

NO TIME FOR POLITICS, OR IDEOLOGY, AS USUAL

Graham Fox and Geoff Norquay

January's Throne Speech and the federal budget pressed the reset button on Canada's 40th Parliament, and set the country on a new course toward economic recovery. Public and opposition party response to the budget suggest that the Harper Conservatives got it right. The package hits the G20 target of spending stimulus equal to 2 percent of GDP, and balances that stimulus with help for the vulnerable, tax cuts and sectoral support initiatives. While some critics have slammed the Conservatives for abandoning their principles, most experts and stakeholder groups — indeed most Canadians — can see themselves in this budget in one measure or another.



Fin janvier, le discours du Trône et le dépôt du budget fédéral ont redonné vie à la 40^e législature et engagé le pays sur la voie d'une éventuelle reprise économique. Cette fois, la réaction de la population et de l'opposition laisse penser que le budget conservateur a visé juste. Le plan de relance comprend des dépenses destinées à stimuler l'économie correspondant aux 2 p. 100 du PIB fixés par les pays du G20, tout en prévoyant une aide aux plus vulnérables, des réductions d'impôt et des initiatives de soutien sectorielles. Certains critiques ont accusé les conservateurs de renoncer à leurs principes, mais la plupart des experts et des parties prenantes — c'est-à-dire la majorité des Canadiens — se retrouvent dans l'une ou l'autre des mesures adoptées.

On Monday afternoon, January 26, Governor General Michaëlle Jean arrived on Parliament Hill to deliver a bare-bones, no-nonsense Speech from the Throne. For the second time in as many months, Parliament would be called back to deal with the growing global economic crisis. Having survived the showdown of early December over the fall economic and fiscal statement (EFS), and having outlasted the opposition coalition, Stephen Harper's government would get a second chance to steer Canada through these troubled and unpredictable economic waters.

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With these words, the Harper government pressed the reset button on Canada's 40th Parliament and engaged the country on a new course toward economic recovery. In marked contrast to the hyperpartisanship that dominated Parliament prior to prorogation, the major parties understood that, with most sectors shedding jobs by the thousands and retirement savings evaporating, the country was in no mood for politics as usual.

The childish petulance of NDP leader Jack Layton notwithstanding, Canadians insisted that their leaders find common ground, and the Conservatives and Liberals did just that. Newly minted opposition leader Michael Ignatieff quickly signalled his openness to supporting the government's plan under certain conditions, and with the government's support for the Liberal amendment, the budget quickly passed the first hurdle of votes in the Commons.

The differences between the budget presented by Finance Minister Jim Flaherty and the fall EFS had much to do with substance as well as process and style.

First, the 2009 budget made good on Canada's commitment to its G20 partners to inject the equivalent of 2 percent of GDP into the economy as stimulus. While the fall statement had been criticized for its optimism regarding Canada's short-term economic prospects and its partisanship, the full budget presented forecasts that better reflected the most current challenges facing Canada's economy and proposed measures that underlined the government's intention to take a balanced approach to the stimulus package. Specifically, the mix of tax cuts and the direct injection of funds into the economy would ensure that all could find something with which to agree, regardless of political persuasion.

But more significantly, it was the process that led to this budget that stood in sharp contrast to the government's approach to the EFS. The EFS surprised the opposition and Canadians with unexpected measures aimed at political parties, pay equity and the right to strike in the federal public service, and was criticized for the perception that it had been pulled together by a small group behind closed doors. In contrast, Minister Flaherty quickly made clear that the full budget would draw on the best advice of Canada's most knowledgeable experts and would be designed in public spaces.

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In the weeks leading up to the budget, Flaherty embarked on the most significant pre-budget consultation process in recent years. He launched an advisory committee chaired by former Liberal BC finance minister Carole Taylor and held town halls and expert and sectoral roundtables across the country. The Prime Minister also ensured that the economy was the primary concern of the whole of government and dispatched senior ministers first to consult and then to pre-announce major elements of the stimulus package.

To be fair to the government and the Finance Minister, the EFS did signal that the economic situation was in severe flux and that a comprehensive stimulus package would come in the new year. But these statements got lost in the noise of public objections to the partisan tone of the EFS, the ensuing constitutional crisis and the prorogation. What the Flaherty consultation process did, however, was to prepare the terrain for the budget with the chattering classes, the economic gurus

and the public. By the time the minister rose in the House on January 27 to deliver his plan, most experts and stakeholder groups — indeed most Canadians — could see themselves in one measure or another.

In this "no surprises" context, it has been interesting to observe the reaction of various stakeholder groups to the budget. The delivery of broadly based stimulus resulted in the budget addressing the needs of several long-neglected sectors: provincial, municipal, post-secondary education and green infrastructure; renovation and energy retrofits for social housing; rail

infrastructure in the Windsor-Quebec City corridor; and schools, water and community services in First Nations communities. For the most part, spokespersons for these sectors have responded positively and responsibly. Not so some representatives of the arts and culture community.

Their particular beef is hugely obscure. As part of its increased investment of \$276 million in additional dollars for arts and culture (a sore point stemming from earlier cuts to the sector), the government proposed a \$25-million endowment to establish the Canada Prizes for the Arts and Creativity, a new international competition for excellence for emerging artists in theatre, dance, music and the visual arts. This was an insult too huge for the community to bear. The idea was attacked because of who proposed it (two businessmen), where it would be located (Toronto) and because the "right" people hadn't been consulted. As the *Globe and Mail* summed it up in an editorial on February 12:

To seed such an enterprise in the midst of a worldwide recession is so bold as to be virtually unheard-of. And from a Conservative government? Surely the whole thing is daft. A tall poppy of an idea, it practically begs to have its head lopped off.

