A Tale of Two Governments: How Historical Trends Cast Doubt on Federal Promises of Fiscal Restraint

Sean Speer

Introduction

The Liberal Party (2015) was elected on a commitment to run annual budgetary deficits of $10 billion for three years before restoring a balanced budget in 2019. It was a commitment reaffirmed in the Speech from the Throne (Johnston 2015) and Bill Morneau's mandate letter (Trudeau 2015).

But it did not last long. Five months later, the 2016 Budget showed that Ottawa's deficit would in fact be larger and longer (Kilpatrick 2016). The current deficit is roughly $20 billion. The timeline for returning to balance is indeterminate. A recent update on the government's progress on mandate letter priorities characterized its fiscal promises as “underway – with challenges” (Privy Council Office 2017).

Still, the most recent Economic and Fiscal Update showed some improvement to Ottawa's fiscal projections. A combination of improved economic conditions and delays in spending caused its deficit projections to fall from $28.5 billion to $19.9 billion this year and shrink cumulatively by nearly $25 billion in the subsequent four years (Speer 2017). The prevailing view seemed to be that there is possible upside to the medium-term projections and that we may see a balanced budget sooner rather than later.

This optimism may be misplaced. The budget's underlying projections – namely its anticipated total program spending growth in the next two years – are inexplicably conservative. Are we to really believe that Justin Trudeau will essentially adopt Stephen Harper's fiscal policy in the final two years of his four-year mandate?
Political theory and past evidence suggests that such an outcome is highly unlikely. Federal spending is likely to rise faster than is currently projected as we approach the 2019 election. The result could be a worsening fiscal picture with higher deficits and more debt.

The onus is therefore on the government to set out a clear plan to achieve its own budget projections. Failing to do so will only lead to more questions about the veracity of its fiscal claims and whether Canadians can trust that its balanced budget commitment is indeed underway.

This is something that the Macdonald-Laurier Institute has been raising since March 2016 (Crowley and Speer 2016). The unexplained and precipitous drop in projected government spending should have raised red flags even for those who believed Ottawa’s initial deficit pledge was justified. Fortunately, there is growing attention to this question and the need for greater fiscal clarity (Gordon 2018). Budget 2018 will be a prime opportunity for the government to set out a credible spending plan – including specific details on a medium-term return to a balanced budget.

This short commentary analyses the government’s medium-term fiscal projections and the potential downside risks to achieving its fiscal targets. The principal focus is on its “unrealistic” spending projections – particularly when one accounts for the tendency for spending to increase according to a political timetable. The risk, of course, is that Ottawa’s current fiscal projections may understate its budgetary deficit and, in turn, debt accumulation.

Our analysis focuses only on the government’s spending projections. We recognize that any changes to its revenue projections could mitigate or exacerbate the fiscal impact of revisions to its spending plans. It is possible that there is upside to the government’s revenue projections. But counting on such upside strikes us as a risky bet. Especially since, as we aim to illustrate in this short commentary, there are a number of possible upward pressures on its spending projections – including the possible influence of the political cycle.

Theory of Political Business Cycles

Political business cycles are budgetary timeframes in which aspects of fiscal policy are made not by economic or business cycle considerations but by the electoral cycle. Specifically, the term most often refers to increases in government spending or budget deficits in an election year that are perceived as principally motivated by political calculations. Think of it as electorally-motivated fiscal opportunism.

