be provided. We assume that the loans were to be provided over a period of 5 years and treat this as a temporary change.

**Classification:** Exogenous-LR performance

**February 10, 1988**

**Context:**

The Canadian economy grew stronger, more dynamic, and more competitive. During last three and a half years, the economic performance of Canada had improved dramatically. It was better than any of the other major industrialized countries. The economic growth of Canada ranked number one since 1984, and number one in employment growth. More than 1,150,000 jobs created since 198, and the majority of the newly created jobs were full time. The unemployment rate fell strongly, lowest since last six years. Economic and employment growth were more balanced among regions for the year 1987. Unemployment dropped in all provinces during that time. Business and consumers’ confidence rose sharply which gave rise to a sharp increase in the pace of investment and consumer spending. (P.12839)

The finance minister suggested that the Canadian economy needed a fairer tax system for individual Canadians in order to build a firm foundation for success in the 1990s. A system that was effective in supporting growth and job creation. Major reforms were made in the personal and corporate tax systems on January 1, 1988. These reforms were based on the belief that the best possible tax incentive for productive activity was lower tax rates. As a result of these reforms, 8 out of 10 households would find reduction in their income taxes. About 850,000 lower-income Canadians would get rid of the income taxes completely. Moreover, the tax reforms included similar tax incentives for old aged Canadians and children. Taxes were lowered for the corporate sector as well by reducing or eliminating many special tax breaks, making the corporate tax system more competitive with systems in other countries. These income tax reforms would be covered in this House legislation in the near future. (P.12840)

**Spending Changes:**

* **Measure:** Federal funding for new science and technology activities over the next 5 years, including “a national program of Centers of Excellence on university campuses and the program of Canada Scholarships in science, engineering and related disciplines”. (P.12843)

**Reason:** This measure aimed to ultimately help grow and create jobs by using science and technology to Canada’s advantage. (P.12843)

**Size:** $1.3 million. (P.12843)

**Status:** Temporary (As it said $1.3 million would be spent over 5 years, we are assuming allocation for this amount over this period only)

**Classification:** Exogenous-LR performance (This measure would bring long term growth for the economy. Therefore, it was classified as Exogenous-LR performance.)

* **Measure:** Reduction in non-statutory government spending. (P. 12842).

**Reason:** The aim of this decrease in spending was to control the government debt. (P. 12841-12842).

**Size:** -$300 million.

**Status:** Permanent

**Classification:** Exogenous – Deficit Consolidation.

**April 27, 1989**

**Context:**

This budget was designed to deal with the national problem of large and growing public debt which became a hindrance for the better future for Canadians. The current figure for the public debt was $320 billion, which was 20 times greater than it was during the mid-1970s when it became to grow faster than the national economy. This huge debt required interest payments more than one-third of all government revenues for the year 1989. The government launched a broad agenda of action in 1984 to strengthen the foundations of Canadian economy, which contributed to slow the growth of public debt by reducing the annual deficit. The growth of the budget reduced to less than 10 percent last year as compared to almost 24 percent during 1984. The economy depicted strong growth during that time, created new jobs and expanded faster than most other industrial nations. The current most important fiscal policy objective of the government was to continue getting the public debt under control through deficit reduction, and to reinforce the policies that helped to achieve strong economic progress. (P.1060)

The measures introduced in this budget included a wide range of reductions in government spending and to increase revenues. (P.1061)

Note: For the following measures, the page numbers refer to the page number of a separate document which had the budget speech.

Note: The page numbers below refer to the standalone budget speech document.

**Spending Changes:**

* **Measure:** The growth in defense spending was to be decreased over the next 5 years. 14 bases were to be shut down or reduced in size while there was also be a reduction in the size of the workforce in the Canadian Forces and the Defense Department’s civilian workforce. (BP P.6)

**Reason:** Part of the policy to reduce needless government spending to control debt. (BP P.6)

**Size:** This measure was to save a total of $2.7 billion over 5 years with the first two years saving $575 million and $600 million respectively. (P.6)

**Status:** Permanent. We consider this to be a permanent change since there was no indication that the decrease in defense spending would be reversed after 5 years.

**Classification:** Exogenous-Military Spending

* **Measure:** Decrease in official development assistance. (P. 6)

**Reason:** The finance minister stated that the growth of Canadian aid to the developing countries was one of the highest in the world. The debt issued faced by the government necessitated a decrease in this assistance. (P. 6)

**Size:** Savings of $1.8 billion over the next 5 years including savings of $400 million in the first year.

**Status:** Permanent

**Classification:** Exogenous-Deficit Consolidation

* **Measure:** Decreased subsidy for the VIA rail service. (P.7)

**Reason:** In 1988, the number of riders was smaller than that in 1985 and even smaller compared to the early 1980’s. It made no sense to increase subsidies for a service fewer people are using. (BP P. 7)

**Size:** Decrease of $100 million to $541 million in the current year with a further decrease in each of the next 4 years for a total saving of $500 million. (P.7)

**Status:** Permanent

**Classification:** Exogenous-Deficit Consolidation. **(**This measure was introduced to avoid waste of resources and contribute towards long run growth of the economy, thus classified asExogenous-LR performance.)

* **Measure:** Decrease in subsidies and transfers to other levels of governments. These included

1. renegotiation of the federal-provincial cost-sharing of the crop insurance program;
2. elimination of subsidy paid to the landlords under the Residential Rehabilitation Assistant Program;
3. termination of the “at and east” transportation subsidy program;
4. termination of new spending under the Canadian Exploration and Development Incentive program. (P 7-8)

**Reason:** These measures were also part of the government initiative to cut back on its expenses to control debt.

**Size:** Collectively, these measures would save $173 million in the first year and $149 million in the following years. (BP 1989 – P8). (These numbers are sum of the respective sizes of the above mentioned programs.)

**Classification:** Exogenous – Deficit Consolidation

**February 20, 1990:**

**Context:**

It was clear from the beginning of the budget speech that all the measures announced in the speech would be aimed at reducing the debt levels of the economy. The finance minister stated that the government was using 35 percent of its revenues to pay interest on its debt and hence it was important to reduce the levels of debt to free up the money for other priorities, like environmental protection. The aim of the government was to start buying back its bonds and treasury bills within 5 years. (P. 8593)

**Spending Changes:**

* **Measure:** The budget introduced the expenditure control program through which the government aimed at reducing its expenditure with an aim of reducing the debt levels. The expenditure control program limited the growth rate of some programs while freezing the expenditure level of others. Still others were those programs that were either eliminated or had their funding levels reduced. These programs included

1. Reduction in grants and contributions for the Departments of the Secretary of State and Multiculturalism and Citizenship Canada. Size: $23 million per year. (BP. P. 80)
2. Decrease in funding for the Department of National Health and Welfare. Size $12 million a year. (BP. P. 80)
3. Reduction in funding for the Small Crafts Harbors Program. Size: $4 million in the current year and $5 million per year thereafter. (BP. P. 80)
4. Decrease in funding for social housing programs. Size: $16 million in the current year and $35 million a year thereafter. (BP. P. 81).
5. Elimination of the Canadian Exploration Incentives Program. Size: $50 million in the current year and $125 million per year thereafter. (BP. P. 81)
6. Elimination of the Polar Icebreaker Project. Size: $84 million in the current year and $62 million a year thereafter. (BP. P. 82)

**Reason:** The aim behind these measures was to reduce the debt levels that the economy faced. As mentioned earlier, these measures were part of the expenditure control program of the government.

**Status:** Permanent

**Classification:** Exogenous: Deficit Consolidation

**February 26, 1991:**

**Context:**

Since the last budget, uncertainty had increased which affected both the economic confidence and performance in Canada and around the world. At that time, international stability was shaken by military hostilities in the Persian Gulf and by political disturbance in Eastern Europe and the Soviet Union. There were serious problems in the opening up of world trade which posed large risks to Canada’s trade-oriented economy. All these factors led to a world-wide recession which affected Canada as well as United States and a number of other countries. However, for Canadian economy, the prospects for economic recovery were positive because of the encouraging progress in reducing both inflationary pressures and interest rates. (P.17685)

During the last quarter of 1990, the economic performance of the country had declined. The economy was expected to stabilize by mid of the current year after facing a decline in output of almost 2.5 percent. The unemployment rate was also expected to rise above 10 percent during the first half of the year, which would fall after the recovery in the economy (P. 17687). The priority of this budget was to take actions essential for the recovery. The idea was not to increase spending, rather to lower interest rates. Inflation was targeted to reduce to 2 percent by mid of the current year which would result in lowering interest rates further. (P.17686)

The measures in this budget intended to continue with the expenditure restraint program for the restoration of fiscal stability. There were no new taxes in the 1990 budget. In this budget, there were two specifically targeted revenue-raising measures. (P.17693)

**Spending Changes:**

* **Measure:** Increased funding for various programs. (P.17687)

**Reason:** The recession in the economy led to an increase in joblessness and loss in confidence in the state of the economy which necessitated the enactment of this recovery program. (P.17685)

**Size:** $6.9 billion total: $3 billion for assistance to the unemployed, $1.6 billion for the elderly and $1.3 billion for farmers in difficulty. (P.17687)

**Status:** We treat this as a temporary change. Even though there was no indication that this increase in funding would be reversed, it was made clear by the finance minister that the increase in funding represented a substantial increase of fiscal burden and hence it can be reasonably assumed that the government did not plan on maintaining this level of expenditure beyond the recession. The tone of the budget speech made it seem like a onetime expenditure as the finance minister stated that “the program expenditures will increase by 6.9 percent in 1991-92”. Hence, we consider it to be a temporary (onetime) increase in spending. (P. 17687)

**Classification:** Endogenous –Demand Management

* **Measure:** Increase in defense spending.

**Reason:** This increase in funding was in response to what the finance minister called “increased responsibilities”. (P. 17687)

**Size:** $600 million

**Status:** Permanent.

**Classification:** Exogenous – Military

* **Measure:** Extension of the Expenditure Control Plan

(i) Reduced grants and contributions to businesses, interest groups and individuals. (P.17689)

(ii) Reduced funding for the Canadian Jobs Strategy. (P.17689)

**Reason:** These measures were designed to reduce the debt that the economy was facing. The finance minister stated that “…sustained expenditure restraint is the key to deficit reduction and debt control. Government program expenditures must carry the burden of restraint.” (P.17689)

**Size:**

(i) Reduction of $75 million in the first year and $125 million thereafter (P.17689)

(ii) Reduction in spending on the Canadian Jobs Strategy by $100 million (P.17689)

**Status:** (i) was permanent while (ii) was temporary (onetime)

**Classification:** Exogenous-Deficit consolidation.

**February 25, 1992:**

**Context:**

This budget intended to reinforce the economic recovery of the previous year and strengthen growth and job creation for the years ahead. The finance minister stated that the economic recovery started with great enthusiasm during the second quarter of 1991, but weakened significantly with the disturbances in the economic conditions of Canada’s major trading partners, particularly the United States. During the fourth quarter of 1991, real output for the economy was flat or rather declined. This decline in output carried over into early 1992. The economy was facing serious problems which required sound policies. However, the situation was expected to improve as the United States and other trading partners revitalized their economies. (P.7597)

This budget intended to bring better fiscal balance, lower deficits, greater spending restraint and control of the tax burden. (P.7599)

**Spending Changes:**

* **Measure:** Decrease in defense spending. (P. 7596)

**Reason:** The end of cold war had eased the military pressure on Canada and allowed it to reduce its presence in Europe. (P. 7596)

**Size:** $2.2 billion over 5 years. (P.7596)

**Status:** Permanent

**Classification:** Exogenous – Military (this measure can be classified as “Deficit Consolidation” since it was presented along with other measures that were taken to reduce the debt faced by the economy. However, the main motivation behind this measure was the decrease in military tension around the world).

* **Measure:** Reduction in non-wage operating budgets of government departments (P.7596)

**Reason:** This measure was part of the government action plan to restrain its expenditure to control the long-standing debt of the country. As part of this measure, the government reduced international travel and eliminated first-class travel for members of the parliament, senators, and senior public servants. (P. 7596).

**Size:** $800 million over a 5 year period including savings of $150 million in the current year.

**Classification:** Exogenous – Deficit Consolidation

* **Measure:** Reduction in communication budgets and other program reductions. (P. 7596)

**Reason:** The reason for these reductions was again to reduce the level of debt faced by the economy. (P. 7596)

**Size:** $75 million per year for communications and savings of $376 million over a 5 year period for other programs. (P. 7596, Budget Papers 1992, P. 81)

**Classification:** Exogenous – Deficit Consolidation

* **Measure:** Increase in funding for research and development. (P.7600)

**Reason:** The ‘government recognized the importance of research and development’. (P.7600)**.** This measure aimed to make the incentives, that were in place to encourage research and development, more accessible to the users. (P.7600)

**Size:** $ 230 million. (P.7600)

**Status:** Temporary – 5 years

**Classification:** Exogenous-LR performance.

* **Measure:** There would be one monthly child benefit for children under the age of 18 years and it would not be subject to tax. The target group would be lower and middle income families. ‘The new benefit will include a new earned-income supplement of up to $500 per year for low-income working families with children.’ (P.7601)

**Reason:** As per the proposals put forth by the Minister of National Health and Welfare, the child benefits were being ‘completely restructured and substantially enriched’. (P.7601)

The ‘single monthly payment will make the system simpler and more responsive to family needs.’ (P.7601)

**Size:** $400 million per year (P.7601)

**Status** Permanent

**Classification:** Exogenous-Ideological.

**December 2, 1992:**

**Context:**

Canada’s economy had been performing well since 1984 before it faced recession in 1990. The country had been the leader in job creation among G-7 countries, and was second only to Japan in economic growth. However, the economic progress slowed down due to the severe world-wide recession (P.14418)

The recovery from the 1990 recession was painfully slow in Canada and around the world as well. The Canadian economy couldn’t have a powerful recovery with stagnant world growth, but Canada’s investments in growth were leading the country towards renewed growth. Some of the economic indicators were encouraging. Real output increased by 1.4 percent during the third quarter of 1992, domestic demand increased by about 5 percent, and employment increased as well, etc. However, the world economy was still going through a difficult period which could hurt the growth numbers for Canada. The measures introduced in this budget were likely to contribute to stronger growth. (P.14419)

**Spending Changes:**

* **Measure:** Increase in spending for research and development (P.7600)

**Reason:** The government had offered tax incentives to encourage research and development. However, it identified certain problems with the tax incentives that needed to be addressed. This measure set aside funding to address these issues (P. 7600).