Experienced observers will recall a similar response to the Mulroney government's attempt to move the goalposts toward a national child care program in 1987. The government of the day put \$6.4 billion on the table (\$10.4 billion in today's dollars) to create 200,000 new child care spaces.

Women's groups and child care advocates lined up to decry the proposal because it would have supported a mix of public and private facilities as opposed to their preferred option of nationalizing children at birth. The legislation ultimately died in the Senate at the time of the 1988 election and was never reintroduced; other issues came to the fore and the country moved on to other challenges. And we all know what came of Liberal promises to create a national child care program!

Looking ahead, no one can know for sure whether the stimulus will have the desired impact on Canada's economy. But what we do know is that the best minds around the world have urged their national governments — be it the United Kingdom, the United States, China, India, France or Germany — to follow a course that is in many respects very similar to what the Harper government has proposed for Canada. Moreover, while other countries have succumbed to the temptation to include pet projects, pork-barrel politics and new program spending with no sunsets in their stimulus packages, the course charted by Flaherty avoids those traps, and in several ways.

The budget's emphasis is on "shovel-ready" infrastructure projects and one-time spending, thereby

avoiding ongoing demand for these funds and the creation of a “structural” deficit.

The tax cuts are aimed at vulnerable demographic groups or the lower end of the income scale, which most economists agree will prompt increased spending on consumption.

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Many of the stimulus measures are easy to understand and easy to access for thousands of Canadians. And it’s estimated that 80 percent of the inputs to be purchased for the temporary Home Renovation Tax Credit and the ecoENERGY Retrofit program will be sourced in Canada.

Finally, the budget’s measures to increase liquidity will ensure Canadian companies — particularly small and medium-sized businesses — have access to the credit they need to operate.

By any international comparison, Canada got it right.

The Canadian public reacted positively to the budget and the reopening of the session of Parliament. The economic action plan contained measures from which most individuals could benefit in the short term, and the relative civility of exchanges in Parliament was a welcome change from the ugly spectacle of the fall session. The reaction from right-wing commentators, on the other hand, was swift and brutal: the Conservative government had lost its way, and the Prime Minister had betrayed his roots.

Such criticism is as wrong as it is disconnected from the state of politics in Canada. Whether it is from the right or left, ideological rigidity in the face of an unprecedented global economic

event is no virtue. Governments don’t get to choose the circumstances in which they govern; what counts is how they respond to the table set by external and domestic events.

There is no road map for what the world will face in the coming months and years, and Canadians expect their

prime minister and government to explore all options, not just those that fit partisan labels and ideological preconceptions. Moreover, the package tabled by the Conservative government differs only in shades and nuances from the proposals made by Republicans on the floor of the US Senate, the Christian Democrats in Germany or the opposition Tories at Westminster. Finally, the fact of the matter is that, in per capita spending

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terms, Canada’s stimulus package is more restrained and will have a smaller impact on future generations than is the case elsewhere.

As one of our former prime ministers is fond of saying, “In politics, you have a choice: do you want to make a point, or do you want to make a difference?” This most recent Conservative budget is about choosing the latter. To be sure, neither Prime Minister Harper nor Finance Minister Flaherty entered public life to add to the country’s debt. But in the face of such an unprecedented global eco-

nomie meltdown, a purely ideological response would have failed the test on both public policy and politics. The critics on the right are fond of describing the budget as the “death of conservatism.” What they miss is the obvious point that a narrow and ideological response to the economic situation facing Canada would have meant the instant demise of the Harper government. It’s difficult to imagine how having Jack Layton at the cabinet table would have advanced the cause of Canadian conservatism.

The government’s reaction to the crisis also illustrates a growing trend in our politics. The most recent presidential election campaign in the US and the victory of Barack Obama have led many commentators to declare the dawn of a post-partisan era. The difficulty with which President Obama got his own stimulus package through Congress — with no Republican votes in the House and only three in the Senate — shows the very real limita-

tions of such sweeping statements (partisanship is clearly still alive and well), but there remains a nugget of truth in there somewhere.

In making their final electoral choice last fall, voters in both countries chose according to their impressions of competence over ideology. The government’s budget would have to pass the same test. Few voters asked themselves whether the budget was sufficiently right-wing, or sufficiently left-wing, to gain their support. They wanted to know whether it would help them and their families. It is that test that Flaherty and



Policy Options photo

Finance Minister Jim Flaherty in a relaxed mood in his Centre Block office. He has reason to smile, write Graham Fox and Geoff Norquay, because he got the budget right, both in terms of stimulus and in securing the support of the Liberals, to ensure its passage and the Conservative government's survival.

Harper succeeded in meeting, and it is that fact that gained them the support of Michael Ignatieff.

It may be premature to declare the end of partisanship. In fact, in many ways, partisanship is a desirable thing. As long as we organize ourselves along party lines and make electoral choices according to party preference, partisanship will remain an organizing principle of our politics. The question is whether our collective approach to it is changing.

The most telling feature of the transition from last fall's EFS to this winter's budget is the complete disappearance of wedge politics. Marking a significant departure from tried-and-tested tactics, the economic action plan brings people together and seeks to build a broad national consensus on the way forward, rather than appealing to well-defined target groups and subsets of the population. Going forward, the challenge for the government will be this: can a party that

secured two election victories based on a very specific approach to campaigning adapt to the changing environment enough to secure the third victory? The good news for Conservative partisans is that, on the evidence of this most recent budget, the answer is promising indeed.

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