The theory of political business cycles (or political budget cycle as it is occasionally described) was introduced to economic and political analysis in the mid-1970s. A series of theoretical and empirical studies sought to understand the extent to which fiscal policy choices were driven by the electoral timetable. Leading economists such as William Nordhaus (1975), Kenneth Rogoff (1990; Ebeke and Ölçer 2013), and Alberto Alesina (Alesina, Cohen, and Roubini 1992) were at the centre of this path-breaking work. The overall finding of their work was that there was evidence of “loose” fiscal policy or various degrees of fiscal opportunism prior to elections.
There has since been some debate about the incidence of the political business cycle. Some research finds that the potential for “fiscal manipulation” is higher in developing countries but less so in developed ones (Brender and Drazen 2003). Others find it is principally influenced by the incumbent government’s political prospects and less evident in cases where re-election is highly likely (Tellier 2006). Some find that this affects the composition of spending, skewing towards more highly-visible consumption, and away from long-term investment, but does not necessarily lead to sharp spikes in overall spending (Rogoff 1990). Others find an election-driven increase on spending targeting key political constituencies rather than aggregate spending (Brender and Drazen 2003). New research concludes that in most countries fiscal policy is “hardly affected” by election proximity (Klomp and de Haan 2012). Notwithstanding these different inquiries and findings, good evidence seems to indicate that where election-driven fiscal policies are enacted, they tend to be rewarded at the polling booth (Klomp and de Haan 2012).

The key takeaway is that it is complicated. The empirical research is marked by a degree of disagreement on the magnitude, incidence, motivating factors, composition of the political business cycle, and the political outcomes.¹ It means that policy observers ought to be sensitive to the possibility for fiscal opportunism without overstating its definitiveness. It is one of the factors that can inform and shape fiscal policy choices.

**Election-Driven Spending Growth in Canada**

Is there evidence of a political business cycle in Canada?

There is some research on the topic, though it is less explored here than in other jurisdictions. It is worth briefly examining some of the scholarly research.

A 2006 paper by Stephen Ferris and Stanley Winer found some evidence of a political business cycle in federal fiscal policy from 1870–2000 with the most marked effects reflected in cases with a high degree of political competition. A more colloquial way to put it is politicians tend to spend more in the lead up to elections when there is a greater risk of electoral defeat.

Another 2006 paper by Genevieve Tellier finds a similar result in examining fiscal policy at the provincial level between 1983–1995. The author found greater evidence of fiscal manipulation when the incumbent government’s electoral prospects were in doubt. Otherwise, factors such as ideological preferences or the government’s overall fiscal circumstances were a greater determinant of fiscal policy choices.

A 2001 paper by Ron Kneebone and Ken McKenzie finds evidence of a positive relationship between the electoral cycle and fiscal policy in Canada's provinces. The authors find that governments are less inclined to raise taxes and tend to spend more on visible expenditures (such as schools, roads, and hockey rinks) in the lead up to elections.

"Politicians tend to spend more in the lead up to elections when there is a greater risk of electoral defeat.”
A 1999 study by Petry et al. in the *Canadian Journal of Political Science* found similar evidence of fiscal manipulation at the provincial level even in the 1990s, which was otherwise generally a period of fiscal retrenchment.

Former Prime Minister Stephen Harper’s 1991 master’s thesis examined the enactment of Keynesian-informed counter-cyclical spending in Canada to understand whether it conformed to theory. He found that it generally had not - instead governments had regularly acted contrary to Keynesian prescriptions. Harper points to the possible role that the political business cycle has played in these fiscal policy choices. As he writes:

In 1949, 1952, 1962, 1971, 1983, and 1984 fiscal policy appears to have been wrongly expansionary. These were all election years or pre-election years. In 1951, 1954, 1963, 1974, and 1986 fiscal policy appears to have been wrongly contractionary. Three of these were post-election years or mid-term years. In 1963, an election was called when the Government was defeated in the Commons, an event it clearly did not expect. In 1974, the Government wanted the expansionary budget that was presented and defeated in the Commons. After campaigning and winning on that budget, it brought in a more expansionary version later in the year. *Prima facie* then, an electoral influence is quite plausible. (Harper 1991, 9)

But his regression analysis finds “only weak support for electoral cycles as advocated by traditional political business cycle models.” His conclusion is that political actors are more reactive and less sophisticated than political business cycle theorists assume.

Analysing federal fiscal policy from 1966/67 to the present produces a complicated picture with regards to the political business cycle. The 1970s are marked by high spending growth irrespective of the electoral timetable. The 1990s are marked by fiscal retrenchment largely irrespective of the election cycle. It is clear that the political budget cycle is but one factor that has informed and shaped fiscal policy at the federal level in Canada.