**Size:** $400 million over 5 years

**Status:** Temporary

**Classification:** Exogenous-LR performance.

* **Measure:** Support for the Unemployment Insurance Development Uses Fund to be increased. (P.14422)

**Reason:** This fund helped people in upgrading their skills, with 450,000 people benefitting in the current year with a further 500,000 the year after. Funds would be used “to provide special services to workers who lost their jobs after a long-term attachment to the labor force”. (P.14422)

**Size**: $300 million (P. 14422)

**Status:** Permanent

**Classification:** Exogenous-LR performance.

* **Measure:** To make funds available “to help create permanent skill councils in particular sectors of the economy”. (P.14422)

**Reason:**  “To lay the foundation for a stronger training culture in this country we need the joint commitment of employers and workers to develop training strategies.” (P.14422)

Councils would develop occupational standards “so that training will be more relevant to industry’s needs”. (P.14422)

**Size:** $250 million over five years. (P.14422)

**Status:** Temporary

**Classification:** Exogenous-LR performance.

* **Measure:** Additional investments in public infrastructure. (P.14423)

**Reason:** The finance minister stated that “…quality of a nation’s infrastructure can provide an important competitive advantage in the new global economy”. (P.14423)

The details of various projects undertaken by the government are as follows:

1. Investment in strategic investment program to ensure that the work on various project begins in 1993. **Size:** $500 million over two years (P. 14423)
2. Advanced engineering and environmental work on the Prince Edward Island fixed crossing project would be undertaken to allow construction of the project in spring. Size**:** $800 million (the time frame for this project was not given so we assume that the project was to be completed in 5 years). (P.14423)
3. Created a high speed electronic highway and increased the funding to the Canadian Network for the Advancement of Research, Industry and Education project, for them to “use fiber optics to allow the rapid exchange of vast amounts of information among Canada’s scientists, engineers and educators”. **Size**: More than $2 billion over the next 5 years. (P.14423)

**Classification:** Exogenous-LR performance.

**April 26, 1993:**

**Context:**

During 1992, the Canadian economy showed lower than expected economic growth, lower revenues and higher deficits. Revenues, for the year 1992-93, were about $9 billion lower than forecasted in February 1992, which gave rise to a deficit of $1.1 billion, higher than forecasted in December. This was a matter of concern for the economy for which an immediate action was needed. This budget was introduced as a five-year plan to eliminate new borrowing by reducing spending and by making government more efficient. The key to the plan was that the federal government expenditures would be held at zero real growth i.e. growth no greater than the inflation. The measures in this budget reinforced the actions in the December budget, and would yield savings of almost $30.7 billion over the five-year period.

The point of emphasis here was that the budget did not include any tax increases. There were only two ways to reduce the deficit - higher revenues and lower spending. The right way to get the deficit down is by cutting spending. (P.18473)

**Spending measures:**

* **Measure:** Decrease in departmental operating budgets, including reserves for contingencies and new initiatives. (P. 18473)

**Reason:** The aim of this measure was to cut spending aimed at reducing the government deficit. (P. 18473)

**Size:** $300 million in each of the next 4 years (rising to $1.2 billion by 1997-98)

**Status:** Permanent

**Classification**: Endogenous- Demand Management

* **Measure:** Decrease in military spending. (P. 18473)

**Reason:** The decrease in military spending was also necessitated by concerns about the fiscal deficit that the government faced.

**Size:** $90 million in the first year and $100 thereafter (P. 18473)

**Status:** Permanent

**Classification:** Endogenous – Demand Management (even though this was a change in military spending, we still classify it as endogenous because the need for this arose because of concerns regarding the deficit that the government faced).

* **Measure:** Further reduced funding for regional development (P.18473)

**Reason:** Reducing spending to cover deficit

**Size:** $90 million for the first year, $100 million from the year after.

**Status:** Permanent

**Classification:** Endogenous-Demand Management

**February 22, 1994:**

**Context:**

This budget brought the most comprehensive reform of government policy in decades. The Finance minister aimed to set an agenda for innovation in the new economy. The budget intended to respond to the needs of small business, built a responsible social security system that was fair, compassionate and affordable, and make fundamental changes to the unemployment insurance system. To succeed, the government needed right monetary and fiscal policies. The Finance minister added that the first part of this objective had been achieved by making Canada a low inflation country, and intended to maintain this position.

The measures introduced in this budget were likely to reduce the deficit from $45.7 billion this year to $39.7 billion in 1994-95 and $32.7 billion for the next fiscal year (P.1708). The government planned to reduce spending to achieve the reduction in the deficit. For every $1 raised in new revenues, the government was cutting expenditures by $5 over the course of the next three years (P.1709). The objective was to get the deficit down to be able to reduce taxes in future, but the economy was not there yet. (P.1713)

**Spending Changes:**

* **Measure:** Developed a long term space plan that was affordable and offered the best way to commercialize and create jobs. It would focus on “areas of Canadian advantage, such as satellite technology”. (P.1710)

**Reason:** There was a major research and development shortfall in Canada. Public and private sector performance must be improved in order to get better ideas to the market. “Innovation and ideas were essential for jobs today and in the future.” (P.1710)

**Size:** $800 million over the next 10 years. (P.1710)

**Status:** Temporary

**Classification:** Exogenous-LR performance.

* **Measure**: Funds to “renew and revitalize Canada’s social security system”, with several pilot projects paving the way. (P.1711)

**Reason:** This measure was an attempt to try out innovative approaches “to renew and revitalize Canada’s social security system”.

**Size:** $800 million over 2 years. (P.1711)

**Status:** Temporary

**Classification:** Exogenous-Ideological.

* **Measure**: New program along with the Ministry of Fisheries and Oceans to develop innovative approaches for creating long lasting jobs. (P.1711)

**Reason:** This measure was also aimed at making an important contribution to the reform of the overall social security system. (P.1711)

**Size:** Increased funding of $1.7 billion over 5 years along with reallocated funding of $200 million, for a total of $1.9 billion. (P.1711)

**Status:** Temporary

**Classification:** Exogenous-LR performance.

* **Measure:** Reduction in unemployment insurance through revision in premium rates and decrease in duration of unemployment insurance claims. (P. 1711)

**Reason:** This measure was taken in response to government’s concern about government deficit and debt. (P. 1712)

**Size:** $725 million in the first year and $2.4 billion a year after. (P. 1711)

**Status:** Permanent

**Classification:** Exogenous-Deficit Consolidation

* **Measure:** Decrease in defense spending. (P. 1712)

**Reason:** The aim of this measure was to increase the savings of the government and to reduce government debt. (P. 1712)

**Size:** A decrease of $1.9 billion to be phased in over three years. (P. 1712)

**Status:** Permanent

**Classification:** Exogenous–Military (Deficit Consolidation)

* **Measure**: Fall in international assistance. The government was going to reduce international assistance by 2% and keep it frozen at that level. (P. 1712)

**Reason:** Fiscal challenges required a restraint in spending.

**Size:** Reduction of $400 million over three years which implies a yearly decrease of $133.33 million. (BP P. 32).

**Status:** Temporary (would be frozen at that level till 1997)

**Classification:** Exogenous-Deficit Consolidation.

**February 27, 1995:**

**Context:**

The Canadian economy during the year 1995 was stronger than it had been for years. Economic growth in Canada was the highest among G-7 countries, and tended to maintain the same position this year as well. Employment increased by 433,000 new jobs during 1994. Exports for the country were the highest during that year, leading to a dramatic improvement in the balance of payments. Canada remained one of the lowest inflation countries with the cost competitiveness at its highest level in more than 40 years. These statistics portrayed Canada as economy in bloom, which was creating new jobs. However, the economy was still facing the challenge of debt and deficit which was the target of this budget. (P.10094)

The deficit for the year 1995-96 was projected to be around $32.7 billion which was 3 percent of GDP. For the year 1996-97, the deficit was estimated as $24.3 billion. These deficits targets could not be met unless direct actions were taken. The actions proposed in this budget provided almost seven dollars of spending cuts for every one dollar of new tax revenue. The cumulative savings of $29 billion would be provided over the course of next three years (P.10095). The budget focused almost entirely on reducing the spending of government and not increasing taxes for Canadians. The spending cuts brought the economy very close to the target. However, there was a small gap which needed to be closed making it necessary to propose the tax changes. (P.10101)

**Spending Changes:**

* **Measure:** Reduction in departmental spending (P. 10096, 10097). The decreases were to be phased in over a three year period.

**Reason:** The overall context of the budget made it clear that these measures were taken in response to government’s concerns about its growing deficit. (P. 10095, 10096)

**Size:** There were a number of changes made to departmental funding details of which are found both in the budget speech (P. 10096) and in the budget plan (BP. P. 34, 35). We take the overall numbers from the budget plan for the reason that it gives us a detailed breakdown of how the reductions were to phased in over the three years. The eventual decrease of $7.2 billion is the same in both documents. The budget plan states that the total reduction was going to be $3,517 million in non-defense departments and $350 million in defense in 1995-96, $5,312 million in non-defense departments and $557 in defense in 1996-97, and $6,184 million in non-defense departments and $1,033 in defense in 1997-98 and subsequent years. (BP. P. 35)

**Status:** Permanent

**Classification:** Exogenous-Deficit Consolidation

* **Measure:** Onetime payment of $1.6 billion to prairie farm owners. (P. 10097)

**Reason:** The Western Grain Transportation Act provided subsidies to the prairie farm owners which were being abolished as part of the government spending decreases enacted by the government. This payment was made to help the prairie farm owners cope with the change. (P. 10097)

**Size:** $1.6 billion

**Status:** Temporary (onetime)

**Classification:** Exogenous-Ideological.

**March 6, 1996:**

**Context:**

This was the third consecutive budget targeted towards restoring the fiscal health of the country. The deficit target for the year ending on March 31 would be achieved and the economy was on track towards 3 percent deficit target for the fiscal year 1996-97. This budget intended to propose actions that would take the economy towards budget balance. The plan was to reduce spending by almost $2 billion by the end of 1998-99 which was over and above the substantial savings secured in the first two budgets. The focus was on spending cuts not tax increases over the last three budgets. Taking all these together seven dollars in spending would be cut for every one dollar in new revenues. This budget did not include any tax raises for deficit reduction. (P.372)

**Spending Changes**

* **Measure:** Established a Health Services Research Fund under The Medical Research Council of Canada. (P.375)

**Reason:** To bring together “governments, health institutions, and the private sector to fund research identifying what works best in our medical system, what did not, and what possibilities might exist to improve efficiency and effectiveness of healthcare”. (P.375)

**Size:** $65 million over 5 years. (P.375)

**Status:** Temporary

**Classification:** Exogenous-Ideological

* **Measure:** Funds to help students and families to deal with the rising costs of education. (P.378)

**Reason:** Costs of education have increased. It was the government’s obligation to ensure that the young Canadians acquired the skills and availed the opportunities to gain work experience in a changing economy.

**Size:** $165 million was taken by reallocation within the tax system over 3 years so that students and their families would be better able to deal with the increased costs of education.

**Status:** Temporary – 3 years

**Classification:** Exogenous- LR performance.

**February 18, 1997:**

**Context:**

Canada’s economic recovery was not as strong as desired since the deep recession of the early 1990s. The sign leading to this conclusion was that the unemployment rate was still unacceptably high. However, the economy was growing and strengthening. The short term interest rates were lower since the past 35 years, and inflation remained stable. The merchandise trade balance during 1996 depicted a record surplus. The renewed confidence in the economy was the result of the government’s efforts directed towards dealing with chronic deficits and runaway debt which were an obstacle to creating jobs in the economy. The deficit during 1993-94 had risen to $42 billion, which was expected to reduce to $19 billion during 1996-97 even after including this budget’s new spending. This would be $9.5 billion below the previous year. This was the largest year over year decline in the Canadian history.

The budget for this year would show that the efforts to restore fiscal health were very clearly on track and that the economy was on the course of deficit reduction. This was a budget that would introduce no new taxes to reduce deficits, rather would decrease them in selective targeted areas. Moreover, the budget did not include any further cuts in spending, and would introduce new investments in key priority areas for Canadians, post-secondary education, medicare and health. (P.8290)

**Spending Changes:**

* **Measure:** Increased funding for the Canadian Tourism Commission. (P.8292)

**Reason:** Tourism creates jobs. This measure was designed to create over 125000 new jobs in the next decade in this sector. (P.8292)

**Size:** An “additional $15 million of funding for tourism promotion in each of the next 3 years”. (P.8292)

**Status:** Temporary

**Classification:** Exogenous-LR performance

* **Measure:** Further investment in the Business Development Bank to aid tourism industry. (P.8292)

**Reason:** To help it finance up to $500 million worth of private sector tourism infrastructure. (P.8292)

**Size:** $50 million (P.8292)

**Status:** Temporary (the speech suggests that it was a one time investment)

**Classification:** Exogenous-LR performance

* **Measure:** Funds to connect communities with a population between 400-50,000 with the information highway. (P.8292)

**Reason:** So that “rural Canada has an opportunity to participate fully in everything the government has to offer as it builds for the next century”. (P.8292)

**Size:** $10 million in each of the next 3 years. (P.8292)

**Status:** Temporary

**Classification:** Exogenous-LR performance. (It intends to increase efficiency.)

* **Measure:** Established the Canada Foundation for Innovation to support research facilities in universities, colleges and hospitals. ( P.8294)

**Reason:** To “support research infrastructure in the areas of health, the environment, science and engineering”. (P.8294)

**Size:** $800 million as initial investment. (P.8294)

**Status:** Temporary (Taking it as one time investment)

**Classification:** Exogenous-LR performance. (It intended to increase efficiency)

* **Measure:** Invested in areas highlighted by the report by the National Forum on Health regarding healthcare in order to rebalance expenditures, listed below. (P.8295)

(i) Responded directly to the recommendations of the report. (P.8295)

(ii) Help provinces put in place pilot projects to innovate healthcare. For example, “new approaches to home care, drug coverage and other innovations, that will enable them to test ways in which…health systems can be improved”. (P.8295)

(iii) Established a national system of health data, the Canada health information system. (P.8295)

**Reason:** The report stated that while funding was sufficient, it was not being used efficiently and that the transition to a more efficient system required immediate targeted investment. (P.8295)

**Size:**

(i) $150 million over the next 3 years, to help provinces put in place pilot projects to innovate healthcare. It would be allocated on a per capita basis. (P. 8295)

(ii) $50 million over the next 3 years to allow both forms of government to establish a national system of health data, the Canada health information system. (P.8295)

**Status:** Temporary

**Classification:** Exogenous-LR performance (It intends to increase efficiency)

* **Measure:** Increased resources for the two existent community-based programs. (P.8295)

(i) Community action program for children which supports community groups in providing parental education, child development centers and family resource programs. these were all directed to the needs of the children at risk till the age of 6. (P.8295)

(ii) The second program was “the Canada prenatal nutrition program, which promotes the birth of healthy babies among high risk pregnant woman”. (P.8295)

**Reason:**

“The forum speak out in favor of stronger community based programming.” (P.8295)

To improve the health of children as they were the most important resource and ensuring their health is Canada’s greatest responsibility. (P.8295)

**Size:** Increase of $100 million over the next 3 years. (P.8295)

**Status:** Temporary

**Classification:** Exogenous-Ideological.

* **Measure:** Set up a new opportunities fund, in collaboration with NGOs, to help provide assistance to Canadians with disabilities. (P.8297)

**Reason:** “A step on the way to a better life for many thousands of our fellow Canadians.” (P.8297)

**Size:** $30 million fund.

“All in all, the measures outlined amount to an investment of some $230 million over the next three years.” (P.8297)

**Status:** Temporary

**Classification:** Exogenous-Ideological.

**May 20, 1997: (Measures announced in *Securing Our Future Together*)**

**Context:**

In May 1997, the liberal party released its spending and tax plans for the next four years. It was clear from the statement made by the Prime Minister that these plans were designed to accelerate the long-run growth of the economy. The Prime Minister stated that “The economy is growing stronger; interest rates have fallen to their lowest levels in 35 years. Our targets for reduction of the deficit have been met, indeed surpassed, and the elimination of the deficit is within our grasp.” The Prime Minister further stated that the aim of this plan for the next 4 years was to offer Canadians a practical and workable plan that would secure their future. (Securing Our Future Together, P 10-16)

**Spending Changes:**

* **Measure:** The announcement by the Prime Minister included plans for increased spending on various areas including

1. Health
2. Knowledge and Post-secondary Education.
3. Children and Youth
4. Economics Development
5. Crime Prevention
6. Culture

**Reason:** As stated above, the aim of this plan was to accelerate the long-run growth of the economy.

**Size:** $43 million in 1997-98, 1034 million in 1998-99, 1734 in 1999-2000, 1731 in 2000-2001, 1629 in 2001-2002. (Securing Our Future Together, P101, 102)

**Status:** Temporary (we only consider the program for the 5 years for which the figures for spending changes were given)

**Classification:** While some of the changes can be argued to be ideological, we use the overall motivation given by the Prime Minister to classify all changed as Exogenous-Long-Run.

