



# **Party Platform Fiscal Credibility Assessment**

## **2021 Federal Election**

September 16, 2021

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## Why IFSD decided to assess party platforms?

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- Election platforms are important
  - They signal what matters to political parties
  - With whom the parties are engaging
  - A tool for the citizens to hold a new government to account
  - An important communication tool to tell voters where the parties stand on important issues
- Despite the importance of platforms there are no standards for their formulation and content. So, it can be difficult to assess and compare platforms in terms of the relevance of their content, the feasibility of their commitments, and their economic and fiscal implications.
- PBO's costing of individual platform proposals allows us to assess and compare the fiscal cost of the proposals with confidence.
- But there is still a need for assessing the fiscal framework of each platform when we put those individual costed proposals together.

## IFSD's assessment framework

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- To close this gap, before the 2019 election, we at IFSD decided to prepare a framework for assessing the fiscal credibility of each platform.
- Fiscal management is just one dimension of a party platform, but it is an important one. The ability of parties to implement their platform, if elected, depends critically on their capacity for fiscal management.
- IFSD's assessment framework is based on three principles:
  - Realistic and credible economic and fiscal projections
  - Responsible fiscal management
  - Transparency
- I acknowledge that one could consider other principles and criteria. As well, it is clear that assessing fiscal credibility involves a degree of judgement.
- To reduce the subjectivity of the assessment framework, for each principle we have set evaluation criteria and a scoring mechanism.

## Principle 1: Realistic and credible economic and fiscal projections

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- Election platforms should be based on a realistic planning environment. This means, an economic and fiscal outlook that is reasonable and trustworthy. The platform should also consider economic and fiscal challenges and risks.
- We have chosen three indicators to evaluate and score this principle
  1. Platform uses the latest PBO baseline economic and fiscal forecasts
  2. Platform articulates economic challenges
  3. Platform articulates fiscal challenges

## Principle 2: Responsible fiscal management

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- Election platforms are deemed to be responsible in fiscal management if the combined impact of costing of policy proposals are managed within clear and accountable budgetary constraints that promote economic growth and stabilization over the business cycle and longer-term sustainability of public finances in the face of aging demographics.
- We have three criteria for assessing fiscal management:
  1. The platform's commitments are consistent with a defensible medium-term fiscal strategy and framework
  2. The platform's commitments maintain long-term fiscal sustainability
  3. The fiscal planning framework contains adequate provisions for unforeseen events and/or forecasting errors

## Principle 3: Transparency

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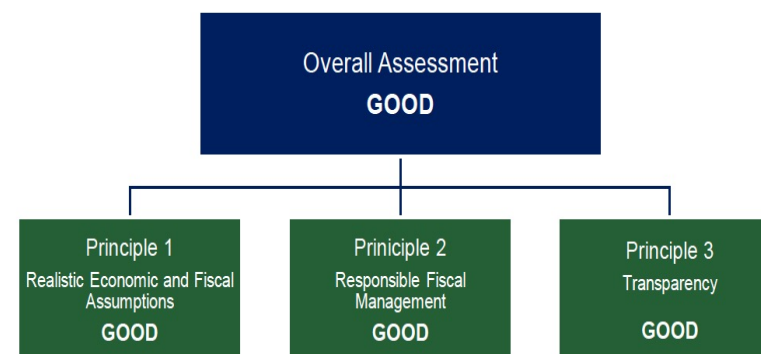
- A transparent platform provides enough information about its policy measures to support its claims in terms of their impacts on the economy, the finances of the government and the wellbeing of individuals and families.
- We have three criteria for assessing transparency:
  1. Platform provides economic and fiscal outlook for five years with details on key indicators, which incorporate the proposed policy measures.
  2. Platform provides sufficient detail on its proposed policy measures
  3. Platform provides a clear implementation plan for key policy measures

## Proposed measures' cost

	Liberal Party	Conservative Party	New Democratic Party
New expenditure / Tax expenditure Total 2021-22 to 2025-26	\$78	\$98.7	\$209
Source of funds Total 2021-22 to 2025-26			
• New taxes	\$25	\$10.7	<b>\$185</b>
• Harvesting fiscal framework	0	\$36.7	\$4.8
Incremental debt interest	\$2.7	\$2.4	\$1.6
Prudence / Contingency	\$15	0	\$9.2
Deficit in 2025-26	\$32	\$24.7	\$34.1
Debt in 2025-26	\$1392	1375	\$1370

## Liberal Party platform

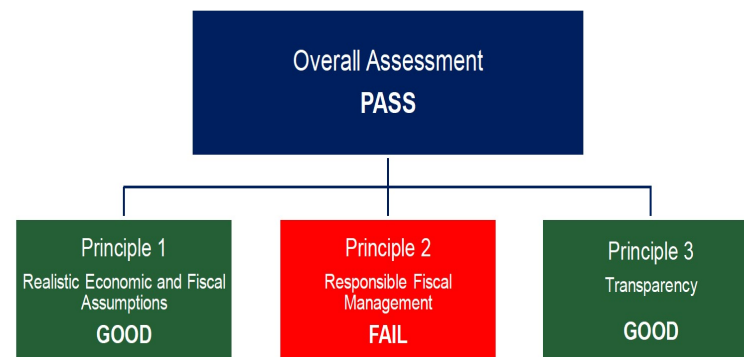
Principle	Score
<b>1. Realistic and Credible Economic &amp; Fiscal Assumptions</b>	LPC
1.1 Platform uses the latest PBO baseline economic and fiscal forecast.	2
1.2 Platform articulates economic challenges.	1.5
1.3 Platform articulates fiscal challenges.	1
<b>2. Responsible Fiscal Management</b>	
2.1 Platform's commitments are consistent with a defensible medium term fiscal strategy and framework .	1.5
2.2 Platform's commitments maintain long-term fiscal sustainability.	2
2.3 The fiscal planning framework contains adequate provisions (prudence) for fiscal risks, economic risks and unforeseen events.	2
<b>3. Transparency</b>	
3.1 Platform provides economic and fiscal forecasts for 5 years (2021-2025) with details on key indicators, which incorporate the proposed policy measures.	2
3.2 Platform provides sufficient detail on the proposed measures.	2
3.3 Platform provides a clear implementation plan for key policy measures.	1.5





