

# Opinion: Ontario's child care budget delivers bold pre-election blueprint – at a cost <sup>[1]</sup>

Voters will have to swallow a bittersweet budget, brimming with election sweeteners and leaving a bitter deficit aftertaste, writes Martin Regg Cohn.

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## AVAILABILITY

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## EXCERPTS

Given up for dead, Ontario's Liberals have given birth to a belatedly bold child care budget as they nurse dreams of an electoral renaissance.

Queen's Park has delivered the most ambitious pre-election blueprint in recent memory, pushing the envelope on deficit spending to rewrite the rules for free daycare – while bankrolling expanded pharmacare, home care, hospital care and mental health care.

But there is a price to be paid for all this caring – sharing the burden with a seemingly bottomless bottom line: \$6 billion-plus annual deficits in coming years, with more borrowings piled onto our accumulated debt of more than \$325 billion.

But if we could ask the next generation, a couple of decades from now, if it was a wise investment – more precisely, if they were worth spending the money on – how would they answer?

Would they blame this budget for the debt overhang? Or credit it for investing in daycare that gave them an early start on childhood education, and allowed parents to get back on the job, while easing looming labour market shortages from a declining birth rate and those stay-at-home mothers?

It's a big bet. Now you see a balanced budget, now you don't.

Premier Kathleen Wynne and Finance Minister Charles Sousa have made their choice. Now voters get to decide whether this child care (and other-kinds-of-care) budget dies an early death after the June 7 election.

With the campaign kick-off just six weeks away, Ontarians will have their say: roll back daycare, pharmacare, home care if Doug Ford's opposition Progressive Conservatives take power; or roll on with Wynne's Liberals, perhaps in concert with Andrea Horwath's New Democrats.

Before making that decision, voters will have to make sense of a 308-page bittersweet budget brimming with election sweeteners and weighed down with a bitter deficit aftertaste.

And since most people won't wade through the document's fine print, they will be heavily influenced by outsized rhetoric from politicians: Sousa's spin, versus Ford's fire-breathing rhetoric, while Horwath insists she can simultaneously fight taxes and foster denticare.

The first question might well be: Can we afford universal child care?

A better question might be: Can we afford not to have free daycare?

After all, the government doesn't make parents pay a daily user fee to send their kids to all-day kindergarten, so why create a deterrent for pre-K?

[Table available to view online, "Median monthly fees for preschoolers in select cities, 2017"]

But the over-arching question is: Why now?

Annual budgets don't just take account of the economic cycle; they are also tailored to the electoral cycle. The intersection of these two cycles makes this a double-barrelled budget.

Sousa argued with a straight face that "these are not election-cycle decisions we are making." But he could hardly claim the economic cycle forced his hand, given that Ontario's unemployment rate is at historic lows — 5.5 per cent and holding — while economic growth has been remarkably robust in recent years.

To their credit, the Liberals understood that in good economic times, they could and should whittle down a deficit hangover of nearly \$20 billion in the aftermath of the 2008-10 economic crisis, finally bringing the budget back to balance in the current fiscal year. So what prompted the fastest deficit U-turn in history for next year's budget?

No, not an economic downturn, but an electoral downturn. It is an axiom of politics that voters are rarely rattled by deficit financing, because they are conditioned to getting something for nothing — albeit something enduring is preferable to something ephemeral (like tax cuts).

All three major parties have plunged the province into political — as opposed to economic — deficits while in government. Interestingly, the Tories were already planning a sizeable deficit in their election platform released last November so as to bankroll their promised tax cuts; that gap could grow given Ford's vow, since becoming leader, to forego billions in carbon tax revenues.

If he wins on June 7, Ford could then claim to have shredded two election documents from two parties — first his own Tory platform, followed by the liberal budget. Just watch him.

In this budget, and the last couple, the Liberals have put forward the beginnings of bold policy prescriptions and smart social programs that were long overdue — free child care, free pharmacare, free tuition — but not all the borrowing adds up.

[Table available to view online shows Ontario's deficit from 2008-present and forecast for the upcoming fiscal year, based on Ontario's 2018 budget figures]

After launching pharmacare for young people (under age 25) in last year's budget, this year's budget expands free drugs to seniors by eliminating co-payments and deductibles. Is that the best use of hundreds of millions of dollars in government spending, given that today's seniors are in a better position to afford those (capped) fees than, say children who lack access to denticare? Of course not, but seniors are a powerful voting bloc, and they turn out on election day.

And don't forget last year's decision to subsidize rising hydro bills (remortgaging rates through a longer amortization period). The

borrowing was done off the government's books, on the backs of Ontario Power Generation, adding to the overall debt burden; the reduced rhetoric over hydro is proof of how politics prevails over economics.

It's all part of the good, the bad and the ugly of borrowing. And hedging budgetary bets in an election year.

*Martin Regg Cohn is a columnist based in Toronto covering Ontario politics.*

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