**February 24, 1998:**

**Context:**

The Canadian economy was depicting strong economic performance. The unemployment rate was going down, and 372,000 new full time jobs were created during 1997 alone. The unemployment rate fell from 11.2 percent in1993 to about 9 percent. Consumer confidence had rebounded enhancing business investment and overall domestic demand. Lower interest rates and renewed confidence contributed towards strong economic growth which was about 3.5 percent during 1997, and continued strength was projected this year as well (P.4382). Moreover, the debt-to-GDP ratio had decreased meaningfully for the first time in more than 20 years as a result of the budget balance achieved during the current fiscal year. (P.4384)

This budget demonstrated that the economy was out of the era of chronic deficits, and began to reduce taxes starting with middle and low income Canadians. (P.4382)

**Spending Changes:**

* **Measure:** Established a healing fund, which would provide resources for National AIDS Strategy. (P.4383)

**Reason:** To “address the terrible legacy of abuse suffered by so many aboriginal young people in residential schools” and thereby also “sustaining and strengthening the Canadian system of health care”. (P.4383)

**Size:** $41 million per year (BP P 101 Table 5.1)

**Status:** Permanent

**Classification:** Exogenous-Ideological.

* **Measure:** Created and implemented the Canadian Opportunities Strategy a coordinated set of measures building on the thrust of the last budget, designed to create opportunity by expanding access to lifelong learning. The various measures in it are listed below. (P.4386)

(i) Promoted access by helping students in financial need cope with rising costs.

(ii) Helped those who have graduated manage growing debt burdens.

(iii) Provided Canada with access to the financial resources required to upgrade their skills throughout their career.

(iv) Assisted families to save for their children’s education.

(v) Supported graduate and post graduate students so that they could continue to develop their skills and do the research that would pay off for the whole country.

(vi) Helped young people to make the transition from school to work.

(vii) Connected Canadians to the technology of the information age..

**Reason:** In the current age, “as demands evolve”, there was a need to “strengthen and adapt (the assistance offered by the federal government and provinces to those in financial need) to better ensure that all Canadians are provided an equal opportunity to participate in the knowledge-based economy of the future”. (P.4385)

**Size:** $2555 million in 1997-98, $650 million in 1998-99, $1085 million in 1999-2000, $1230 in 2000-2001 (BP P16 Table 1.2)

**Status:** Temporary

**Classification:** Exogenous-LR performance.

* **Measure:** Invested to support access to post-secondary education for all Canadians.

Created the Canadian millennium foundation, a private independent institution.

This investment would provide about 100,000 scholarships to low and middle income students with an average of $3000 per year (for a total of $12000 over the course of 4 years), thereby reducing a student’s debt considerably. (P.4386)

**Reason:** Last fall, the PM made a promise to provide thousands of scholarships to deserving students in order “to help young Canadians prepare for the knowledge based society of the next century”. (P.4386) “Recipients of the Canada millennium scholarships who wants to travel or study outside of their hometowns or home provinces will be provided with the help to do so.” (P.4386) “The goal will be: to award scholarships by the Foundation to individuals in a manner that avoids duplication, to build on existing provincial needs assessment processes, to complement existing provincial programs.” (P.4386)

**Size:** An initial 10 year endowment of $2.5 billion. (P.4386)

**Status:** Temporary.

**Classification:** Exogenous-LR performance

* **Measure:** Grants of up to $3000 per year to help students in financial need who had children. These grants would help them whether they pursue their studies full time or on a part-time basis (P.4387)

**Reason:** Many people who decided to have children at an early age forgo their education and today, many want to return to their studies to improve their prospects as well as for their children. Given their family obligations, this is usually a very tough road. (P.4387)

**Size:** $3000 per year to over 25,000 students that is $75 million in total. (P.4387)

**Status:** Permanent

**Classification:** Exogenous-LR performance

* **Measure:** Increased investment for the National Child Benefit System that would play a key role in fighting child poverty so as to help provide that good start. (P.4390)

**Reason:** This measure aimed to ensure that “people, regardless of their income level, who are serious about getting an education, should have that opportunity”. “The capacity to learn does not begin in school. It is dependent on the caring and the nurturing provided the smallest infant. The fact is equality of opportunity means a good start at home.” This good start would be provided by the child benefit system “which would play a key role in fighting poverty”. (P.4390)

**Size:** $850 million in July (initial investment) with a further $850 million over the next two years. (“$425 million as of July 1999 and $425 as of July in the year 2000.’’) (P.4390)

**Status:** Temporary

**Classification:** Exogenous-Ideological.

**February 16, 1999:**

**Context:**

The past year had been of extraordinary uncertainty in terms of global economic performance which affected all countries. However, the steps that Canada had taken during the previous year to strengthen its finances and economy brought positive results. Employment increased significantly with more than 450,000 new jobs created last year, which was greater than all other G-7 countries, even the United States. The strong growth in employment continued till 1999 which brought the unemployment rate down to 7.8% (P.11984). The Canadian economy was out of the era of deficit, and recorded its first budgetary surplus last year in over 28 years. The debt to GDP ratio began to fall meaningfully as a result of the deficit elimination and economic growth (P.11985).

As now the books were in balance, taxes would be reduced without affecting the soundness of the finances. (P.11992)

**Spending Changes:**

* **Measure**: Increased funding for the Canada Health and Social Transfer (CHST) in order to strengthen the federal government’s contribution to Canada’s health system. (P.11987)

**Reason:** The aim of this was to strengthen health care for the future into “one that ensures the right care by the right provider at the right time in the right place - at reasonable cost”. It was stated that overcrowding in emergency rooms and costly medical services and drugs were a concern to Canadians and needed to be addressed. (P. 11987)

**Size**: Over the next 5 years, an additional $11.5 billion were to be invested, including $2 billion given to provinces per year for the first 2 years which would then rise to $2.5 billion for the subsequent 3 years. All of these changes would lead to the CHST increasing in size, from the current $12.5 billion to $15 billion, by 2001-02.

**Status:** Permanent

**Classification:** Exogenous-ideological.

* **Measure:** Renewed and strengthened the Equalization program which required that all Canadians should be treated fairly and equally. (P.11987)

**Reason:** This program reflected the shared commitment of all Canadians and provided provinces that were not as well off “with the resources they need to provide reasonably comparable public services”. As a result of this measure, more money was made “…available for public services, including health care, throughout the country”.

**Size**: $5 billion over the next 5 years with $600 of these payments to be made in the first year.

**Status:** It was not clear from the speech whether this change was meant to be permanent or not. The finance minister only talked about the next 5 years and that is why we classify it as a temporary change.

**Classification:** Exogenous-Ideological

* **Measure:** Funds to develop provincial strategies regarding rural and community health, which was an important initiative to apply up-to-date information technology to the delivery of health services. (P.11988)

**Reason:** The aim of this measure was to provide funding for three years to address the health related issues faced by rural communities. This measure was part of the broader agenda in the budget where several health-related initiatives were funded.

**Size:** $50 million over the next 3 years.

**Status:** Temporary

**Classification:** Exogenous-ideological.

* **Measure:** Funding of “several initiatives relating to the prevention of illness”. (P.11988)

**Reason:** This was yet another measure that was aimed at improving the health of Canadian. This measure provided funding to initiatives – like the Canada pre-natal nutrition program – aimed at preventing illnesses. (P. 11988 – 11989)

**Size:** $287 million over the next 3 years.

**Status:** Temporary

**Classification:** Exogenous-ideological.

* **Measure:** Upgradation of health services for first nations (P. 11989)

**Reason:** No separate reason was given for this particular change but it was clear from the overall budget speech that this measure was also part of the overall agenda of improving the health sector in Canada.

**Size:** $190 million

**Status:** Temporary – 3 years

**Classification:** Exogenous - Ideological

* **Measure:** Research fund created based on the proposition by the Canadian Nurse Association. (P.11989)

**Reason:** The aim of this research fund was to “enhance the leadership role” that nurses played in the health sector.

**Size**: A $25-million research fund.

**Status:** Permanent

**Classification:** Exogenous-ideological.

* **Measure:** Created the Canadian Institutes of Health Research (CIHR) which brought different research communities together and formed network between them. (P.11989-90)

**Reason:** The aim of this measure was to provide a common platform – in form of CIHR – that would “consist of networks which would draw together scientists across the full spectrum of health research”.

**Size:** $100 million in 2000-01 (including $35 million provided to Canadian Health Services Research Foundation to participate in CIHR), and will increase to $175 million in the year after.

**Status:** Temporary

**Classification**: Exogenous-ideological.

* **Measure:** Funding for various schemes and institution that were doing research, listed below. (P.11991)

(i) Increased funding for the Canada Foundation for Innovation (CFI) by $200 million.

(.ii) The National Research Council would be allocated more than $120 million over the remainder of this year and the next three years excluding the money set aside for health care research.

(iii) $55 million invested over the next 3 years to support biotechnology research in science based government departments.

(iv) $60 million over the next three years for “Smart Communities” demonstration projects. The “Smart Communities” used information technology in new and innovative ways to empower their residents, institutions and region as a whole”.

(v) $60 million over 5 years to build GeoConnections “to ensure that Canada stays at the forefront of mapping and its applications”.

(vi) Increased funding by $30 million per year for the Networks of Centers of Excellence that connect researchers across 60 universities and 400 companies.

(vii) Increased funding for the Technology Partnerships Canada by $50 million per year.

(viii) $50 million would be given to the Business Development Bank of Canada.

**Reason:** The finance minister stated that “as regards the creation of knowledge, breakthroughs did not just happen. They required sustained investment.” Thus, the aim of this measure was to increase knowledge creation in the economy that would eventually boost the long-run growth.

**Size:**

(i) Increased by $200 million (onetime payment).

(ii) $120 over the next 3 years.

(iii) $55 million over the next 3 years.

(iv) $60 million over the next 3 years.

(v) $60 million over 5 years.

(vi) Increased by $30 million per year.

(vii) Increased by $50 million per year.

(viii) $50 million (onetime payment).

**Status:** Temporary (except measures (vi) and (vii))

**Classification:** Exogenous-LR performance.

**February 28, 2000:**

**Context:**

Canadian economy was depicting strong economic growth. More than 425,000 new jobs were created during 1999, bringing unemployment rate down to 6.8% which was lowest since nearly a quarter of a century. Canada’s economic growth was strongest among the G-7 countries. The deficit problem had been resolved, and the economy showed third, fourth and fifth balanced budget in a row. The debt burden was declining, and the debt-GDP ratio declined by 10 percentage points during last five years. (P.4100)

**Spending Changes:**

* **Measure:** Increased the transfer to provinces for post-secondary education and health care. (Cash component of Canada Health and Social Transfer, increased from previous year’s $12.5 billion to next year’s proposed $15.5 billion.) (P.4101)

**Reason**: It was a commitment to strong values - caring, compassion and insistence that there be an equitable sharing of the benefits of economic growth that defined Canadians. Naturally then, post-secondary education and health care were ‘the highest priorities of Canadians’. (P.4101) This measure especially ensured the ‘sharing of the benefits of economic growth’ was equitable. (P.4101) Also, this measure was ‘to meet pressing needs in universities, colleges and hospitals, the provinces would have the flexibility to draw upon this new cash sooner should they choose to do so’. (P.4101)

**Size:** $ 2.5 billion (P.4101)

**Status:** Temporary

**Classification:** Exogenous-Ideological

**Note:** We do not include this measure separately in our data set because this was merely an implementation of a previously announced measure.

* **Measure:** Increased the equalization payments to provinces. More money was made available for less prosperous provinces for health care, education and other programs. (P.4101)

**Reason:** This measure ensured that provinces received a ‘stable and growing funding for health care and post-secondary education’, as guaranteed to the provinces by the government previously. (P.4101)

**Size:** $ 500 million. (P.4101)

**Status:** Temporary (onetime increase in payments)

**Classification:** Exogenous-Ideological

* **Measure:** Increase in funding under the Canadian Opportunities Strategy to create 2000 new research positions in universities. (P. 4103, BP P. 15)

**Reason:** This measure was part of the government’s agenda to expand its investment in knowledge creation and research related activities. The finance minister stated that this measure would help ‘…attract the best researchers from around the world and to retain the best from across Canada’. (P 4103)

**Size:** $900 million (BP P. 15)

**Status:** Temporary (for 5 years)

**Classification:** Exogenous-Long-Run

* **Measure:** Increase in funding for Canada Foundation for Innovation (CFI) (P.4103).

**Reason**: The aim of this measure was to enable CFI to continue funding post-secondary education, research hospitals, and other research organizations. This measure was in line with the government’s vision to expand research and knowledge creation in Canada. (P.4103)

**Size:** $ 900 million. (P.4103)

**Status:** Temporary (onetime payment)

**Classification:** Exogenous-LR performance

* **Measure:** Created the Genome Canada project (5 centers across the country), to provide laboratory facilities for researchers from universities, government and the private sector, to reap its benefits as well as to ensure its safety. (P.4103-4)

**Reason:** It would save lives of a lot of people. In addition, it would form the basis for further advances in biotechnology which was believed to prove to be ‘as important in the new century as computer technology was in the last’.