We have had 15 federal elections over this 50-year period (see appendix). Program spending growth increased in the year prior to the election in six cases. It was essentially flat in three and declined in the other six. Anomalies such as two elections in the 1979/80 fiscal year and back-to-back elections in 2004/05 and 2005/06 somewhat complicate this analysis.

There is also the added complication of how an election itself can affect government spending. The “caretaker convention,” whereby new government initiatives are halted for the duration of the election, and the transition of the newly-elected government can affect spending levels – particularly when the election results in a change in government (Lagassé 2015). The 2005/06 fiscal year is illustrative in this regard. A combination of back-to-back elections and the transition of a new government caused federal spending to fall by 0.7 percent in that year.

Still some correlation can be found between federal spending and the electoral cycle. Over the 50-year period in question, average spending growth in election years was 7.8 percent while it was 7.0 percent in non-election years.
years (see chart 1). It may not seem like a huge difference, but nearly 1 percentage point can be considerable, particularly as it raises the subsequent spending baseline in subsequent years.

This cursory look at the possible relationship between government spending and the election cycle at the federal level is not definitive. There is no doubt scope for further inquiry about the relationship between the election cycle and federal fiscal policy – particularly to discern the role of the political business cycle and various other factors.

One interesting line of analysis is to account for polling in the lead up to the election. It might show that incumbent governments facing difficult re-election prospects may be inclined to higher spending. That certainly seems the case for the outgoing Martin government between 2003 and 2005 when federal spending jumped up to an average of 10.4 percent spending growth.

Another would adjust for the influence of competitors in the political marketplace on the shape and design of pre-election fiscal policy. The 2000 election is a good example. The then-Liberal government enacted a range of tax cuts in part motivated by the tax-cutting agenda of the Canadian Alliance Party, which was its principal opponent (Canadian Press 2016). It stands to reason that we may not pick up on the political business cycle by merely examining spending trends.

It would also be useful to understand the different signs of fiscal manipulation. Remember it is not simply a function of higher spending in election years. It can be a shift to more highly-visible spending (think for instance of the Harper government’s increase to the Universal Child-Care Benefit in 2014) or come in the form of pre-election tax cuts such as the 2000 ones.

There is nonetheless some basis – based on past research and a cursory look at past federal elections and government spending patterns – to assume that prima facie spending growth is probably more likely to increase than decline in the lead up to a federal election.

Current State of Federal Budget Projections

The Trudeau government’s first three fiscal years have been marked by considerable spending growth. Total program spending (excluding debt service costs) has grown, on average, by 6.3 percent per year since the Liberal Party assumed office in 2015. A recent report finds that federal spending growth is approaching historic highs outside of periods of a major economic downturn or war (Lammam and MacIntyre 2017).

How has this spending growth been distributed over federal responsibilities? The easiest way to answer this question is to compare year-over-year spending in key federal areas relative to the previous government.

Remember the federal budget is comprised of four main categories: (1) transfers to persons such as Old Age Security and the Guaranteed Income Supplement, (2) transfers to other levels of government such as the Canada
Health Transfer and Canada Social Transfer, (3) direct program spending, which comprises federal programs and services, and (4) debt service costs (see chart 2 for 2017/18 budget distribution).

Transfers to persons and other levels of government total more than 50 cents of every dollar that the federal government spends. Direct program spending (of which about 60 percent is for government operations) amounts to about 40 cents of every dollar.

Chart 3 compares annual average spending growth in each of these areas between the final four-year term of the Harper government and the first three years of the Trudeau government (see below). We have excluded public debt charges since the government has limited control over year-over-year changes in this category. The figure shows that a major explanation for the considerable rise in total program spending (the sum of other three categories) is the three-year growth of direct program spending. It has increased by an average of 6.7 percent over the past three years. It contracted, on average, by 1.7 percent per year in the previous four-year period as the Harper government sought to balance the federal budget.

