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LIBERALS: ONE SIZE FITS ALL

Americans think government is the problem, and vote for tax cuts. As last night's Ontario election illustrates, Canadians take a more Liberal approach, say pollsters MICHAEL ADAMS and JANE ARMSTRONG

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This is turning out to be quite a year for Canadian liberalism. The Liberal Chrétien government has gained international attention for Canada by indicating its support for legalized gay and lesbian marriages and a promise to decriminalize possession of small amounts of marijuana. No longer just a country of cold, Canada is now considered "cool" -- at least in some British and American circles. Yet Canadians themselves have rather mixed views on these two pieces of legislation. North of the 49th parallel, we like to temper our liberalism with a strong dose of conservatism.

Earlier this year, Quebecers replaced an unpopular sovereigntist PQ government with provincial Liberals led by Jean Charest. Now Ontario has replaced an unpopular neo-conservative Tory government with Liberals led by Dalton McGuinty. In both provinces, the Liberal alternative has built much of its policy platform on a firm foundation of fiscal conservatism.

What is most remarkable about the Ontario electorate in 2003 is its rejection of the tax-cutting policies of the incumbent Progressive Conservatives. The cornerstone of Mr. McGuinty's platform has been his pledge not to implement the reductions in corporate and personal income taxes promised by the Conservatives. He also opposed the Tory plank that would allow a portion of mortgage interest to be deducted from taxable income, and another that would give seniors a break on the portion of their property tax that pays for public education. The Liberal leader further promises to rescind the Conservative government's policy that gives parents of children in private schools a tax credit for part of their tuition fees.

Remarkably, public opinion polls released just before the election showed the Liberals enjoying as much support from the very highest-income groups as they do from lower-income families, and they do as well among the elderly as among younger age groups. Interestingly, Ontario's New Democrats do best among the youngest voters (which suggests that the future of Canadian politics may reflect more the leftist idealism of a Naomi Klein than the neo-conservatism of a David Frum, who has quit what he calls the "Canadian socialist gulag" for the United States).

There are no mainstream U.S. liberal parties. Ever since Howard Jarvis's 1978 anti-tax Proposition 13 in California was capped off by Ronald Reagan's election to the presidency in 1980, all politics seems to be right-of-centre, as both the Republican and Democratic parties have been tripping over each other with promises of tax relief. President George W. Bush wants a guns-and-butter budget with lower taxes and increased government spending, including \$87-billion (U.S.) next year for the American-led effort in Iraq. The "butter" is not increased government spending on social programs, which is the kind of "butter" Canadians hope for, but tax relief for middle-income (and especially upper-income) Americans.

These elections and public policy initiatives reflect a growing gap between Canadians and Americans: Canadians support public spending because they believe public spending on health care, education and many other services improves the quality of their lives. Americans are far less likely than Canadians to believe they will personally benefit from more spending on public services. The exception, since the tragedy of 9/11, is the military and homeland security.

Some time in the 1970s, Americans decided that governments were the problem, not the solution. Canadians, meanwhile, had developed an abiding attachment to their country's version of the social welfare state, or at least those programs that were universal or near universal in nature. Where Canadians want more government, Americans want more tax relief. As a result, Princeton economist Paul Krugman wrote in a recent New York Times Magazine article, the U.S. tax take was down to 26 per cent of GDP in 2002, compared 38 per cent of GDP reported for Canada in 1999.

True, in the 1990s, Canada witnessed the election of governments dedicated to an agenda of fiscal prudence: Jean Chrétien and Paul Martin in 1993, Mike Harris and his Conservatives in Ontario in 1995, and recently, Jean Charest's Liberals in Quebec. But the appeal of these governments was due to their promises to restore fiscal integrity to public spending and actually preserve the social welfare state by making it financially sustainable.

Over the past decade, Canadians have shown a desire to return to the classic fiscal conservatism of their Scottish and French-Canadian ancestors who, together with other parsimonious immigrants, elected parties that struck a balance between fiscal conservatism and the provision of innovative government programs. Tommy Douglas's CCF, which seized power in Saskatchewan in 1944 to become Canada's first socialist government, rightly prided itself on balancing its budgets while blazing the trail to a universal system of public health insurance.

But in the 1970s and 1980s Canadian governments of all parties departed from the Canadian norm by spending more money on public programs than was justified by their tax revenues, ultimately pushing the public debt to 64 per cent of GDP in 1993. Canada was threatened with Third World status as some of our governments faced difficulty floating their debt on the international money markets and were forced to pay unusually high interest rates for sovereign debt.

Now, after a decade of cutbacks in public spending to restore the fiscal balance, our polling is showing increasing concern over the neglect of the public services people so cherished. Time for balance yet again.

In 2003, the Ontario public worries that governments are neglecting, and maybe also mismanaging, our once-envied systems of health care and public education; that government tampering with the water-safety system in the interest of fiscal constraint led to Walkerton; and that botched attempts at privatization and price deregulation have compromised our once-vaunted public power system. People lost trust in the Tory leadership that had governed the province since 1995.

Ontarians were happy to vote Conservative to restore fiscal integrity and balanced budgets, but they were not willing to vote for a neo-conservative agenda that they believe ignores deteriorating public services and rewards corporations and target groups with lower taxes. The public mood has changed. In electing Dalton McGuinty and the Ontario Liberal Party, Ontarians are hoping the province is returning to the conservative liberalism that was the norm in this country for decades -- and that increasingly, differentiates Canada from the United States. The Liberals know they are not being given a mandate to return to the free-spending days before Mike Harris and Paul Martin. There's little taste for spending on new social programs or on programs targeted only at underprivileged minorities. The public, and in particular the beleaguered middle class, wants spending on programs for everyone. Ontario's is a population of conservative liberals, prepared to elect a government that believes in a robust public domain run on fiscally prudent principles, one that taxes the present, not the future. This lesson is being learned by all parties in this country, whatever their label.

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