**Size:** $ 160 million. (P.4104)

**Status:** Temporary (onetime initial funding)

**Classification:** Exogenous- Ideological

* **Measure:** Increase in funding to meet farm needs of the country. (P.4105)

**Reason:** This measure was part of the general agenda of the government to help rural and smaller communities keep pace with the rest of the country as it moved towards the “new economy”. (P.4105)

**Size:** $240million (P.4105)

**Status:** Temporary (we assume that this was a onetime increase in spending as the finance minister talked about this being a part of the “immediate relief package” provided to farm communities.)

**Classification:** Exogenous-LR performance

* **Measure:** Committed an amount for improving the provincial and municipal infrastructure in cities and rural communities across Canada such as ‘the capacity to move people and goods safely and efficiently’ and ‘affordable housing and green infrastructure’. (P.4105)

**Reason:** The aim of this measure was to ‘…meet the ‘21st century needs of our municipalities’, particularly ‘affordable housing and green infrastructure’ and maintain an ‘innovative and productive economy’. (P.4105)

**Size:** $ 450 million over the next 2 years and $ 550 million ‘in each of the following 4 years’. (P.4105)

**Status:** Temporary

**Classification:** Exogenous-LR performance

**October 18, 2000:**

**Context:**

The recent economic performance in the country has been striking. The last three months marked the 20th consecutive quarter of growth. The current account was in the largest surplus position in its history. The unemployment rate has fallen to 6.8%, approaching its lowest level in 24 years. For the next year and beyond, the average private sector forecast was for our economy to grow by 4.7% this year, 3.5% next year and roughly 3% thereafter. The finance minister pointed out that our goal cannot simply be to put up better economic numbers. It must be to lift up greater numbers of people, to provide the kind of strong foundation on which Canadian can build better livers.

**Spending Changes:**

* **Measure:** Invested in health in order to provide updated technology and health care to people. (P.9226)

**Reason**: Nothing was more important to Canadians than quality health care. Funds would help to increase the number of doctors, shorten waiting lists and reduce the time spent in emergency rooms.

**Size**: $23.4 billion: $1 billion in medical equipment like MRI and CAT scanners and $21.1 billion would be added to Canada’s social and health transfer with the provinces.

**Status:** Temporary (onetime expenditure)

**Classification**: Exogenous-Ideological (The purpose of this measure was to improve the quality of health care facilities for Canadians, therefore we call it Exogenous-Ideological.)

* **Measure:** Increased funding for cleaning the environment in order to improve quality of live. (P.9226)

**Reason:** The quality of our lives is deeply rooted with the quality of the environment we share, in clear air and in clean water. And thus, the government must spend to ensure the health of its citizens in the environment.

**Size:** Increase funding of $500 million for a total of $1.2 billion

**Status:** Permanent (the finance minister stated that this measure would bring the “total investment in environmental measures *this year alone* to $1.2 billion which indicates that the government was planning on increasing the funding even further in the subsequent years).

**Classification:** Exogenous-Ideological

* **Measure**: Funds for schemes aimed specifically at early childhood development, in order to enhance knowledge and skill development among adults in future. (P.9227)

**Reason:** Ensure that young children got the best possible start in life and arrived at school ready and able to learn. Children prepared to learn become adults equipped to succeed

**Size**: $2.2 billion

**Status:** Temporary (onetime investment)

**Classification:** Exogenous-LR performance

* **Measure**: Funds for various schemes to aid research (listed below) (P.9227)

**Reason:** In order to attract and retain the best minds and to expand their opportunities in Canada

**(i):** Canada Foundation for Innovation would allocate part of its funding to support the capital costs of several large collaborative projects involving Canadian universities and facilities around the globe.

**Reason:** To reinforce Canada’s capacity to be a global player in cutting edge research

**Size:** $100 million (onetime)

Status: Temporary

**(ii):** Canada Foundation for Innovation would allocate part of its funding to provide new infrastructure for each recipient of a Canada research chair

**Reason:** In order to build a cluster of leading researcher

**Size:** $250 million (will help smaller universities as well to evenly distribute benefits)

**Status:** Temporary (onetime)

**Note:** We exclude these two measures from our data set because these were not new spending measures. Rather they were just reallocation of previously assigned amounts to the CFI.

**(iii):** New funding for Canada Foundation for Innovation

**Reason:** In order to assist universities and research hospitals to meet the operating costs associated with new research and to help Canadian researchers to take part in leading edge projects

**Size:** Total of $500 million ($400 million for the first part and $100 million for the second)

**Status:** Temporary (onetime)

**(iv):** Investment in the Social and Sciences and Humanities Research Council

**Reason:** The finance minister stated that ‘In order for Canada to be a leader in the new economy, we need to understand the opportunities and how to seize them, and its educational requirements and how to meet them.” Thus the motivation behind this measure was to increase investment in the educational sector.

**Size:** $100 million over 5 years

**Status:** Temporary

**Classification:** Exogenous-LR performance

**December 10, 2001:**

**Context:**

The major world economies had begun to slow down prior to fierce attack of 9/11, and these attacks increased the uncertainty which further slowed down the economic growth (Budget Speech 2001 3). The forecast of economic growth in US declined from 4.4% to 1.1% right after the attack (Budget Speech 2001 5). Economists were expecting to see economic recovery in the United States in 2002 (Budget Speech 2001 4). More than 40% of the Canadian Economy was generated by its export. Due to the ongoing uncertainty in the world, it had been hit very hard (Budget Speech 2001 5).

**Spending Changes:**

* **Measure:** Increased spending on security and armed forces on various schemes, listed below. (P.8077-8)

(i) New resources to the Canadian Security Intelligence Service.

(ii) Increased resources for the RCMP and Canadian forces for conducting anti-terrorist services.

(iii) Enhanced controls at all points of entry into Canada: more patrols, security personnel, better technology etc.

(iv) More immigration control officers abroad to gather intelligence and prevent criminals obtaining travel documents.

(v) Tighter controls in the refugee system to prevent only those in need coming.

(vi) Enhanced security checks.

(vii) More resources to the Immigration and Refugee Board to shorten the waiting time for hearings, to reduce backlog and send back those who do not deserve to live here.

(viii) Training given to emergency personnel on how to respond to different hazards.

(ix) New equipment and improvement of laboratories to detect and identify biochemical hazards.

(x) Freeze the assets of suspected terrorists and improved capacity to track suspect transactions.

**Reason:** In the wake of the September 2001 attacks, there was a need to know and understand the enemy better, that is, “anticipate threats sooner and take action faster to stop them”. (P.6 in downloadable version)

**Size**: $4.3 billion over the next 5 years, including $1.2 for Defense. (P.8078)

**Status:** Temporary

**Classification:** Exogenous-Defense

* **Measure:** Increased security on flights and in airports, listed below. (P.8078) (i) Created a new air security authority to put the new standards into effect. (ii) Provision of undercover policemen on Canadian flights, all armed.

(iii) Rigorous screening of both passengers and luggage by better trained security personnel.

(iv) Employed new sophisticated detection systems to uncover explosive materials.

(v) Enhanced policing under federal authority at airports.

(vi) Government would pay for more secure cockpit doors on Canadian passenger aircraft.

(vii) Created new improved security zones at handling facilities and on airport tarmacs.

**Reason**: Attacks on the World Trade Centre and Pentagon had awakened new concerns and require a new response. (P.8 in downloadable version)

**Size:** $2.2 billion over the next 5 years, through a security charge on air travelers charged at $12 each way.

**Status:** Temporary

**Classification:** Exogenous-Defense

**Measure:** Created sophisticated border using state of the art technology, listed below. (P.8078)

(i) The implementation of pre-screening and pre-clearance programs would allow frequent travelers to move more quickly.

(ii) Introduced equipment to find fire arms and explosives.

(iii) Established new Integrated Border Enforcement Teams to work along with US forces.

(iv) New infrastructure projects to facilitate cross border trade throughout the country.

**Reason:** To speed up legitimate traffic and stop those who mean harm to Canada. (P.9 in downloadable version)

**Size:** $650 million over the next 5 years. $600 million for the infrastructure projects. (Measure iv).

**Status:** Temporary

**Classification:** Exogenous-Defense

* **Measure:** Additional funds for provinces for health care health care and early childhood funding. (P.8079)

**Reason:** As a result of the $23 billion accord the Prime Minister reached last year. (P.11 in downloadable version)

**Size**: Provinces would receive an extra $2.8 billion in the current year which would rise to $3.6 billion next year and $4 billion the year after. (P.11 in downloadable version)

**Status:** Temporary

**Classification:** Exogenous-Ideological

* **Measure:** Funding for the Canadian Institute for Health Information, which was developing tools for advancing health policies, improving health practices and strengthening health system. (P.8079)

**Reason:** To continue its work of developing tools to advancing health policies, improving health practices and strengthening the health system.

**Size:** $95 million for a further 4 years.

**Status:** Temporary

**Classification:** Exogenous-Ideological(the motivation was to strengthen the health system, and to provide people with effective health facilities.)

* **Measure:** Increased funding for the Canadian Institutes of Health Research. (P.8079)

**Reason:** The finance minister stated that these institutes were “breaking down the barriers between disciplines through 13 new institutes that are revolutionizing research in areas such as aging, cancer, diabetes, arthritis and women’s health”. Thus the aim of this measure was to facilitate research that would eventually help in areas of several crucial illnesses.

**Size:** An additional $75 million per year leading to a total funding of $561 million next year.

**Status:** Permanent

**Classification:** Exogenous-LR Performance

* **Measure:** Expansion and increase in funding for Canada’s 29 sector councils in order to increase workers, employer and educator’s interaction and skill development. (P.8079)

**Reason**: These councils were examining skills needed in various industries and planning and implementing training programs.

**Size**: $30 million

**Classification:** Exogenous-LR performance (The purpose of this measure was to achieve economic growth in future through skill enhancement required in various industries).

* **Measure:** Funds to help the aboriginal children to receive the best possible start to life by enhancing initiatives such as “the Head Start program and intensify efforts to reduce the incidence and effects of fetal alcohol syndrome”. More would be done also to “support children facing learning challenges in school”. (P.8080)
* **Reason**: “The early years in children’s lives are critical to their growth and well-being and lay the foundation for their learning, work and other endeavors
* **Size:** An additional $185 million over the next two years.

**Status:** Temporary

**Classification:** Exogenous-Ideological

* **Measure:** Increased funding for research projects and for innovation, listed below. (P.8080-81)

(i) The Canada Foundation for Innovation would provide $300 million to institutions to support research infrastructure.

(ii) Funds for 800 chairs by the Canada Research Chairs, which would increase to 1200 next year.

(iii) Increased the funding by $40 million per year to “support NRC (National Research Council) technology centers elsewhere in Canada and to create clusters necessary for success in the knowledge economy”. (P.15 in the downloadable version)

**Reason**: Research is the source of new jobs tomorrow. (P.13 in the downloadable version)

**Size:** (i) $300 million (we exclude this measure from our data set because it does not represent a new spending measure)

(ii) Not stated.

(iii) Increased funding of $40 million per year.

**Status:** Permanent

**Classification:** Exogenous-LR performance

* **Measure**: Funds to deal with the indirect costs of research, listed below. (P.8080)

(i) $400 million as funds through the CFI towards the operating costs of infrastructure.

(ii) $200 million to “work with the university community on ways to provide ongoing support for indirect costs that are both predictable and affordable”.

(iii) 7% increase in funding for basic and applied research in sciences and humanities.

(iv) $110 million to create CA\*net 4 to benefit research organizations across the country.

**Reason:** Many firms had asked for help to deal with indirect costs of research.

**Size:** (i) $400 million. (excluded)

(ii) $200 million.

(iii) Not stated (7% increase).

(iv) $110 million.

**Status:** Temporary (onetime)

**Classification:** Exogenous-LR performance (As this measure would assist industries in research which would help them to grow and benefit the economy in future so we classified it asExogenous-LR performance. )

* **Measure:** Schemes to increase broadband coverage in Canada by expanding the successful SchoolNet and Community Access programs. (P.8081)
* **Reason**: The aim of this measure was to extend the internet coverage for rural and remote areas of Canada.

**Size:** Extension of such programs to 2003-04 which would cost $40 million annually.

Allocating an additional $35 million a year for three years thereafter “to support such broadband expansion”.

**Status:** Temporary

**Classification:** Exogenous-LR performance (This measure was introduced to bring development in Canada.)

* **Measure:** Aid given to other countries, listed below. (P.8081) (i) $500 million given to Africa, under the new Africa Fund, to reduce poverty and provide primary education.

(ii) $100 million to provide aid and comfort to those directly affected by the Afghan War.

(iii) $400 million committed to further international assistance.

**Reason:** Canadians knew that hunger knows no creed, and misery, no religion and in order to meet their international obligations to people.

**Size**: Total new commitment will be $1 billion over 3 years.

(i) $500 million.

(ii) $100 million.

(iii) $400 million.

**Status:** Temporary

**Classification:** Exogenous-Ideological (This measure was implemented for the welfare of other nations, therefore classified asExogenous-Ideological.)

* **Measure:** Program to rebuild and renew the country’s infrastructure, in collaboration with the provinces and municipalities. (P.8081)

**Reason:** Investments in infrastructure would stimulate job creation in the short and medium terms and make the economy more productive and competitive in the long term.

**Size:** $2 billion along with the separate $600 million for highways.

**Status:** Temporary

**Classification:** Exogenous-LR performance (The motivation behind this measure was to bring growth for Canada in the long run, therefore classified asExogenous-LR performance.)

* **Measure:** Created a new foundation called Strategic Infrastructure Foundation that would finance important projects across Canada that were beyond the capacity of existing programs, and large scale projects such as urban transportation, major intercity highways and major sewage projects. (P.8081-2)

**Reason:** It would work with provincial governments as well as in promoting partnerships with the private sector to meet the essential infrastructure needs of the 21st century.

**Size:** $2 billion.

**Status:** Temporary

**Classification:** Exogenous-LR performance(It was implemented to bring improvement in the country).

* **Measure**: Funds to assure affordable housing. (P.8082)

**Reason**: There was a shortage of affordable rental housing in many urban areas and “problems with housing in remote areas”.

**Size**: $680 million over 5 years.

**Status:** Temporary

**Classification:** Exogenous-Ideological

* **Measure**: Increased funds for various initiatives aimed at sustaining the environment and at developing innovative technologies. (P.8082)

Double the funds to the two initiatives - the $25 million Green Municipal Enabling Fund and the $100 million Green Municipal Investment Fund. It had spawned over 100 projects “in areas as diverse as energy and water savings, urban transit, waste diversion and renewable energy”.

**Reason:** The aim of this measure was to improve the quality of environment and hence the quality of lives of Canadians.