**CHART 2: Breakdown of federal spending by key categories, 2017/18 projections**

- **7%** Public Debt Charges
- **30%** Transfers to Persons
- **42%** Direct Program Spending
- **21%** Transfers to Other Levels of Government

**CHART 3: Average annual federal spending growth, 2011/12 to 2014/15 (Harper) versus 2015/16 to 2017/18 (Trudeau)**

- **Transfers to Persons**
  - 2011/12 to 2014/15: 2.9%
  - 2015/16 to 2017/18: 4.6%
- **Transfers to Other Levels of Government**
  - 2011/12 to 2014/15: 3.7%
  - 2015/16 to 2017/18: 6.7%
- **Direct Program Spending**
  - 2011/12 to 2014/15: 8.8%
  - 2015/16 to 2017/18: 6.3%
- **Total Program Spending**
  - 2011/12 to 2014/15: -1.7%
  - 2015/16 to 2017/18: 1.1%

*Sources: Department of Finance Canada 2017; Canada 2017.*
The relative performance changes a bit when one includes the projections for the current government’s full four-year term rather than just its first three years. This makes it more of an apples-to-apples comparison with the previous government’s four-year term. Chart 4 sets out the average projected growth in each spending category for the periods between 2011/12 to 2014/15 and 2015/16 to 2019/20.

Chart 4: Average annual federal spending growth, 2011/12 to 2014/15 (Harper) versus 2015/16 to 2019/20 (Trudeau - projected)

Sources: Department of Finance Canada 2017; Canada 2017.

The Trudeau government’s spending is still higher relative to its predecessor’s in each category except for transfers to other levels of government, which is due to the reduction to the growth rate of the Canada Health Transfer. This is not surprising. The Liberals ran in part against the purported “austerity” of the Harper government. It is only logical that federal spending would be up.

But what is interesting is the differences between charts 3 and 4. Extending the analysis to 2019/20 reduces Ottawa’s average annual spending growth considerably – from 6.7 percent to 4.2 percent in direct program spending and 6.3 percent to 4.7 percent overall.

What is behind this marked difference? How is spending growth cut by more than one-third in the final two years of the government’s four-year mandate?

We know that total program spending grew by an average of 6.4 percent in the Trudeau government’s first two years. Those figures are now final. It is projected to grow by another 6.2 percent in 2017/18, which is the current year. This is still a projection. Assuming it is broadly accurate, average spending program growth will be 6.3 percent for the government’s first three years in office (as shown in the final bar on Chart 3).
The subsequent two years – 2018/19 and 2019/20 – are currently only projections. But it is still notable how much they differ from the first half of the government’s four-year term (see chart 5). The plan is for transfers to persons to grow by a two-year average of 2 percent, transfers to other levels of government to see average growth of 4.2 percent, direct program spending to experience average growth of 0.4 percent, and total program spending to grow, on average, by 2.3 percent.

Chart 5: Projected annual federal spending growth by key categories, 2018/19 and 2019/20

Source: Department of Finance, Canada 2017.

These two-year projections represent a marked departure from the government’s recent fiscal practices. Just compare them to the 2015/16 and 2016/17 fiscal years, which are now final (see chart 6).
The major drop in spending growth is visible in all categories of federal spending – except for transfers to other levels of government, which are highly formulaic. Chart 6 is a powerful illustration of how ambitious Ottawa's fiscal targets are for the final two years of its mandate. It would represent a significant change to its fiscal choices in its first two years. Think of it as a tale between two seemingly different governments – one that ramps up spending and another that controls it. The odd part is the latter one proposes to do it in the lead up to the next election.

It is notable that the government’s projections have only inched upward since assuming office. Its first expression was the 2016 budget in March 2016. Its most recent is the 2017 economic and fiscal update in October 2017. Table 1 compares program spending estimates and projected growth rates for the relevant fiscal planning period. It is notable how much projections have already increased for 2017/18, 2018/19, 2019/20, and 2020/21 in less than 10 months. If what is past is prologue, the trendline suggests that projections are to continue going up rather than down.

