

## McGuinty offers voters a clear choice on tax cuts

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Ontario Liberal leader Dalton McGuinty deserves credit for his pledge to make the next Ontario election one that will give voters a real choice.

By declaring that he will not proceed with all the corporate tax cuts promised by the Tories and will rescind the **tax credit** for **private** schools, putting public services first, McGuinty is drawing a solid line between the Liberals and the Tories.

Voters are to be asked

Do they agree with McGuinty that these tax cuts must take second place to providing quality early childhood development, good schools, colleges and universities, rejuvenated cities and towns, a cleaner environment including clean air and water, and other public goods and services?

Or do they agree with Premier Ernie Eves that Ontario must continue to give a high priority to further tax cuts, even though many public services, such as schools, are clearly underfunded?

To be fair to Eves, he does not appear to be a rabid neo-conservative. Nonetheless, he is part of a government that has pushed an aggressive tax cut agenda while shortchanging our schools, colleges and universities, as well as our towns and cities, early childhood development, the environment and the homeless.

So the real question is What kind of society, and what kind of communities, do we want?

In the United States we can see the effect of significant tax cuts and balanced-budget legislation. Oregon is slashing school budgets, taking away access to medicines for the elderly and the poor, letting people out of jail early and forcing other cuts on communities. In that state, voters had a choice. In a referendum on a modest tax increase to provide the funding to sustain schools and provide other services, the majority voted against a tax hike. Indeed, this drama is being played out in state after state.

McGuinty is asking Ontario voters to make their own choice. This doesn't mean that he plans to return to budget deficits (he has pledged to maintain balanced budgets), or that he plans to increase taxes. He proposes to take the \$2.2 billion in planned corporate tax cuts and \$500 million in **private** school tax credits and use that money instead to improve **education** and training, support towns and cities and create affordable housing.

There is no doubt that in the 1980s the public pendulum swung against government spending and taxes. This was reflected in the popularity of Thatcherism and Reaganomics. And there is no doubt there was waste and inefficiency that could be squeezed out of governments at all levels. Likewise, there was a strong appetite in the 1990s for tax cuts, in part because real incomes were not rising and taxes were increasingly seen as one of the reasons.

But McGuinty's calculation -or gamble - is that the pendulum is swinging back, not to the high-spending days of the 1970s, but to a recognition that healthy societies depend on public

spending for good schools, colleges and universities, clean air and water, good public transit and other infrastructure in our towns and cities, and access to quality health care - and that these matter more than a continued downsizing of public services to create the room for more tax cuts.

Eves will counter this by contending that governments misspend public money. By pursuing an aggressive program of tax cuts, putting in place balanced-budget legislation and requiring that future tax increases be approved in a public referendum, the Tories hope to impose a permanent straitjacket on what governments can do.

While there are opportunities for public-**private** partnerships and privatization, we know that the free market will not meet all of society's needs. It does not build affordable housing for low-income families, provide universal public **education**, ensure universally available health care, invest adequately in research and development, or meet other important societal needs.

So this is McGuinty's challenge in the coming Ontario election - how great a priority do we place on healthy communities and public investment, as opposed to further tax cuts? While a prosperous economy should, in the years ahead, allow for future tax cuts, McGuinty's position is that the top priority right now should go to the public realm.

Eves' hand will be revealed when his government brings down its next budget, which it has a responsibility to do before it calls an election. But clearly the stage has been set for a much-needed debate about Ontario's priorities and finding the right balance between the public and **private** realms.

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