**Size:** Increased investments by doubling original amounts. ($125 million)

**Status:** Temporary (onetime)

**Classification:** Exogenous-Ideological (This measure was implemented to continue to work for welfare through improvement in environment.)

**February 18, 2003:**

**Context:**

More than 560,000 jobs had been created in 2002, which was the highest in any G-7 countries. The interest rates were down at their lowest in the past forty years. The overall growth rate of Canada was 3.3% - the highest in the G-7 countries. It was clear from the speech that performance of the economy was better than most other comparable economies. Furthermore, the finance minister stated that ‘In short, this budget is about the society that Canadians value, the economy that Canadians need, and the accountability that Canadians deserve’ implying that most of the measures that were to be announced in this budget were motivated by ideological and long-run growth concerns. (P. 3729)

**Spending Changes:**

* **Measure**: Various reforms related to health care, listed below. (P. 3730)

**Reason**: Canadians had expressed their desires that the public health care was their number one priority. The plan in place was “a plan for timely access; for quality care and for the sustainability of this Canadian advantage; for reform of family and community care; for access to home care; for coverage of catastrophic drug costs; for reduced waiting times for diagnostic services; for innovation; and for real accountability to Canadians”.

(i) **Sub-measure:** Increased funding for health care.

**Reason:** Canadians had expressed their desires that the public health care is their number one priority. The plan in place was “a plan for timely access; for quality care and for the sustainability of this Canadian advantage; for reform of family and community care; for access to home care; for coverage of catastrophic drug costs; for reduced waiting times for diagnostic services; for innovation; and for real accountability to Canadians”.

**Size**: Funding was slated to increase by $17.3 billion over the next three years and by $34.8 billion over the next five.

**Status:** Temporary (the language of the speech makes it clear that most of this funding was to address existing pressures in the health sector and in forms of health care funds P. 3730).

**Classification:** Exogenous-ideological

(ii) **Sub-measure:** Schemes to directly improve the health and conditions of the aboriginals in order to uplift their standard of living. (P. 3730)

**Reason**: There was an unacceptable gap in health status between aboriginals and other Canadians.

**Size:** $1.9 billion over 5 years.

(iii) **Sub-measure:** Funding of the Rick Hansen Man In Motion Foundation, which was working for recovery of spinal cord injury patients. (P. 3730)

**Reason:** Canada recognized that the leadership of Rick Hansen whose achievements had inspired the world. The foundation itself had provided hopes to 37,000 Canadians who suffer from spinal cord injury.

**Size**: $15 million for 7 years. (BP. P. 118)

**Status:** Temporary

**Classification:** Exogenous-Ideological

* **Measure:** Schemes related to Families and Committees, listed below. (P. 3731)

**Reason:** Canada had not yet tackled its social challenges. The challenge of this generation was dealing with child poverty and ensuring all Canadians to have a good start in life.

**Status:** Permanent

**Classification:** Exogenous-Ideological

**(i)** Long term investment planned to help low income families by increasing the benefits to children in poor families.

**Reason:** to help low income families with children “break through the welfare wall and take control of their future”.

**Size:** $25 year in the first year and $81 million the next year. We assume that this level of funding was to stay at this level in the future. (BP P. 30)

**Status:** Permanent

**Classification:** Exogenous-ideological

**(ii)** Renewed funding to assist disabled people and strengthen their prospects for employment. (P. 3731)

**Reason**: The government had to “provide Canadians with disabilities the tools they need to participate actively in Canadian society”.

**Size**: $193 million per year.

**Status**: Permanent

**Classification:** Exogenous-Ideological

**(iii)** Increased investment in child care in order to support parents, especially single parents by broadening their choices horizon. (P. 3731)

**Reason**: Parents “should have the option to accept a good job that will help them to build a better life for their children, and still have access to quality child care”.

**Size**: $935 over the next 5 years.

**Status:** Temporary

**Classification:** Exogenous-Ideological

(**iv)** It includes three parts: (a) extended commitment to the Supporting Communities Partnership Initiative; (b) an additional investment “to increase the supply of affordable housing across Canada”; (c) extended the house renovation program by 3 years.

**Reason**: No approach to poverty would be successful unless the problem of homelessness was dealt with. Putting “more power in the hands of communities to tackle the diverse problems underlying homelessness” could prove to be an effective approach.

**Size:** (a) $135 million a year for 3 years (BP. P. 107)

(b) Invested $320 million over the next 5 years to increase the supply of affordable housing across Canada, bringing the “total federal expenditure in this area” to $1 billion by 2007.

(c) $256 million over the next two years (BP. P. 15)

**Status:** Temporary

**Classification:** Exogenous-Ideological

* **Measure:** Schemes related to education in order to improve quality of learning and knowledge, listed below.

(i) Increased budgets of federal research granting councils.

(ii) Made permanent a substantial federal contribution to the indirect costs of research.

(iii) Amended the Canada Student Loans Program to help students better manage their debt loads while also making protected persons in Canada like refugees eligible for student aid.

(iv) Increased the Canada Foundation for Innovation funding, especially for “the infrastructure needs of Canada’s research hospitals”.

(v) Extended new research funding to Genome Canada and the Atacama Large Millimeter Array astronomy project.

(vi) $12 million endowment for the National Aboriginal Achievement Foundation to expand its scholarships for Aboriginal students.

(vii) Contributed $100 million towards the creation of a Canadian Learning Institute, “which will help Canadians to make better decisions about the education of our children.”

(viii) Created the Canada Graduate Scholarships to support 2000 Master’s and 2000 doctoral students every year.

(ix) Invested to integrate new Canadians into the economy faster. This could be related to “second language skills, or faster recognition of foreign credentials, or pilot projects to attract skilled immigrants to smaller communities across the country”.

**Reason:** The future of Canada lied with providing young Canadians the best education possible and with an education system that could compete with the best in the world. (P. 3731)

Specifically for (viii) and (ix):

(viii): To attract and support graduate students. (P.3732)

(ix): “Canada’s distinct knowledge advantage is built by expanding the skills of our labor force and by helping every Canadian who wants to work, including new Canadians, to apply their talent and initiative to productive enterprise.” (P.3732)

**Size:**

(i) $125 million per year. (permanent) (P.3732)

(ii) $225 million per year (permanent) (BP. P. 18)

(iii) $60 million over two years (temporary) (BP. P. 119)

(iv) $500 million. (onetime)

(v) $75 million (onetime)

(vi) $12 million. (onetime)

(vii) $100 million. (onetime)

(viii) Starting with $25 million, $55 million in the second year and then increasing to $105 million (permanent) (BP. P. 125, 130)

(ix) $41 million over next 2 years.

**Classification:** Exogenous-LR performance (Since it was aimed at improving the future of Canada)

* **Measure:** Extended, in equity, “to expand venture capital investment by the Business Development Bank of Canada” and a 25% increase to the Aboriginal Business Canada Program. (P.3733)

**Reason:** To create and sustain a strong Canada economy by specifically making efforts to “further support entrepreneurship and small business in Canada”. (P.3733)

**Size:** A further $190 million in equity (P.3733) with $10 million in Aboriginal Business Canada Program (P.3733) (BP. P.222)

**Status:** Temporary

**Classification:** Exogenous-LR performance **(**This measure was implemented to support entrepreneurship and small business and make Canada economically strong.)

* **Measure:** Schemes to help farmers to increase their productivity, listed below. (P. 3733)

(i) Created the Agricultural Policy Framework that would fund $5.2 billion over the next six years.

(ii) New funding for the Crop Reinsurance Fund and to key agencies like Canadian Grain Commission and the Canadian Food Inspection Agency.

(iii) Dedicated $113 million for veterinary colleges in Saskatoon, Charlottetown, Guelph and Saint-Hyacinthe.

(iv) $20 million over the next 2 years to increase venture capital investments by Farm Credit Canada in the agriculture sector.

**Reason:** “Drought and pressure from unfair foreign trade practices have brought on tough times.” Hence, these measures intended to support the Canadian farmers.

**Size:**

(i) $5.2 billion over the next 6 years.

(ii) $220 million (onetime) (BP. P. 156)

(iii) $113 million (onetime). (P.3733)

(iv) $20 million over the next 2 years. (P.3733)

**Classification:** Endogenous-Supply stimulus

* **Measure:** Schemes related to Climate Change and the Environment for more sustainable and stable growth, listed below. (P.3733-3734)

(i) $2 billion funding to help implement the Climate Change Plan for Canada, including $250 million for Sustainable Development Technology Canada “to encourage the development of greenhouse gas reducing technologies” and $1.7 billion over five years to support partnership, innovation and targeted measures to promote energy efficiency and renewable energy. (P.3733)

(ii) Additional support for scientific study in the science of the Far North and thereby make “a unique contribution in addressing global climate change”. (P.3733)

(iii) Invested over $340 million over two years in environmental priorities like a new Canada-U.S. agreement to improve air quality. (P.3733)

(iv) Increase in funding “to protect species at risk, to address toxic substances and to clean up federal contaminated sites”. (P.3733)

(v) Work with provincial and municipal partners on remediation of the Sydney tar ponds. (P.3733)

(vi) Funding for “the completion of Canada’s national park system, including the creation of 10 new national parks and 5 new marine conservation areas”. (P.3733)

**Reason:** Growth must be sustainable and strong. “That means we must deal effectively with the challenge of climate change to protect the natural legacy we will leave for our children.” “Addressing climate change is a political responsibility and an ecological imperative, but also an economic opportunity for Canada." (P.3733)

**Size:**

(i) $2 billion, including $250 million for Sustainable Development Technology Canada and $1.7 billion over 5 years to support partnership, innovation and targeted measures to promote energy efficiency and renewable energy. (P.3733)

(ii) $50 million (BP P 151)

(iii) $340 million over 2 years. (P.3733)

(iv) $88 million this fiscal year (BP P 223).

(v) $175 million over two years (BP P 153).

(vi) $74 million over two years (BP P. 155).

**Status:** Temporary

**Classification:** Exogenous-Ideological

* **Measure:** Created new infrastructure in urban, border, highway and strategic infrastructure. (P.3734)

**Reason:** Advantages of the previous measures “must be supported by an infrastructure that allows our economy to work and our society to prosper”.

**Size:** A further $3 billion over 10 years in strategic and municipal infrastructure.

**Status:** Temporary

**Classification**: Exogenous-LR performance (The measure was implemented for the prosperity of society and economy.)

* **Measure:** New funding for the Canadian Forces and Coast Guard in order to fulfill their most urgent requirements. (P.3735)

**Reason:** To support the Canadian Forces, and to support the Canadian Coast Guard, “which is so vital to the safety and security of…waters.”

**Size:** Canadian Forces: $1.6 billion in new funding over the next 2 fiscal years (“Will sustain this level of funding increase at $800 million per year thereafter).

Coastal Guard: $270 million this fiscal year.

**Status:** Permanent

**Classification**: Exogenous-Ideological (Defense expense)

**March 23, 2004:**

**Context:**

The economic growth in 2003 was about 1.7 percent, which was lower than expected. However, the economy was expected to grow about 2.7 percent in 2004 and 3.3 percent in 2005 under very prudent assumptions. (Budget Speech 2004 1616-1617).

**Spending Changes:**

* **Measure:** Increased transfers to provinces and territories for health care. (P.1617)

**Reason**: “The number one priority of Canadians is health care.”

**Size**: $2 billion

**Status:** Temporary (for five years)

**Classification:** Exogenous-Ideological (This was implemented to provide better healthcare to people of Canada and contribute towards their welfare.)

* **Measure:** Various public health initiatives to be able to spot outbreaks earlier and mobilize emergency resources to control them sooner, listed below.

(i) Resources for a new Canada Public Health Agency, “to be able to spot outbreaks earlier and mobilize emergency resources to control them sooner”.

(ii) An additional $165 million over the next 2 years to improve “surge capacity, laboratories, surveillance systems and the kind of research that will lead to new vaccines and new treatments”.

(iii) Provided $400 million to provinces, to enhance the immunization programs and help relieve stress on local public health systems.

(iv) $100 million “to Canada Health Infoway-the health information highway-to develop a national real-time surveillance system”.

**Reason**: To make sure Canadians have the health care system they deserve.

**Size:**

(i) $400 million (onetime spending)

(ii) $165 million over the next 2 years.

(iii) $400 million. (onetime spending)

(iv) $100 million. (onetime spending)

**Classification:** Exogenous-Ideological (This was implemented to provide better healthcare to people of Canada and contribute towards their welfare.)

* **Measure:** New funds to finance promising start-up companies. (P.1619)

**Reason:** “This money will seed promising new enterprises, with priority given to those involved in the life sciences and biotechnology, information and communications technologies, environmental technologies, medical devices and nanotechnology.’

**Size:** $270 million.

**Status:** Temporary (onetime)

**Classification:** Exogenous-LR performance

* **Measure:**

(i) Committed funds “to accelerate the cleanup of sites for which the Government of Canada is responsible”. (P.1621)

(ii) Funds for the remediation of other sites, with a priority to “focus on the tar ponds in Sydney, Nova Scotia”.

**Reason:** “Cleaning up contaminated sites will reduce threats to vulnerable ecosystems, spur economic development, enhance quality of life and rejuvenate communities right across the country.”

**Size:**

(i) $3.5 billion over 10 years.

(ii) $500 million over 10 years.

**Status:** Temporary

**Classification:** Exogenous-Ideological

* **Measure:** Increased funding for the Sustainable Development Technology Canada and expansion of its mandate “so that it can address issues of clean water and soil”. (P.1621)

**Reason:** “Environmental technologies…create exciting opportunities” for the future. The Government intended to sell its stake in Petro-Canada and “a portion of the proceeds from the sale were to be used to invest in new environmental technologies”.

**Size**: $200 million over two years. (BP P 185)

Status: Temporary

**Classification:** Exogenous-Ideological

* **Measure:** Investment in environment related technologies.

**Reason:** The aim behind this measure was also to improve the quality of environment.

**Size:** $800 million over 5 years starting in 2006 (BP. P. 185)

**Status:** Temporary

**Classification:** Exogenous-Ideological

* **Measure:** Increase in international assistance and the resources at the military’s disposal in order to make sure it can carry out its duties, listed below. (P.1621)

(i) “$300 million for ongoing operations in Afghanistan and for Canadian participation in a United Nations’ multilateral force in Haiti.” This budget also confirmed to “proceed with the purchase of new equipment and, in the case of search and rescue airplanes …accelerate their acquisition so that the Canadian Forces can take delivery years ahead of schedule”.

(iii) Increased assistance by $248 million for 2005-06, in line with the commitment to “double…international assistance budget by 2010-11”.

**Reason:**

(i) The aim of this measure was to ensure that the military “has the resources it needs to carry out its current duties”.

(ii) The aim of this measure was to honor to the commitment to help world’s poor..