### Table 1: Budget 2016 and economic and fiscal update 2017, program expense projections ($billions)

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<tr>
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<th>15/16</th>
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<tr>
<td>Budget 2016 program expenses</td>
<td>253.8</td>
<td>270.9</td>
<td>291.4</td>
<td>304.6</td>
<td>308.7</td>
<td>314.2</td>
<td>323.2</td>
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<tr>
<td>Growth rate</td>
<td>7.6%</td>
<td>4.5%</td>
<td>1.3%</td>
<td>1.8%</td>
<td>2.9%</td>
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<tr>
<td>Economic and fiscal update 2017 program expenses</td>
<td>270.9</td>
<td>287.2</td>
<td>304.9</td>
<td>312.2</td>
<td>319</td>
<td>328.9</td>
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<tr>
<td>Growth rate</td>
<td>6.0%</td>
<td>6.2%</td>
<td>2.4%</td>
<td>2.2%</td>
<td>3.1%</td>
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Sources: Canada 2017; Morneau 2016.
Another way to exhibit the inexplicable change in projected program spending is to compare its 2018/19 and 2019/20 projections to the so-called “austerity” of the Harper government (see chart 7). This is a useful comparison - especially since the Prime Minister and Finance Minister have regularly juxtaposed their fiscal policy against their predecessor. Remember Prime Minister Trudeau told Canadians and the world that he “believed in investment rather than austerity” (Canadian Press 2015).

Yet this pronouncement seems a bit at odds with his government’s spending projections in the next two years. The similarities with the Harper government’s fiscal policy seem notable. Put differently: the Trudeau government’s spending plans for the next two years are more similar to the Harper government’s than its own fiscal record to date. Institute for Fiscal Studies and Democracy (IFSD) economist Randall Bartlett (2018) calls it “soft austerity.” This has got to raise some questions about the reliability of the government’s fiscal projections and the risk that it fails to achieve its own spending targets.

The question is: does the government essentially adopt its predecessor’s fiscal policy or break with its own projections? The latter seems more likely.

A recent report by the IFSD called these projections “unrealistic” in this regard (Bartlett 2018). No kidding. There are various reasons to be sceptical that the Trudeau government will achieve such a drop in spending growth - including:

- Reprofiling of infrastructure funding into later years will cause spending to be higher-than-projected in those years.
- Off-cycle spending such as the recent increases to the Canada Child Benefit and Working Income Tax Benefit and the creation of a new housing voucher may be laudable but exhibits a pro-spending bias and provides little indication we will see spending discipline in the near term.
- Budgets 2018 and 2019 will invariably need to address spending pressures such as sunsetting programs, program integrity issues, and other unforeseen issues.
• Potential for a softening economy that is reflected in higher-than-projected transfers to individuals – namely Employment Insurance.
• Costs associated with the 2019 election which, based on past experience, should amount to $400 million in 2019/20 (Bartlett 2018).
• As discussed in elsewhere in this paper, the potential for spending increases motivated by the political cycle.

The key point is: there is a good probability that average spending growth in the next two years will amount to something closer to 6.3 percent (three-year average between 2015/16 and 2017/18) than 2.3 percent (average projection for 2018/19 and 2019/20). The result would put pressure on Ottawa’s budgetary balance. We could end up with a higher and longer deficit than is currently projected.

Potential Effects on the Federal Budget

What does this mean for the current government’s fiscal projections?

It seems highly probable that there is upward pressure with regards to its spending plans for the next two years. The likelihood that the government will buck historic trends and lower its pre-election spending growth to Harper-like levels seems low. The outcome will be higher-than-projected total program spending in the next two years.

It is possible that better-than-projected revenue growth could offset any negative adjustments to Ottawa’s spending and therefore leave its overall budgetary projections unaffected. But it is also possible that its spending growth is greater than any revenue gains and in turn the government’s budget deficit worsens. Analysis of the government’s revenue projections is beyond the scope of this commentary.

The point is that fiscal estimates involve various inputs and factors. It is not our purpose to reproduce fiscal estimates. It is to provide an illustrative sense of what could happen if the government’s current projections fail to materialize for the factors cited above and instead looks more similar to past behaviour.

