

Budgeting in Canada: Centre Stage of Government and Governance

Chapter Summary

The budget is the main political instrument that identifies major public policy implications for a government. The core elements of budgeting as identified in this chapter are its functions, the levels of budgetary activities, and the general institutional setting of cabinet–parliamentary government, federalism, and interest-group politics. The first element of budgeting – control, management, and planning – represents the core function and purpose of the budgetary process. As the author describes, each of these functions relates to the importance of the budgeting process, in particular as a budget reflects the spending and taxing decisions of a government, the management of ongoing program activities, and the planning of policy and setting of priorities for an administration.

The different types of budgeting – macro, micro, and mezzo – also relate to the changing issues prevalent in government budgetary perspectives. As the author states, mezzo budgeting has arisen in prominence due to growth of the state, both internally and externally to the government processes. There are two important aspects to note regarding a discussion of budgeting and governance. First, budgeting occurs in both an institutional and constitutional context. In a constitutional framework, only the executive and the cabinet can introduce money bills, including expenditure initiatives and anything relating to public funding. In turn, this principle holds the elected legislative ministers to account, both collectively as a cabinet and as individuals. From an institutional perspective, demands for shortening the budgetary process have resulted in the development of both an institutionalized budget as well as a highly personalized budgetary process reflecting the politician’s identifications and concerns for both citizens and public services and programs.

These two focuses present the main differences between revenue budgeting, predominantly controlled through the prime minister and the minister of finance, and the expenditure budgetary

process of the other ministers in government. A further discussion of three distinct time periods in Canada's federal government's budgetary history identifies several issues. The first period before the 1940s represented a concern for budgeting integrity and control at the micro level. This was seen predominantly in governments balancing their budgets. The second phase, from the 1940s to the 1970s, was a macro-level planning and implementation stage related to the influence of Keynesian economics on government budgets. The third stage, from the mid-1970s to the early 2000s, included the rise and fall of mezzo budgeting, representing a move away from Keynesian economic policy and towards a more focused, centralized attempt by government to control interest rates of the Bank of Canada.

In the last sections of this chapter, the author briefly examines recent politics in budgeting, specifically addressing the incrementalist measures practiced by minority governments and a shift to more central control through Omnibus bills during the Harper administration. He concludes this chapter by suggesting the return of "aspirational planning" now practiced by the current political administration under Prime Minister Justin Trudeau.

Annotated Weblinks

- 1) https://www.ourcommons.ca/About/Compendium/FinancialProcedures/c_d_financialcycle-e.htm

This House of Commons compendium of procedure outlines the financial cycle of the federal government's budgetary process from April 1 to March 31, including considerations relating to the main estimates and supplementary estimates.

- 2) <https://www.canada.ca/en/treasury-board-secretariat/services/planned-government-spending/budgets-expenditures.html>

The federal government's budget and listing of expenditures, including quarterly reports, explanations, and actual expenditures.

- 3) <https://www.fin.gc.ca/access/budinfo-eng.asp>

The Department of Finance's publication of the federal budget 2017 and the federal budget of 2016 along with archived budget documents from 1968-2015.