**Size:**

(i) $300 million. (permanent)

(ii) $248 million (onetime spending)

**Classification:** (i) Exogenous – Military (ii) Exogenous - Ideological

**February 23, 2005:**

**Context:**

People in Ukraine had launched a peaceful protest for democratic reforms in the end of 2004. On the same day, The Great Tsunami had affected the coasts of South. Moreover, the current account deficit of US had grown enormously which could depreciate the dollar and raise the interest rates in Canada. Canada had achieved the best job creation record, debt to GDP ratio, fastest growth in the living standards and the forecast of real growth in 2005 is 2.9% (P 3885-3887)

**Spending Changes:**

* **Measure:** Assistance package for tsunami relief to be spent on the affected in South Asia. Motive of this is to reflect Canadians actions and values globally. (P. 3885)

**Reason:** The aim of this measure was to provide relief to the tsunami hit areas in Southeast Asia.

**Size:** $425 million.

**Status:** Temporary (onetime)

**Classification:** Exogenous-Ideological

* **Measure:** Funds to introduce a national Early Learning and Child Care initiative (as committed upon last summer), with a part of these funds going to the First Nations on reserve for early child development (P.3888)

**Reason:** The aim of this measure was to assist provinces and territories in establishing an initiative targeting inclusion and early development among children. (P. 3888).

**Size:** $5 billion over 5 years. (P.3888)

**Status:** Temporary

**Classification:** Exogenous-Ideological

* **Measure:** “Significant investments across the full range of seniors’ programs in order to enhance their life quality, specially targeting low income of this age group”, listed below. (P.3888)

(i) A promise last summer entailed an increase in the GIS payments over the next 5 years. However, there would be an investment of $2.7 billion and “the promised improvements would be fully in place in less than two years, not five”. “The maximum GIS will go up by more than $400 per year for a single senior, and by almost $700 for a couple.”

(ii) Ramped up support for the New Horizons program by more than doubling it to $25 million per year, by the year 2007-08.

(iii) “$13 million over five years to establish a new National Seniors’ Secretariat.”

**Reason:** “To enhance the quality of life for all seniors, especially those with the most limited means.” (P.3888)

**Size:**

(i) $2.7 billion over two years. (P.3888)

**Status:** Temporary

(ii) More than double it to $25 million per year, by the year 2007-08 (an increase of $12.5 million over the next three years). (P.3888)

**Status:** Permanent

(iii) $13 million over 5 years. (P.3888)

**Status:** Temporary

**Classification:** Exogenous-Ideological

* **Measure:** Schemes to attract and retain skilled immigrants to raise productivity and stability of the country, listed below. (P.3889)

(i) Investment of “$75 million over five years under the health care agreement to accelerate the integration of health care professionals educated abroad”.

(ii) Investment of $300 million over the next 5 years, to relieve the pressure on “immigrant settlement and integration services” across Canada due to the influx of immigrants every year. “Over the past three years, Canada has welcomed an average of 220,000 immigrants every year.”

**Reason:** Owing to a demographic change, which involved an aging population and the retirement of baby boomers, Canada could “no longer rely on automatic labor force growth”. (P.3889) Thus, it needs “to focus on a workforce that’s as inclusive as possible”, and this partly entails the need to “attract and retain skilled immigrants-and ensure they can reach their full potential” within the Canadian society. (P.3889)

**Size:**

(i) $75 million over 5 years. (P.3889)

(ii) $300 million over the next 5 years. (P.3889)

**Status:** Temporary

**Classification:** Exogenous-LR performance

* **Measure**: Committed funds “for action on climate change – not including…commitments to green public infrastructure” in order to utilize it in most efficient ways. (P. 3890-3891)

This measure was a collection of a number of investment made by the government to improve the quality of environment. These investments included (BP P. 170-171)

* + 1. Investment for a clean fund
    2. Expansion of the Energuide program for houses.
    3. Support for development of sustainable energy science and technology strategy.
    4. Investment to stimulate use of wind power.
    5. Funding to enrich Green Municipal Funds.
    6. Investment to “minimize risk of invasive alien animal and plant species” that could damage the environment.
    7. Funds to improve health of Canada’s oceans and great lakes’ ecosystems.
    8. Funding to support research under the Canadian Environment Protection Act.
    9. Funding for maintenance and acquisition of capital assets in national parks.

**Reason:** All of these measures were clearly aimed at improving the health of country’s environment.

**Size:** The budget papers provides a detailed breakdown of size of each of the above mentioned measures. However, since all of these measures belonged to the same broader category, we use the overall number mentioned in the budget speech. The budget speech stated that the size of all these measures would be around $4 billion over 5 years. (P. 3891)

**Status:**  Temporary

**Classification:** Exogenous-Ideological

* **Measure:** Funds for various initiatives for the Armed Forces for better protection of people, listed below. (P.3892)

(i) “Funding for both the new troops and the new reserves.”

(ii) “Funding for operational sustainability.”

(iii) “Funding to acquire new equipment and material both before and after policy reviews.”

**Reason:** This measure was to ensure that the Government would be better able to meet its responsibilities and provide its people with protection. (P.3892)

**Size:**  $13 billion over 5 years. (P.3892) Additional $1.2 billion for “air or marine security, border issues, policing, emergency preparedness and response capabilities” (P.3892). We assume that this additional spending was to be made over 5 years as well.

**Status:** Temporary

**Classification:** Exogenous-Military

* **Measure:** Increased international assistance, listed below. (P.3892)

(i) $3.4 billion aid over the next 5 years. (P. 3892)

(ii) Funding of $342 million “to accelerate the fight against the diseases which are wreaking havoc in Africa-AIDS, tuberculosis, malaria and polio”. (P. 3892)

(iii) $172 million for “a new Canadian debt relief initiative and $34 million targeted to the world’s most heavily indebted countries”. (P. 3892)

**Reason:** The aim of this measure was to honor Canada’s commitment to the United Nations program to cut global poverty in half by 2015 (P. 3892).

**Size:**

(i) $3.4 billion aid over the next 5 years. (P. 3892)

(ii) $342 million (one time). (P. 3892)

(iii) $172 million (one time). (P. 3892)

**Status:** Temporary

**Classification:** Exogenous-Ideological

**May 2, 2006:**

**Context:**

The unemployment rate in Canada was at a 30 year low. The inflation rate was low and the consumer confidence and corporate profits were at their peaks. The budget surplus for the government was greater than what was projected in the previous economic and fiscal update. The government decided to lower taxes as a result of this surplus. (Budget Speech 2006 822-826).

**Spending Changes:**

* **Measure:** Schemes to accommodate and aid new Canadians/immigrants to build better life, listed below. The most important of these measures was to increase funding for immigration settlement. (P. 823)

**Reason:** The aim of this measure was to help new Canadians and immigrants settle into their new lives (P. 823).

**Size:** $307 million (P. 823).

**Status:** It was not clear from the budget speech of the budget plan whether this was a one-time increase in funding or a permanent one. The budget speech talked about steps being taken to establish Canadian Agency for assessment and recognition of foreign credentials. This leads us to believe that the measure was intended to be a one-time increase and that is how we treat it. (P. 823, BP P. 16)

**Classification:** Exogenous-LR performance (It was stated that new immigrants are crucial for long-run performance of the country).

**Measure**: Investment in schemes to improve performance of the forestry industry. (P. 823)

**Reason:** Government was committed to supporting Canada’s resource industries. This investment was aimed at improving the competitiveness of the industry (P. 823).

**Size:**

**Size:** $400 million investment over two years. (P.823)

**Status:** Temporary

**Classification:** Exogenous-LR performance

* **Measure:** Supported Aboriginal Canadians in addressing their needs, listed below. (P. 824)

(i) Improved the water supply and housing on reserve, education outcomes and socio-economic conditions for Aboriginal women, children and families.

(ii) Fund provinces to address immediate pressures in off-reserve Aboriginal housing.

**Reason:** They faced special challenges and there was a need for the government of Canada in supporting them in addressing their particular needs. (P.824)

**Sizes:**

(i) $450 million. (P.824)

(ii) $300 million. (P.824)

**Status:** Temporary (one time)

**Classification:** Exogenous-ideological

* **Measure:** Schemes related to making affordable housing, specially targeting to homeless, listed below. (P.824)

(i) Allocated funds to increase the supply of affordable housing in cities and communities through a new Affordable Housing Trust.

(ii) To address the acute housing situation in Canada’s North, the government was making an investment to increase the supply of affordable housing on the territories.

**Reason:** Not enough affordable housing had been built to accommodate those who need it, with some being homeless. Steps had to be taken to address these pressures. (P.824)

**Sizes:**

(i) $800 million (P.824).

(ii) $300 million (P.824).

**Status:** Temporary

**Classification:** Exogenous-Ideological.

* **Measure:** Increase in funding for arts and culture communities (P. 825).

**Reason:** This measure was part of a broader fiscal package aimed at improving charitable giving towards arts and culture life. The other part of the package involved elimination of capital gains taxes on donations of publicly listed charities (P. 825).

**Size:** $50 million.

**Status:** Temporary (one time).

**Classification:** Exogenous-Ideological

* **Measure:** Investment in infrastructure like bridges, roads, railway and highways, in order to facilitate trade. This included new federal funding for the Highways and Border Infrastructure Fund, the Municipal Rural Infrastructure Fund, the Canada Strategic Infrastructure Fund, the Public Transit Capital Trust and the Pacific Gateway Initiative. (P.825)

**Reason**: It was stated that “…delays in moving goods to market lead to increased costs and decreased competitiveness for our Canadian businesses.” (P.825)

**Size:** $5.5 billion over four years (P. 825, BP. P. 16)

**Status:** Temporary

**Classification:** Exogenous-LR performance

* **Measure:** Various schemes relating to transit and the environment in order to maintain high quality life, listed below. (P.825)

(i) Increase in funding to support public transit capital investments.

(ii) Investment for a Made-in-Canada climate change program costing $2 billion.

**Reason:** Canadians were concerned with traffic congestion and the associated harmful emissions. The government realized that investing in public transit infrastructure could help preserve the environment. (P.825)

**Size:**

(i) $1.3 billion (one time) (P.825).

(ii) $2 billion over 5 years (P.825).

**Status:** Temporary

**Classification:** Exogenous-Ideological (This measure was implemented to keep the environment clean.)

* **Measure:** Increase in funding for Canadian forces (P. 825-826)

**Reason:** It was stated that this increase in funding was meant to provide the support required by the Canadian forces to defend the sovereignty of the country (P. 826).

**Size:** $5.3 billion over 5 years (P. 826).

**Status:** Temporary

**Classification:** Exogenous-Military.

* **Measure:** Increase in funding to strength the security of Canadian borders (P.826). Specific measures included within this category were

(i) Increase in funding to provide side arms and training to border officials and eliminating “work-alone” posts.

(ii) Committed an allocation to provide secure and efficient border crossing for low risk travelers.

(iii) Investment for the Canadian Air Transport Security Authority and for new measures to strengthen passenger rail and urban transit security.

**Reason:** Increased concerns about global security necessitated investment in border security while at the same time ensuring that borders remained open to businesses (P.826)

**Size:**

(i) $101 million. (P.826)

(ii) $303 million. (P.826)

(iii) $133 million for the Canadian Air Transport Security Authority & $95 million to strength passenger rail and urban transit security. (P.826)

**Status:** Permanent

**Classification:** Exogenous-Military

* **Measure**: Schemes to reduce crime in order to ensure local security, listed below. (P.826)

(i) Provision to recruit 1000 more RCMO officers and federal prosecutors to focus on such law enforcement priorities as drugs, corruption and border security.

(ii) Investment in RCMP to expand its national training academy and to accommodate these new officers and build the capacity to train more in the future.

(iii) Provision for communities to prevent youth crime, with special focus on guns, gangs and drugs.

(iv) Provision to give victims a more effective voice in the federal corrections and justice system and to give them “greater access to services such as travel to appear at parole hearings”.

**Reason:** Decisive action to crack down on crime was required in order to ensure Canadians were safe in their homes and in their communities. (P.826)

**Size:**

(i) $161 million. (P.826)

(ii) $37 million. (P.826)

(iii) $20 million. (P.826)

(iv) $26 million. (P.826)

**Status:** Temporary (one time).

**Classification:** Exogenous-Ideological (This was implemented to keep Canada safe).

* **Measure:** Schemes to reduce waiting times for health care and other time related issues pertaining to health, listed below. (P.827)

(i) Implemented the 10 Year Plan to Strengthen Health Care.

(ii) Implemented the Canadian Strategy for Cancer Control. Invested to coordinate efforts with the provinces and with cancer care advocacy groups.

(iii) Provision to “improve Canada’s ability to respond effectively to pandemics and other public health emergencies”.

**Reason:** The finance minister stated that while funding for health care had increased, so had the wait times for patients to receive health care and hence there was a need to implement measures to reduce these wait times.

**Size:**

(i) $1.1 billion in the first year and $1.2 billion in the year after (P. 827)

(ii) $52 million per year for next 5 years. (P.827)

(iii) $1 billion over 5 years. (P.827)

**Status:** The first measure appeared to be permanent. The other two were temporary.

**Classification:** Exogenous-Ideological

* **Measure:** Renewed Equalization and Territorial Formula Financing as per the report by the Council of the Federation as well as the forthcoming report by the Expert Panel of Equalization. Investment to improve these programs was intended. (P. 827)

**Reason**: These programs “ensure Canadians in all regions enjoy an acceptable standard of living”. However, “the past couple of years have shown that these programs are not working as well as they should”. Hence, efforts to make these programs more effective were needed. (P. 827)

**Size:** $255 million, a one-time adjustment (P. 827).

**Status:** Temporary

**Classification:** Exogenous-LR performance

**March 19, 2007:**

**Context:**

Canadian Economy was doing very well. The unemployment rate was the lowest in last 30 years, fiscal fundamentals was the strongest in G-7 countries, taxes were lower and the budget was balanced. Furthermore, the finance minister stated that the government was paying down $22 billion against the national debt. Thus overall it was clear that the economic situation of the country was very sound (P. 7618).

**Spending Changes:**

* **Measure**: Extra funding to restore fiscal balance and better spending over Canadian’s people, listed below.

(i) Equalization-receiving provinces would receive an additional $1.5 billion in that year to ensure all provinces could continue to invest in roads and infrastructure, post-secondary education and health care. (P. 7618)

(ii) Strengthened the Territorial Formula Financing program by $115 million in that year “to ensure that territories can take advantage of the extraordinary opportunities in their futures”. (P. 7618)

(iii) Increased the Canada Social Transfers by $800 million for post-secondary education in 2008-2009 to $3.2 billion and by 3% the year afterwards. (P. 7618)

(iv) Increased investment of $250 million per year to create child care spaces (P. 7619)

(v) $500 million a year for labor market training starting in 2008-2009. This would be $3 billion more over 6 years. (P. 7619)

(vi) Each province and territory would receive a base infrastructure funding of $25 million per year (P. 7619)

(vii) Investment of $16 billion over 7 years to fund infrastructure (P. 7619, BP P. 104).

