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NEWS RELEASE

## ***Quebec's Public Debt Level Mortgages Its Future***

***Institute for  
Research on  
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***Quebec must adopt an ambitious policy to reduce its debt burden, say authors of a new IRPP study.***

**Montreal** – The public debt level in Quebec is too high. And, despite the government's zero deficit goal, in place since 1996, the debt continues to increase. This is what Marcelin Joanis and Claude Montmarquette say in "La dette publique : un défi prioritaire pour le Québec," published today by the Institute for Research on Public Policy (IRPP.org).

The fiscal restraint measures adopted in 1996 were simply not enough to put the province's finances back on track toward achieving long-term fiscal balance, they say. Yet Quebecers do not seem concerned by these facts and show little enthusiasm for debt reduction.

Joanis and Montmarquette, researchers at the Centre interuniversitaire de recherche en analyse des organisations (CIRANO), find this indifference worrisome. Their study examines the consequences of a high debt burden on such matters as the government's fiscal flexibility and intergenerational equity and the sustainability of public services.

As the authors explain, it is anticipated that population aging will put tremendous pressure on public finances in the decades to come. Moreover, an increasing debt will push some of the costs of current government spending onto future generations, who will derive little benefit.

To address the pressure of population aging and improve the credibility of budgetary policy, they recommend that the government adopt a more prudent and fiscally responsible approach, aimed at controlling the debt and progressively reducing it.

Joanis and Montmarquette propose the following plan of action:

- ◆ Replace the zero deficit goal in favour of a \$1 billion annual surplus, and establish an annual contingency reserve;
- ◆ Appropriate any unused balance from this reserve fund to pay down the debt as well as to establish a stabilization fund to deal with future economic fluctuations; and
- ◆ Sell some public assets, but only after conducting a detailed examination of the impact this would have on the economy and on the province's fiscal prospects.

“La dette publique : un défi prioritaire pour le Québec” is the latest *Choices* study to be released as part of the IRPP’s Economic Policy and Growth series. It is now available online in Adobe (.pdf) format on the Institute’s Web site ([www.irpp.org](http://www.irpp.org)).

For more information or to request an interview, please contact the IRPP.

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**Contact:**

Jasmine Sharma ([jsharma@irpp.org](mailto:jsharma@irpp.org))  
Director of Communications and Public Relations  
IRPP.org  
Office: (514) 985-2461, ext. 324  
Cellular: (514) 235-8308