



## What a Conservative Government Means for the Stock Market

### Description

Under past conservative governments, the stock market has historically performed well. Stephen Harper's Action Plan helped Canada recover from the 2008-2009 recession and provided the foundation for the economy we know today.

The Action Plan was a \$61 billion stimulus package introduced by the conservatives that focused on reducing taxes, increasing Employment Insurance benefits, creating jobs, investing in education, improving affordability and supporting hard-hit communities.

If Scheer wins the election, he will inherit a much different economy than Harper. Let's see his stances on taxes, the environment and corporations.

### Taxes

Justin Trudeau recently announced a tax plan to rival the conservatives. Trudeau has promised to increase the threshold under which no taxes are paid from the current \$12,000 to \$15,000, which would result in savings of \$292 for an average Canadian.

Trudeau's announcement came a week before he promised he would [reduce cell phone bills by 25%](#), saving Canadians even more money.

Andrew Scheer announced that he would cut the rate on the lowest-income tax bracket from 15% to 13.75% — a move that's expected to save the average Canadian \$445 per year.

From an economic standpoint, the conservative tax break would be more beneficial to the economy in two ways.

First, the dollar amount is higher, which means that those belonging to the lower income classes will benefit from extra money to pay for necessities they buy from companies such as **Loblaws**. Industries poised to benefit from this additional spending are specific to retail and food service.

Second, the higher dollar amount means that those in the middle class and upper class income brackets will have more money to invest in the stock market. Additional funds chasing the same amount of shares puts upward pressure on stock prices across all industries.

## Environment

Despite the conservatives having a poor record when it comes to the environment, Andrew Scheer has made it clear that he is no Stephen Harper.

Scheer recently announced a home renovation tax credit of 20% on expenditures between \$1,000 and \$20,000 put toward making homes more efficient, which is estimated to save Canadians up to \$3800 on taxes each year.

The liberals have promised up to \$40,000 in interest-free loans for eco-friendly home renovations, which would save Canadians \$2400 a year in interest payments.

Both plans would benefit the stock market, as home renovation incentives encourage consumers to spend money at home improvement stores like the **Home Depot** and **Canadian Tire** while also putting money back in people's pockets toward shopping, vacation and investing.

Despite Scheer's home renovation incentive, he continues to be a [staunch supporter of the oil and gas industry](#), which engages in environmentally destructive practices.

## Corporations

In a departure from his predecessor, Andrew Scheer has taken a pragmatic approach to corporate kickbacks which include the elimination of \$1.5 billion in government subsidies.

This is in opposition to Harper's \$60 billion in corporate tax cuts during his time in office. Scheer's elimination of corporate subsidies will have a noticeable impact on the balance sheet of corporations.

An example of the impact includes the \$220 million purchase of energy-efficient gas turbines for the Canada LNG project in B.C., which Scheer stated he would not have funded.

By putting the onus of expensive projects on corporations, it will greatly increase its liabilities, which may deter investors from buying shares of a company.

This negatively affects the stock market, as there will be a dwindling number of buyers compared to a steady number of sellers.

As the subsidies span all industries, the effect will be widespread.

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