(viii) Created a $1.5 billion Canada ecoTrust for Clean Air and Climate Change. (P. 7619)

**Reason**: The aim of these measures was to restore fiscal balance in Canada. The finance minister stated that there was a need to restore fiscal balance which was “…about better roads and renewed public transit. Better health care. Better-equipped universities. Cleaner oceans, rivers, lakes and air. Training, to help Canadians get the skills they need” (P. 7618).

**Size:** (i) An additional $1.5 billion in the current year. (P. 7618)

**Status:** Temporary

(ii) $115 million. (P. 7618)

**Status:** Temporary (one time)

(iii) Increase of $800 in the current year and then increasing by 3% every year (P. 7618)

**Status:** Permanent

(iv) $250 million (P. 7619)

**Status:** Permanent (The finance minister used the term “investment” which typically refers to a one time spending. However, in this case, it was clear that this spending was to be made every year).

(v) $500 million a year for ones starting in 2008-2009 with $3 billion more over 6 years. (P. 7619)

**Status:** Temporary

(vi) $25 million (P. 7619)

**Status:** Permanent

(vii) $16 billion over 7 years. (P. 7619)

**Status:** Temporary

(viii) A $1.5 billion Trust. (P. 7619)

**Status:** Temporary (one time)

**Classification:** Exogenous-Ideological

* **Measure:** (P. 7619).

**Reason**: The government was concerned about parents of children with disabilities facing financial hardships and emotional stress. This measure was designed to help them plan for the future (P. 7619).

**Size:** $140 million

**Status:** Temporary (two years)

**Classification**: Exogenous-Ideological.

* **Measure:** Schemes to protect and preserve the nature of Canada and towards more sustainable development and for environmental initiative, listed below. (P. 7619, 7623)

(i) $225 million invested in the Nature Conservancy of Canada to protect unto 2,000 square kilometers of ecologically sensitive land (P. 7619).

(ii) Dedicated $30 million to safeguard the Great Bear Rainforest (P. 7619).

(iii) Dedicated $10 million over two years to conserve ecologically important areas in the Northwest Territories (P. 7619).

(iv) Investment in renewable fuel production (P. 7623).

**Reason:** The aim of these measures was to preserve the natural beauty of Canada and to preserve the quality of environment (P. 7619).

**Size**: A total of $4.5 billion. (P.9)

(i) $225 million (one time) (P. 7619).

(ii) $30 million (one time) (P. 7619).

(iii) $10 million over 2 years (P. 7619).

(iv) $2 billion over 7 years (P. 7623).

**Status:** Temporary

**Classification:** Exogenous-ideological

* **Measure:** Investments in new health care initiatives and increase in health care transfers (P. 7620).

**Reason**: The aim of this measure was clearly to improve the health care available to Canadians as was evident by this statement made by the minister: “…we cherish the universality of our health care system and aspire to strengthen it.” (P. 7620).

Size: $2.6 billion over 2 years. Half of this amount was reserved for new initiatives including ehealth initiatives ($400 million), reduction in wait times ($600 million), and cervical cancer vaccine programs ($300 millions). This implies that the other half was inform of increased health transfers.

**Status:** Temporary

**Classification:** Exogenous-Ideological

* **Measure:** Funding for schemes to improve the quality and productivity of the Canadian labor force (P. 7622). These schemes included

(i) Investment of over $1.3 billion in new money for science and technology research. (P. 7622)

(ii) Increased support for post-secondary education. (P.7622)

(iii) New funding for skills training. (P. 7622)

(iv) Scholarships amounting to $17,500 per year for master’s students and $35,000 annually for doctoral students under the Canada Graduate Scholarships program. (P. 7622)

(v) Investment in leading research institutions like Life Sciences Research Institute, National Optics Institute and etc. (P. 7622)

**Reason:** The aim of this measure was to make the Canadian work force more competitive in the global economy (P. 7622).

**Size:**

(i) $1.3 billion (one time) (P. 7622).

(ii) $800 million per year, increasing by 3 percent every year (BP P. 192).

(iii) $500 million per year starting in 2008-09 (BP P. 193).

(iv) $35 million over the first two years and $27 million per year after that (BP P. 192).

(v) $510 million for Canada Foundation for Innovation (one time), $120 million for CANARIE Inc. (one time), $350 million for leading centers in commercialization and research (3 years), $100 for Genome Canada (one time), and $30 million for The Rick Hansen Man in Motion Foundation (one time) (BP P. 193-194).

**Status:** (i), (v): Temporary, (ii)-(iv): Permanent.

**Classification:** Exogenous-LR performance (This measure was introduced to enable Canadians to compete successfully in the global market and add to the economic growth of the country, so we classified it a**s** Exogenous-LR performance.)

* **Measure:** Increase in foreign assistance in the form of

(i) increase in foreign aid by $900 million over the next two years, and

(ii) $200 million for the reconstruction of Afghanistan (P. 7623-7624)

**Reason:** The aim of these measures was to hold the long standing tradition of Canada to help the less fortunate outside the borders (P. 7623).

**Size:**

(i) $900 million over 2 years. (P. 7623)

(ii) $200 million (one time) (P. 7624)

**Status:** Temporary

**Classification:** Exogenous-Ideological

* **Measure:** Increase in support for the military to improve life quality of the solider, who were risking their lives while protecting people. (P. 7624)

(i) $60 million to increase field operation allowance for soldiers.

(ii) Five new centers for veterans “to help Canadian Forces members and their families deal with stress injuries”.

(iii) Created the position of Veterans’ Ombudsman to ensure that the services delivered by the Department of Veterans Affairs meet the service standards set out in our new Veterans’ Bill of Rights.

**Reason:** These measures were meant to improve the quality of lives of Canadian soldiers and veterans.

**Size:**

(i) $60 million per year (P. 7624)

(ii) $10 million per year (BP P. 250)

(iii) $19 million in the first year and $20 thereafter (BP. P. 250)

**Status:** Permanent

**Classification:** Exogenous-Military.

**February 26, 2008:**

**Context:**

The finance minister stated that while inflation, interest rates, and unemployment were all low, there was still cause for concern. The United States, the biggest trading partner of Canada, had been slowing down economically due to 2007-08 recession. Volatility in the financial market had skyrocketed. Due to global recession Canadian Economy was expected to be slower in next two years (P. 3337).

**Spending Changes:**

* **Measure:** Additional support for Canadian farm families in order to cope with increasing financial uncertainty. They were to be provided better access to funds to cope with market pressures (P. 3338).

**Reason**: To cope with extraordinary market pressures in the livestock sector and to help the hog sector adjust to new market realities. (P. 3338).

**Size:** $3.35 billion over two years (P. 3338, BP P. 16)

**Status:** Temporary

**Classification:** Endogenous-supply stimulus

* **Measure:** Investment in research and development. This included funding for an automotive innovation fund and additional funding to improve Canada’s global position (P. 3339-3340).

**Reason:** The automotive fund was designed to develop greener and fuel efficient cars which create jobs and preserve environment. Rest of the funding included funding for universities (for research and development) and funding for Genome Canada among other programs. (P. 3340, BP P. 15)

**Size:** $250 over 5 years for the automotive fund, $80 million per year for universities, and $140 million for Genome Canada (P. 3340, BP P. 15).

**Status:** Temporary except $80 million in funding for universities which was permanent.

**Classification:** Exogenous-LR performance

* **Measure:** Provided “additional support for older workers who have been laid off” by extending the Targeted Initiative for Older Workers through 2010 (P. 3340)

**Reason:** The investment was to help people from ages 55 to 64 to “remain productive participants in the workforce and help alleviate labor shortages where they exist” (P. 3340)

**Size**: $90 million (one time) (P. 3340)

**Status:** Temporary

**Classification**: Endogenous – Demand Management (This measure could be classified as Exogenous – Long Run since it was an extension of a program which was designed to increase competitiveness and productivity of older workers. However, we classify it as endogenous because the increase in the budget of 2008 was in response to the increase in recent lay-offs among older workers).

* **Measure:** Funding for five pilot projects that the Mental Health Commission of Canada recommended in Vancouver, Winnipeg, Toronto, Montreal and Moncton to support homeless and mental illness patients (P. 3340)

**Reason:** The aim of this measure was to “help increase our knowledge of those who are homeless and suffering from mental illness” which would allow the government to adopt “…best practices in addressing the needs” of these people. (P.3340)

**Size:** $110 million (one time) (P. 3340)

**Status:** Temporary

**Classification:** Exogenous-Ideological

* **Measure:** Permanent extension of the gas tax funding through which the federal government provides direct funding to cities, towns, and communities for essential infrastructure (P. 3340).

**Reason:** This measure was part of the government’s “building Canada plan”. This funding was to allow towns and cities to plan for their infrastructure (P. 3340).

**Size:** $2 billion per year (P. 3340)

**Status:** Permanent (The gas tax funding was extended till 2014 in the 2007 budget. In this budget the measure was extended beyond 2014 as well).

**Classification:** Exogenous-Ideological

* **Measure:** Investment in public transit to create alternative transportation options in order to preserve environment (P. 3340). Aimed at several projects, including:

(i) The evergreen Light Rapid Transit System in Vancouver.

(ii) Re-established the rail link between the City of Peterborough and Toronto’s Union Station.

(iii) New equipment and upgrades to dedicated rapid transit routes for the Aeroports de Montreal.

**Reason:** It was “one of the keys to achieving a cleaner and healthier environment” and reducing traffic congestion so goods can get to the market on time. (P. 3340)

**Size:** $500 million

**Status:** Temporary (one time)

**Classification:** Exogenous-LR performance

* **Measure:** Provided funds for Vanier Scholarships to local and foreign doctoral students (P.3341).

**Reason:** This measure was designed to attract the best local and foreign students for graduate education in Canada who would eventually contribute to the building of a skilled labor force in Canada (P. 3341)

**Size:** $100 million over 5 years (P. 3341).

**Status:** Temporary

**Classification:** Exogenous-LR performance

* **Measure:** Established the Canada Global Excellence Research Chairs in 4 priority areas: the environment, natural resources and energy, health, and information and communication technologies (P. 3341).

**Reason**: The aim of this measure was to “strengthen the ability of Canadian universities to attract and retain the world’s top scientific leaders” and “allow each chair to assemble outstanding research teams and undertake cutting-edge research in areas of strategic importance to Canada”. (P. 3341)

**Size:** $21 million. (P. 3341)

**Status:** Temporary (one time)

**Classification:** Exogenous-LR performance

* **Measure:** New framework to introduce Aboriginal Canadians into the skilled workforce. (P.13)

**Reason:** This measure aimed to shift the focus “from social services to economic development and skills training” of the Aboriginals. Hence, it aimed to “establish a new framework for Aboriginal economic development…to better match the skills and training of Aboriginal Canadians with labor market demands”. (P. 3341)

**Size**: $70 million over the next two years. (P. 3341)

**Status:** Temporary

**Classification:** Exogenous-IL performance (This measure would increase skilled labor force and increase employment in future, contributing towards the progress of economy so it could be classified asExogenous-LR performance as well. However, the speech did not mention any effect of this measure on overall skilled labor force and the main motivation provided was that to reduce the dependency of first nations on social services.)

* **Measure:** Funding “to support immigration initiatives over the next two years” in order to improve the immigration process by making it more efficient. (P. 3341)

**Reason:** It would improve the responsiveness of the immigration system and better align it with the labor market needs. (P. 3341)

**Size:** $22 million for two years. (P. 3341)

**Status:** Temporary

**Classification:** Exogenous-LR performance

* **Measure:** Schemes to protect and preserve the environment by reducing harmful emissions and cracking down on polluters, listed below. (P. 3341-3342)

(i) Committed $250 million for carbon capture and storage projects.

(ii) $66 million over two years to lay the foundations for market based mechanism that would help establish a price for carbon and support the development of carbon trading.

(iii) $21 million over two years for resources to better enforce our environmental laws.

(iv) $13 million over two years to accelerate access to cleaner, renewable fuels for trucks and cars.

**Reason:** This measure was in line with the government’s long-term aim to protect the environment. It was stated that the government had undertaken numerous measures since 2006 to help preserve the environment and these measures were a continuation of government’s aim to “reduce Canada’s green-house emissions 60% to 70% by 2050”. (P. 3341)

**Size:**

(i) $250 million. (P. 3341)

(ii) $66 million over 2 years. (P. 3341)

(iii) $21 million over 2 years. (P. 3341)

(iv) $13 million over 2 years. (P. 3342)

**Status:** Temporary

**Classification:** Exogenous-IL

* **Measure:** Recruitment of more police officers to be stationed on the streets. The aim was to “hire 2500 new front-line police officers over the next five years”. “This money was to be made available to provinces and territories that had publicly committed to new recruitment programs”. (P. 3342)

**Reason:** The aim of this measure was to build safer communities and crack down on criminals. (P. 3342)

**Size:** $400 million over the next 5 years. (P. 3342)

**Status:** Temporary

**Classification:** Exogenous-Ideological (This measure was implemented to ensure safety in the country, so classified asExogenous-Ideological.)

* **Measure:** Expansion of the veterans independence program. (P. 3342)

**Reason:** There was no explicit reason stated for this measure. However, the tone of the speech and the use of the term “brave soldiers” by the finance minister suggests that this measure was aimed at helping veterans in need of government support. (P. 3342)

**Size:** $282 million over three years.

**Status:** Temporary

**Classification:** Exogenous-ideological.

**January 27, 2009:**

**Context:**

The Global Economic situation had been worsened in the previous year. Canadian economy was experiencing the effects of global recession. The Canadian Economy was expected to contract by 0.8% in the upcoming year. The budget 2009 focused on combating the recession by providing tax relieves and injecting money in the economy. The finance minister stated that “Budget 2009 is Canada's economic action plan. It is Canada's plan to stimulate our economy, to protect Canadians during the global recession, and to invest in our long-term growth. It is Canada's response to the challenge of our time.” Thus it was clear that most of the measures to be announced in this budget would be endogenous. (P. 28).

**Spending Changes:**

* **Measure:** Created “a two-year, $1 billion Community Adjustment Fund” in Canada’s Economic Action Plan to support economic disparities among local communities. (P.31)

**Reason:** The aim of this measure was to help those communities that were suffering because of decline in their local industries.

**Size:** $1 billion for two years. (P.31)

**Status:** Temporary

**Classification:** Endogenous-Demand Management

* **Measure:** Schemes that would lead to regional economic development in the regions of Canada most vulnerable in any downturn, listed below. (P. 31)

(i) Provided $1 billion over the next 5 years to establish a new Southern Ontario Development Agency.

(ii) Invested $50 million over the next 5 years to establish a new regional economic development agency for Canada’s North.

