

# A Future Worth Fighting For

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A Short Essay Discussing the Impact of Government Debt,  
Deficits, and Unfunded Liabilities

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When public figures make expensive decisions or promises, they aren't the ones on the hook. The leaders of tomorrow are the ones who are forced to inherit and manage the mess created by those who lack the foresight to do what's right. Deficits, debt, and unfunded liabilities created by today's politicians all add up to cause vast problems for future generations. When tax dollars are set aside for debt service charges or for settling up liabilities, there exists less money for core services, less money for infrastructure, and less money for social programs. Not unlike a household, a government free of financial burden is a government that can better serve the people it is elected to represent.

Unfortunately, the sad reality of today's political climate is that some politicians are more concerned about being re-elected than protecting future generations from undue financial burden. It's only too common to see a government rack up immense deficits and odious debt on the public account without being challenged. When a government borrows money from future generations to satisfy an election promise or buy votes, that politician is stealing opportunity from the young minds he or she should be supporting. Promises and liabilities often lead to deficits, which always lead to debt. Having to deal with debt service charges then makes it harder to balance budgets. That cruel cycle has caused great harm to many administrations around the world.

It's worth noting that the province of Saskatchewan is well on its way to paying off its debt and putting an end to that vicious cycle<sup>1</sup>. Further, it's no coincidence that said improvement in financial position has led Saskatchewan to become one of the driving forces in the Canadian economy. The province is better able to attract human capital, promote private sector growth, and invest in its people today than it could a handful of years ago; look no further than its diversified economy and 3.9% unemployment rate as evidence<sup>23</sup>.

As exemplified briefly above, the opportunities for a jurisdiction free from the encumbrance of excessive debt are endless. On the other hand, a country or province that continually borrows from future generations to solve its problems today will ultimately run into great troubles. The Eurozone debt crisis should serve as a stark reminder to politicians and citizens alike that borrowing comes with dire consequences. An entry from the International Economics & Economic Policy journal derived that excessive debt causes government's "freedom of action [to turn] into pressure to react even under unfavorable

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<sup>1</sup> Debt Reduction - Finance -. (n.d.). Debt Reduction - Finance -. Retrieved March 28, 2014, from <http://finance.gov.sk.ca/Default.aspx?DN=2027985a-c4ec-46a7-9df8-3b74d4c837bb>

<sup>2</sup> NEW JOB NUMBERS SHOW A STRONG AND DIVERSIFIED SASKATCHEWAN ECONOMY. (2013, December 6). - Government of Saskatchewan. Retrieved March 27, 2014, from <http://www.gov.sk.ca/news?newsId=daafa0ef-f6af-4fd3-add2-ab8f50ca7f96>

<sup>3</sup> Labour force characteristics, seasonally adjusted, by province (monthly) (Saskatchewan, Alberta, British Columbia). (n.d.). Government of Canada, Statistics Canada. Retrieved March 27, 2014, from <http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/lfss01c-eng.htm>

conditions<sup>4</sup>.” In essence, a regime burdened by financial strain is no longer best able to represent its people.

Recall that when former Alberta Premier Ralph Klein held up a “paid in full” sign in 2004, many Albertans took solace in the fact that every one of their tax dollars could go towards paying for core services and infrastructure<sup>5</sup>. The province of Alberta didn’t have to worry about being hampered by creditors; rather, it could worry about serving its people. Young citizens were then free to create opportunity and success without being disadvantaged by the decisions of others. While those days are now gone, the example set by the late Premier is one that should be followed by leaders today. The underlying message is that just as governments expect every home and business to balance budgets and maintain solid fiscal footing, citizens need to demand those exact same things of government. Less debt, smaller deficits, and funded liabilities give governments flexibility to do what they’re elected to do. That’s why this issue is so important; a future worth fighting for is at stake.

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<sup>4</sup> Bilkic, N. N., Carreras Painter, B. B., & Gries, T. T. (2013). Unsustainable sovereign debt-is the Euro crisis only the tip of the iceberg?. *International Economics & Economic Policy*, 10(1), 1-45. doi:10.1007/s10368-013-0230-2

<sup>5</sup> Calgary Herald front page dated July 13, 2004. Premier Ralph Klein holds a "Paid In Full" banner celebrating Alberta's debt free status.. (n.d.). Calgary Herald front page dated July 13, 2004. Premier Ralph Klein holds a "Paid In Full" banner celebrating Alberta's debt free status.. Retrieved March 27, 2014, from [http://www.calgaryherald.com/story\\_print.html?id=5314201](http://www.calgaryherald.com/story_print.html?id=5314201)

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