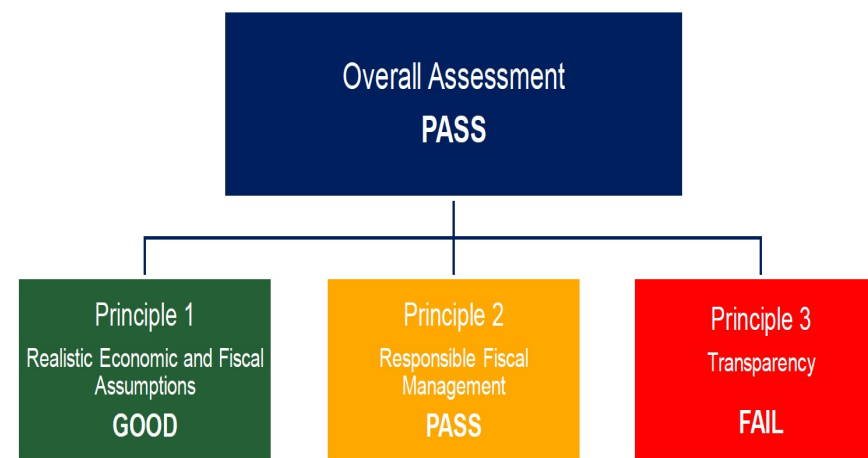
## Conservative Party platform

Principle	
<b>1. Realistic and Credible Economic &amp; Fiscal Assumptions</b>	CPC
1.1 Platform uses the latest PBO baseline economic and fiscal forecast.	2
1.2 Platform articulates economic challenges.	1
1.3 Platform articulates fiscal challenges.	1
<b>2. Responsible Fiscal Management</b>	
2.1 Platform's commitments are consistent with a defensible medium term fiscal strategy and framework .	1
2.2 Platform's commitments maintain long-term fiscal sustainability.	0.5
2.3 The fiscal planning framework contains adequate provisions (prudence) for fiscal risks, economic risks and unforeseen events.	1
<b>3. Transparency</b>	
3.1 Platform provides economic and fiscal forecasts for 5 years (2021-2025) with details on key indicators, which incorporate the proposed policy measures.	1.5
3.2 Platform provides sufficient detail on the proposed measures.	2
3.3 Platform provides a clear implementation plan for key policy measures.	1.5



## NDP platform

Principle	
1. Realistic and Credible Economic & Fiscal Assumptions	NDP
1.1 Platform uses the latest PBO baseline economic and fiscal forecast.	1.5
1.2 Platform articulates economic challenges.	1
1.3 Platform articulates fiscal challenges.	1.5
2. Responsible Fiscal Management	
2.1 Platform's commitments are consistent with a defensible medium term fiscal strategy and framework .	1
2.2 Platform's commitments maintain long-term fiscal sustainability.	0.5
2.3 The fiscal planning framework contains adequate provisions (prudence) for fiscal risks, economic risks and unforeseen events.	2
3. Transparency	
3.1 Platform provides economic and fiscal forecasts for 5 years (2021-2025) with details on key indicators, which incorporate the proposed policy measures.	1
3.2 Platform provides sufficient detail on the proposed measures.	1
3.3 Platform provides a clear implementation plan for key policy measures.	0.5



## Comparing three parties

Principle	Score		
1. Realistic and Credible Economic & Fiscal Assumptions	LPC	CPC	NDP
1.1 Platform uses the latest PBO baseline economic and fiscal forecast.	2	2	1.5
1.2 Platform articulates economic challenges.	1.5	1	1
1.3 Platform articulates fiscal challenges.	1	1	1.5
<b>Score</b>	Good	Good	Good
2. Responsible Fiscal Management			
2.1 Platform's commitments are consistent with a defensible medium term fiscal strategy and framework.	1.5	1	1
2.2 Platform's commitments maintain long-term fiscal sustainability.	2	0.5	0.5
2.3 The fiscal planning framework contains adequate provisions (prudence) for fiscal risks, economic risks and unforeseen events.	2	1	2
<b>Score</b>	Good	Fail	Pass
3. Transparency			
3.1 Platform provides economic and fiscal forecasts for 5 years (2021-2025) with details on key indicators, which incorporate the proposed policy measures.	2	1.5	1
3.2 Platform provides sufficient detail on the proposed measures.	2	2	1
3.3 Platform provides a clear implementation plan for key policy measures.	1.5	1.5	0.5
<b>Score</b>	Good	Good	Fail

## Conclusions

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- We acknowledge that our evaluation and scoring reflects our judgement to some degree
- If we only look at the overall fiscal profile over the next five years, there is not much difference among the three parties. What is needed is to look at the policies behind those numbers and that is what we tried to do in our evaluation of the platforms
- A very ambitious plan like the NDP's requires more information and analysis on its longer-term impacts on the economy and on the future finances of the government
- Fiscal targets beyond the current mandate are not credible
- Programs that lead to significant long-term fiscal pressures must be identified
- It is important that all major initiatives are costed by the PBO

## Thank-you

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