One example: program spending is projected to grow by 2.4 percent from $304.9 billion to $312.2 billion between this year and next. If it were to grow by 6 percent instead, it would go from $304.9 billion to $323.3 billion and ceteris paribus the deficit would go from $18.6 billion to $29.8 billion.

Another example: if 2019/20 program spending (in which the 2019 election will occur) grows by 6 percent instead of 2.2 percent (as projected), year-over-year spending would increase by $18.7 billion instead of $6.8 billion. The deficit could thus be as high as $29 billion rather than the $17 billion currently projected. This probably underestimates actual spending growth to the extent that it assumes that 2018/19 projections actually materialize. But readers will get the point: simply adhering to recent trendlines produces higher levels of spending than the government currently projects.

"The likelihood that the government will buck historic trends and lower its pre-election spending growth to Harper-like levels seems low.”"
If the government were to increase spending along historic lines in the election cycle, it would mean that spending growth would be even higher (see chart 8). Remember average election-year program spending growth was 7.8 percent over the past 50 years. If 2019/20 program spending grows by 7.8 percent, year-over-year spending would increase by $24.4 billion instead of $6.8 billion. The deficit could thus climb to as high as $35 billion in the election year or nearly twice as large as currently projected.

The IFSD paper cited above carried out similar analysis. The principal difference is it also reassessed the government’s projections for revenue and debt charges. It estimates a worsening fiscal track over the course of the current mandate and into the next four-year term (see chart 9).

If these independent estimates are closer to the actual results than the government’s own projections, the outcome will be larger and longer deficits.
Conclusion

The government’s upcoming budget will provide greater insight into Ottawa’s medium- and long-term fiscal projections. This short commentary has sought to consider the downside risks to its current budgetary plan. It tells a story of seemingly two governments – one that has ramped up spending in its first two years and another which will inexplicably control spending growth in its final two years.

The root of the problem then is that the government’s spending projections almost certainly understate its growth rate between now and the 2019 election – especially when one considers the potential for election-driven fiscal opportunism.

The onus is therefore on Ottawa to set out a clear plan to achieve its own budget projections. Budget 2018 will be a prime opportunity to do so – including a medium-term return to a balanced budget.
About the Author

Sean Speer is a Munk Senior Fellow at the Macdonald-Laurier Institute. He previously served in different roles for the federal government including as senior economic advisor to the Prime Minister and director of policy to the Minister of Finance. He has been cited by The Hill Times as one of the most influential people in government and by Embassy Magazine as one of the top 80 people influencing Canadian foreign policy. He has written extensively about federal policy issues, including personal income taxes, government spending, social mobility, and economic competitiveness. His articles have appeared in every major national and regional newspaper in Canada (including the Globe and Mail and National Post) as well as prominent US-based publications (including Forbes and The American). Sean holds an M.A. in History from Carleton University and has studied economic history as a PhD candidate at Queen’s University.
## Appendix – Fiscal Years and Elections

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Dates</th>
<th>Election Date</th>
<th>Spending Growth (%)</th>
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<tbody>
<tr>
<td>1966-67</td>
<td>April 1966-March 1967</td>
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<td>1971-72</td>
<td>April 1971-March 1972</td>
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<td>1972-73</td>
<td>April 1972-March 1973</td>
<td>1968 election (June 28, 1968)</td>
<td>7.9%</td>
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<td>1973-74</td>
<td>April 1973-March 1974</td>
<td>1972 election (October 30, 1972)</td>
<td>15.6%</td>
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<td>1974-75</td>
<td>April 1974-March 1975</td>
<td>1974 election (July 8, 1974)</td>
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<td>1979-80</td>
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<td>1979 election (May 22, 1979)/1980 election (February 18, 1980)</td>
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<td>2015 election</td>
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<td>2016-17</td>
<td>April 2016-March 2017</td>
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References


Endnote

Critically Acclaimed, Award-Winning Institute

The Macdonald-Laurier Institute fills a gap in Canada’s democratic infrastructure by focusing our work on the full range of issues that fall under Ottawa’s jurisdiction.