**Reason:** To “foster economic development in the regions of Canada most vulnerable in any downturn”. (P. 31)

**Size:**

(iii) $1 billion over the next 5 years. (P.31)

(iv) $50 million over the next 5 years. (P.31)

S**tatus:** Temporary

**Classification:** Endogenous-Demand Management

* **Measure:** Actions to help Canadian and stimulate spending. (P. 31, BP P. 67).

**Reason:** The aim of this measure was to help the workers who were becoming unemployed because of their employers going bankrupt. This measure was going to provide funding to strengthen benefits available to the workers and provide them with training to improve their prospects in the job market. (P. 31, BP P. 67, BP P. 97)

**Size:** $3.8 billion over two years to provide benefits and training to workers. Another $4.5 billion was provided to employers in form of lower payroll taxes to freeze employment insurance. However, we do not include the second measure because it was effectively a tax measure and not a spending measure. Further, we could not find any explicit mention of the duration of this spending. We are assuming that this spending was for two years because the budget plan gives the figures for this measure for two years only. (BP P. 97, BP P. 69).

**Status:** Temporary

**Classification:** Endogenous-Demand Management

* **Measure**: Made funds available to Canadian businesses in liquidity and financing to keep the economy moving. Some of the features of this program are listed below (P. 32)

(i) Extended “the Insured Mortgage Purchase Program through the first half of the next fiscal year, to encourage private sector financial institutions to increase lending”.

(ii) Established a new Canadian Secured Credit Facility, to help consumers and businesses in financing the purchase of vehicles and equipment.  
(iii) Export Development Canada and the Business Development Bank of Canada could leveraged this capital into billions of dollars of new lending ability especially through the new Business Credit Availability Program that would give these institutions greater lending powers.

(iv)Expanded the Canada Small Business Financing Program to provide additional support for Canadian small businesses.

(v) Greater flexibility to be given to the Canadian Deposit Insurance Corporation, “to enhance its role in safeguarding the stability of Canada’s financial system”.

**Reason:** The aim of this measure was to allow consumers and businesses access to the financing they needed to grow. This measure was clearly in response to the financial crisis of 2008. The government realized the importance of strong financial institutions for continued growth of the economy. (P. 32, BP P. 77)

**Size:** The total size of the measure was mentioned as $200 billion in both the budget speech and at several places in the budget plan. However, detailed reading of the budget plan reveals that this included the size of the existing programs (BP P. 78). The size of the new measures was $75 billion according to the information provided in the budget plan. $50 billion out of this was for the Insured Mortgage Purchase Program, $13 billion was to expand the capacities of the financial crown corporations, and $12 billion was for creation of the Canadian Secured Credit Facility. (BP P. 74)

**Status**: Permanent

C**lassification:** Endogenous-Supply stimulus

* **Measure:** Launched various infrastructure building projects to foster long term prosperity, listed below. (P. 33)

(i) $4 billion would be provided over the next two years in funding local and regional projects.

(ii) $2 billion over the next two years would be provided for “deferred maintenance at Canadian universities and advanced skills training facilities at community colleges”.

(iii) $1 billion for a Green Infrastructure Fund “to support projects such as sustainable energy”.

**Reason:** The aim of these measures was to provide stimulus to the economy as was clear when the finance minister said that “infrastructure projects can provide a much-needed, short-term stimulus” to the economy and create new, good jobs. (P.33)

**Size:**

(i) $4 billion over the next 2 years. (P. 33)

(ii) $2 billion over the next 2 years. (P. 33)

(iii) $1 billion. (P.19)

**Status:** Temporary

**Classification:** Endogenous-Demand Management

* **Measure:** Invested in social housing facilities for general renovations, energy-efficiency upgrades, and improved accessibility features. (P. 34)

**Reason:** The finance minister stated that “…many of the social housing units need general renovations, energy-efficiency upgrades, and improved accessibility features”. Thus the aim of this measure was to provide safer and healthier communities for Canadians. (P. 34)

**Size:** $2 billion over the next two years: new funding over the next two years “to build homes for low income seniors and Canadians with disabilities, and to build and renovate housing in Aboriginal communities and Canada’s North”. Another $2 billion “in low-cost loans to municipalities to invest in sewers, water lines and other housing-related renewal projects”. (P. 34)

**Implementation date:** Not explicitly stated.

**Status:** Temporary

**Classification:** Endogenous-Demand Management (The measure appears to be exogenous-ideological at first but the finance minister later stated that “Like our other infrastructure investments, our investments in social housing will help stimulate our economy and create jobs across the country” which makes it clear that the main aim of this program was also to help the economy combat the effects of the recession.)

**March 4, 2010:**

**Context:**

The finance minister stated that the financial crisis had emerged more quickly and with the greater force than any could had predicted (P. 72). Canada had faced the global recession from a position of strength. On all the key indicator Canada was performing better than the United States and other major economies. Canada still had the lowest debt to GDP ratio in the G-7 countries. 135,000 new jobs had been created since July 2009 in the time where people were losing their jobs in United States. (P. 72, 73)

**Spending Changes:**

* **Measure:** This budget contained several measures that were part of the continuation of the Canada Economic Action plan launched in 2009 in response to the financial crisis. The details of these measures were provided in the budget plan (P. 45). These measures included

1. Increase in benefits to the unemployed for the unemployed by $1.6 billion.
2. Increase in funding by $1 billion to enhance training opportunities for workers.
3. New stimulus of $7.7 billion to modernize infrastructure, support home ownership, and improve social housing.
4. Investment of $1.9 billion in higher education.

**Reason:** These measures were part of the second phase of the Economic Action plan and were aimed at reducing the effects of the recession and create job opportunities for workers.

**Size:**

1. $1.6 billion.
2. $1 billion.
3. $7.7 billion.
4. $1.9 billion.

**Status:** Temporary (one time)

**Classification:** Endogenous – Demand Management

**March 22, 2011:**

**Note:** The parliament was dissolved before this budget could be voted upon. However, the same budget was presented by the government on June 6, 2011. Since the government and the budget measures did not change between the two presentations, we choose the earlier date as the announcement date.

**Context:**

The finance minister stated that the Canadian economy was emerging out of the financial crisis as one of the world’s top performing advanced economies. However, he acknowledged that the economic climate was still one of uncertainty and more work needed to be done to secure recovery from the financial crisis. This budget had a two-pronged objective: the first was to support jobs and growth through low taxes and targeted investment and the second was to reduce the deficit that had increase since the financial crisis. This budget launched the next phase of the Canada’s economic action plan. (P. 9121)

* **Measure:** Supporting Job Creation: The first part of the new phase of the Canada’s economic action plan was to encourage investment in the manufacturing and processing sector (P. 9122). The specific measures included in this category were described in detail in the budget plan (BP. P. 65-67)

1. Providing $20 million over two years to the Canadian Youth Business Foundation to support young entrepreneurs. (BP P. 65)
2. Funding of $100 million over two years to support research and development in the areas of clean energy and energy efficiency. (BP. P. 65)
3. Funding of $8 million over two years for deployment of clean energy technologies in the Aboriginal and Northern Communities. (BP. P. 65)
4. Permanent annual investment of $2 billion in the Gas Tax Fund (which provides infrastructure funding for municipalities). (BP. P. 66)
5. Funding of $228 million over two years for maintenance and repairs of major bridges in Greater Montreal. (BP. P. 66)
6. Funding of $148 million over the next 5 years to maintain federal assets like bridges and dams that were managed by Public Works and Government Services Canada. (BP. P. 67)
7. Funding of $72 million over three years for repairs to small craft harbors damaged by storms. (BP. P. 67)
8. Funding of $150 million (onetime) for construction of a road between Inuvik and Tuktoyaktuk. (BP. P. 67)
9. Investment of $50 million over two years to support knowledge creation in the field of agriculture. (BP. P. 67)
10. Funding of $17 million over 5 years to contain spread of plum pox. (BP. P. 67)
11. Funding of $24 million over two years to extend the initiative for the Control of Diseases in the Hog Industry. (BP. P. 67)
12. Increase in funding of $100 over 5 years for the Canada Food Inspection Agency. (BP. P. 67)
13. Funding of $60 million in 2011-12 (one year) for the forestry industry to help it innovate and tap into new opportunities abroad. (BP. P. 67)

**Reason:** The finance minister stated in his speech that a lot of businesses were hesitant to invest because of the recent financial crisis. That is why it was important for the government to encourage them to invest more. The main aim that was stated for these measures was job creation in the short-term. (P. 9122, BP. P. 69).

**Size:** The size of each measure is included in the description of the measure above.

**Status:** The duration of each measure is include in the description of the measure above.

**Classification:** The classification of these measures is not straightforward. Taken as a whole, the first category of the Canada’s economic action plan (supporting job creation) seemed to targeting creation of more jobs during a “fragile recovery period” (BP. P. 69). This term suggests that while Canada was recovering from the recession, the government was still vary of the lingering negative consequences of the recession. However, some of the measures in the category clearly do not fit this overall goal of this category. Keeping this in mind, we classify the two measures that provided funding for research in the area of clean energy as Exogenous-Ideological, the measures aimed at improving infrastructure (measures iv) through viii)) as Endogenous-Demand Management and all others as Endogenous-Supply Stimulus (the measures aimed at the Agriculture industry may seem exogenous at first. However, the budget plan talks about the importance of this industry in job creation when describing the measures and we use that explanation to classify them as endogenous as well BP. P. 95).

* **Measure:** The next part of the Canada’s economic action plan was concerned with supporting families and communities (P. 9122). This part, like the first one, consisted of a number of measures that were described in both the budget speech and the budget plan.

1. An Increase in Guaranteed Income Supplement (GIS) for seniors. This measure represented a permanent annual increase of $300 million. (P. 9123, BP. P. 103)
2. Increase in funding of $10 million over two years for the New Horizons for Seniors Program. This program supported projects that ensured that “…seniors contribute to and benefit from activities in their communities.” (BP. P. 103)
3. Funding of $20 million over two years to renew Eastern Ontario Development Program. (BP. P. 104)
4. Funding of $25 million over 5 years to renew funding for the Harbourfront center. (BP. P. 104)
5. $10 million for the 100th anniversaries of Grey Cup and Calgary Stampede. (BP. P. 104)
6. Funding of $60 million (one time) for CBC/Radio-Canada for high quality broadcast production. (BP. P. 104)
7. Funding of $15 million per year (permanent) for the Canada Periodical Fund. (BP. P. 104)
8. Investment of $22 million over two years to help ensure that the fuel tanks used by the First Nations met environmental safety standards. (BP. P. 104)
9. Investment of $870 million over two years for Canada’s Clean Air Agenda. This included $400 million to be spent in the first year on the ecoENERGY Retrofit program which was to help homeowners make their homes more energy efficient. (BP. P. 104)
10. Funding of $5.5 million over five year for Parks Canada to establish the Mealy Mountains National Park in Labrador. (BP. P. 104)
11. Funding of $200 million over two years for the Chemicals Management Plan to manage risk associated with harmful chemicals. (BP. P. 104)
12. Funding of $27 million over two years for Environment Canada to improve Canada’s weather services. (BP. P. 104)
13. Funding of $21 million over 5 years to upgrade baggage scanning equipment at Canadian airports. (BP. P. 105)
14. Funding of $20 million over two years for youth crime prevention programs. (BP. P. 105)
15. Funding of $30 million over two years for the First Nations Policing Program. (BP. P. 105)
16. Funding of $4.2 million over two years to support hiring of additional judges and prosecutors and Nunavut. (BP. P. 105)
17. Funding of $26 million over two years to support Federal Victims’ Ombudsman to promote access to justice. (BP. P. 105)
18. Permanent funding of $1.6 million per year to the communities at risk. (BP. P. 105)

**Reason:** The aim of all these measures was to improve the quality of life for Canadians (P. 9122). “Providing support for families and communities helps” was to “…ensure that all Canadians benefit from the opportunities and wealth that long-term growth creates.” (BP. P. 106)

**Size:** The size of each measure is included in the description of the measure above.

**Status:** The duration of each measure is include in the description of the measure above.

**Classification:** Exogenous-Ideological.

* **Measure:** The final major part of the Canada’s economic action plan included measures that were aimed at strengthening knowledge and skills of Canadians. The finance minister noted that the Canadian government had made significant investments in the fields of research and development which has led to “brain gain” for the country (P. 9123). The details of the measures included in this category were listed in the budget plan.

1. Funding of $80 million over three years through the Industrial Research Assistance Program to help small and medium sized businesses adopt new technologies. (BP. P. 135)
2. Funding of $60 million over three years to promote student enrollment in disciplines related to digital economy. (BP. P. 135)
3. Permanent funding of $100 million per year to Canada Media Fund for investment in creation of digital content. (BP. P. 135)
4. Permanent funding of $37 million per year to support three federal research granting councils. (BP. P. 135)
5. Permanent funding of $10 million per year for the Indirect Costs Program which covers costs related to operating and maintaining facilities. (BP. P. 135)
6. Funding of $53 million over five years for creation of ten new Canada Excellence Research Chairs. (BP. P. 135)
7. Investment (one time) of $100 million to establish a Canada Brain Research Fund to support research in neuroscience. (BP. P. 135)
8. Funding (one time) of $65 million for Genome Canada. (BP. P. 135)
9. Funding of $4 million over three years for the construction of a cyclotron. (BP. P. 136)
10. Funding of $35 million over five years for the Natural Sciences and Engineering Research Council of Canada to support climate research. (BP. P. 136)
11. Funding of $50 million over five years beginning in 2012-13 for the Perimeter Institute for Theoretical Physics. (BP. P. 136)
12. Funding of $3 million in 2011-12 and $5 million per year after that (permanently) to support creation of thirty new Industrial Research Chairs. (BP. P. 136)
13. Funding of $12 million over 5 years to support joint college-university commercialization programs. (BP. P. 136)
14. Funding of $40 million over two years for Sustainable Development Technology Canada. (BP. P. 136)
15. Funding of $45 million over five years for the National Optics Institute. (BP. P. 136)
16. Permanent funding of $34 million a year to expand eligibility for Canada Student Loans and Grants. (BP. P. 137)
17. Funding of $9 million over two years to expand adult basic education programming. (BP. P. 137)
18. Funding of $10 million over two years to develop and implement an international education strategy to attract more international students. (BP. P. 137)

**Reason:** The finance minister stated that the government was making major investments in research, development, and higher education to attract top talent from around the world. He also stated that the goal of these measures to create good, new jobs for Canadians. (P. 9123)

**Size:** The size of each measure is included in the description of the measure above.

**Status:** The duration of each measure is included in the description of the measure above.

**Classification:** Exogenous-Long-Run.

**References**

*The Budget Speech*, *Department of Finance, Canada*, Various Years.

*The Budget Plan*, *Department of Finance, Canada*, Various Years.

*Budget Papers*, *Department of Finance, Canada*, Various Years.