Provincial Services & Spending Decisions

Provincial governments are responsible for many services which directly affect our everyday lives like education, healthcare, and natural resources. During economic recessions (slow downs), governments have to make tough decisions about areas they need to cut costs and areas whose spending needs to be protected.

Partner Activity

With a partner discuss 2 pros and 2 cons for cutting spending in the following provincial services

Service	**Agriculture (farming) & rural development**	
What it could include	• Supporting farmers through investment • Manage crown (government) lands • Sustainable farming programs • Help manage risks of/support during extreme weather	
2 reasons why spending cuts in this area make sense		
2 reasons why spending cuts in this area would be harmful		
Service	**Healthcare**	
What it could include	• Public healthcare (access to doctors and medical care) • Pharmacare or other prescription drug cost sharing programs • Hospitals • Vaccination programs	
2 reasons why spending cuts in this area make sense		
2 reasons why spending cuts in this area would be harmful		
Service	**Education**	

What it could include	• Public education for all children • Curriculum (deciding and creating the material each course will include) • Bursaries and scholarships for students attending college and universities	
2 reasons why spending cuts in this area make sense		
2 reasons why spending cuts in this area would be harmful		
Service	**Natural Resources**	
What it could include	• Conservation programs • Forestry, wildlife, and water conservation and development • Flood and forest fire warnings and response programs	
2 reasons why spending cuts in this area make sense		
2 reasons why spending cuts in this area would be harmful		
Service (student choice)		
What it could include (min. 3)	•	
2 reasons why spending cuts in this area make sense		
2 reasons why spending cuts in this area would be harmful		

During economic downturns, governments need to decide if they will try to balance their budgets and cut spending OR continue or even increase their spending and go into debt. This is a very hard choice because governments know citizens depend on the services they offer and they also know the challenges of having large debt loads. In

Canada, we generally increase spending during recessions through large public spending projects and financial aid. We call this **Keyniasism**. In some places, like the European Union, they have tried **austerity** measures (cutting spending) during recessions but have returned to Keynesian models. Spending during a recession seems **counter-intuitive** (it does not make sense). Why do many governments think that long-term this is a positive way to move out of a recession? Why do you think governments often do not eliminate the debts they have created after the recession ends?

Our definition of Keynesianism is
Our definition of austerity is
Why do many governments think long term spending on large projects and financial support is a positive way to move out of a recession
Why do you think governments often do not eliminate the debts they have created after the recession ends