

Will U.S. style tax cuts work here? No [CA] ^[1]

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EXCERPTS

The buzz now is that Stephen Harper isn't scary after all. I guess it depends on what scares you. I wouldn't be scared to discover the Conservative leader walking behind me on a darkened street. On the other hand, I'd be very scared to find him managing the country's finances.

The problem is that he's not asking us to elect him to patrol our streets.

Harper has been advocating something that would be a significant departure for Canada - pushing Canadian taxes below U.S. levels. At an event in Brockville last week, he went even further, saying his party would strive to make this "not the highest-spending country in the world [it certainly isn't], but the lowest-taxing one."

So our goal should be not just to get below the U.S. but to get our taxes down to the level of - what? - Mexico?

So does Harper want us to have the kind of education, health care, pensions and public infrastructure that they have in Mexico or perhaps Bangladesh, where the adult literacy rate is 43 per cent?

I'm sure he doesn't - or if he does, he wouldn't admit it to the Canadian electorate. But it's a measure of how numbed we've become by the tax-cutting arguments of the right that this sort of ludicrous statement by a party leader in the midst of an election campaign passes almost without notice. When it comes to cutting taxes, nothing is considered too wacky or extreme.

This illustrates how successful the right has been in severing the connection in the public's mind between the taxes we pay and the public services we receive.

It could be called the Great Disconnect.

Clearly, we can't have the kind of public services Canadians say they want without paying for them. Just as there's no free lunch, there's no free health care - or free garbage pickup. But this fundamental fact is omitted from the fantasy world presented to us by right-wing tax-cutters.

If we look around the real world, however, we see there's a clear connection. People in Mexico pay very little tax and get very little back. While Mexico is a nice place to visit, one avoids drinking the water, getting sick or growing old there.

Meanwhile, the people of Europe and Scandinavia pay a lot more tax, but they get a lot more services - like national day care, extensive parental leaves, comprehensive home care and drug programs, free dental care for children, free university tuition - things that would be dismissed here as pie-in-the-sky dreaming.

We're told such indulgence would make us economically uncompetitive - even though Scandinavian countries routinely score near the top of the World Economic

Forum's annual competitiveness index; indeed, Finland, where taxes amount to 46 per cent of GDP, currently ranks Number 1.

We're encouraged instead to be envious of low U.S. taxes. In fact, U.S. taxes are only really lower for the rich. Low-income Americans pay higher taxes than low-income Canadians, and receive fewer benefits.

In the imaginary world of the Great Disconnect, one can cut spending - like cutting taxes - and nothing happens. But in the real world, spending cuts affect people, particularly the most vulnerable. In the mid-1990s, Martin ended Ottawa's role in social housing and significantly reduced funding for social programs at all levels of government. He wasn't trying to hurt people but his cuts likely contributed to homelessness; homeless people have higher death rates.

Fault also lies with Conservative leaders Mike Harris and Brian Mulroney - and with Canadians for electing them. But the point is that cutting spending isn't just a gentleman's parlour game; it has consequences.

- reprinted from Toronto Star

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