- One of the top five think tanks in Canada and No. 1 in Ottawa according to the University of Pennsylvania.
- Cited by five present and former Canadian Prime Ministers, as well as by David Cameron, the British Prime Minister.
- Hill Times says Brian Lee Crowley is one of the 100 most influential people in Ottawa.
- The Wall Street Journal, the Economist, the Globe and Mail, the National Post and many other leading national and international publications have quoted the Institute’s work.

“"The study by Brian Lee Crowley and Ken Coates is a ‘home run’. The analysis by Douglas Bland will make many uncomfortable but it is a wake up call that must be read.”

FORMER CANADIAN PRIME MINISTER PAUL MARTIN ON MLI’S PROJECT ON ABORIGINAL PEOPLE AND THE NATURAL RESOURCE ECONOMY.

Ideas Change the World

Independent and non-partisan, the Macdonald-Laurier Institute is increasingly recognized as the thought leader on national issues in Canada, prodding governments, opinion leaders and the general public to accept nothing but the very best public policy solutions for the challenges Canada faces.
About the Macdonald-Laurier Institute

What Do We Do?

When you change how people think, you change what they want and how they act. That is why thought leadership is essential in every field. At MLI, we strip away the complexity that makes policy issues unintelligible and present them in a way that leads to action, to better quality policy decisions, to more effective government, and to a more focused pursuit of the national interest of all Canadians. MLI is the only non-partisan, independent national public policy think tank based in Ottawa that focuses on the full range of issues that fall under the jurisdiction of the federal government.

What Is in a Name?

The Macdonald-Laurier Institute exists not merely to burnish the splendid legacy of two towering figures in Canadian history – Sir John A. Macdonald and Sir Wilfrid Laurier – but to renew that legacy. A Tory and a Grit, an English speaker and a French speaker – these two men represent the very best of Canada’s fine political tradition. As prime minister, each championed the values that led to Canada assuming her place as one of the world’s leading democracies. We will continue to vigorously uphold these values, the cornerstones of our nation.

Working for a Better Canada

Good policy doesn’t just happen; it requires good ideas, hard work, and being in the right place at the right time. In other words, it requires MLI. We pride ourselves on independence, and accept no funding from the government for our research. If you value our work and if you believe in the possibility of a better Canada, consider making a tax-deductible donation. The Macdonald-Laurier Institute is a registered charity.

Our Issues

The Institute undertakes an impressive program of thought leadership on public policy. Some of the issues we have tackled recently include:

- Aboriginal people and the management of our natural resources;
- Making Canada’s justice system more fair and efficient;
- Defending Canada’s innovators and creators;
- Controlling government debt at all levels;
- Advancing Canada’s interests abroad;
- Ottawa’s regulation of foreign investment; and
- How to fix Canadian health care.
What people are saying about the Macdonald-Laurier Institute

In five short years, the institute has established itself as a steady source of high-quality research and thoughtful policy analysis here in our nation’s capital. Inspired by Canada’s deep-rooted intellectual tradition of ordered liberty – as exemplified by Macdonald and Laurier – the institute is making unique contributions to federal public policy and discourse. Please accept my best wishes for a memorable anniversary celebration and continued success.

THE RIGHT HONOURABLE STEPHEN HARPER

The Macdonald-Laurier Institute is an important source of fact and opinion for so many, including me. Everything they tackle is accomplished in great depth and furthers the public policy debate in Canada. Happy Anniversary, this is but the beginning.

THE RIGHT HONOURABLE PAUL MARTIN

In its mere five years of existence, the Macdonald-Laurier Institute, under the erudite Brian Lee Crowley’s vibrant leadership, has, through its various publications and public events, forged a reputation for brilliance and originality in areas of vital concern to Canadians: from all aspects of the economy to health care reform, aboriginal affairs, justice, and national security.

BARBARA KAY, NATIONAL POST COLUMNIST

Intelligent and informed debate contributes to a stronger, healthier and more competitive Canadian society. In five short years the Macdonald-Laurier Institute has emerged as a significant and respected voice in the shaping of public policy. On a wide range of issues important to our country’s future, Brian Lee Crowley and his team are making a difference.

JOHN MANLEY, CEO COUNCIL