

SIX PLUS THREE EQUALS TROUBLE FOR CANADA

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✘ Richard Gwyn, [The Toronto Star](#), 19 April 2011

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During this time-span, Prime Minister Stephen Harper, Liberal Leader Michael Ignatieff and New Democrat Leader Jack Layton argued over what could be called the “Six and Three Problem.” This was a real debate. The Six and Three Problem is probably the most considerable one facing Canada.

It's simple, and stark. For a number of years, Ottawa has been increasing its health-care funding to the provinces by 6 per cent annually. Harper has committed himself to continuing this outlay.

The digit on the other side of the ledger, though, is a mere three. This is the average percentage by which our economy increases each year, and from which the tax revenues to pay for health care are generated.

Either something has to give or something has to grow on the revenue side. In fact, even a perpetual 6 per cent increase in health-care spending wouldn't contain our problem. The sickest Canadians are the oldest ones and, with baby boomers now retiring, there will be more and more of them each year (and ever fewer workers to pay the sorely needed taxes).

Ignatieff and Layton both highlighted the problem. To cure it, both proposed some tax increases. Harper argued that tax increases, especially on corporations, would slow economic growth and so slow the growth of revenues needed to deal with the problem.

Since elections aren't exercises in Economics 101 — or in 101 anything — it would be stretching things to say this five minutes of debate touched any intellectual heights. But the three of them were at last talking the truth, even if in muffled generalities.

Paying for the welfare state created with such optimism and idealism after World War II, is going to be the dominant political issue in Canada for the next several decades.

Health care is the 300-pound gorilla, politically and socially. David Dodge, the former, and highly capable, governor of the Bank of Canada, has just released a report for the C.D. Howe Institute forecasting that total spending on health, as now configured, will increase over the next 20 years by half again, consuming almost 19 per cent of national output as against 12 per cent today.

But a cluster of other also-cherished programs, from welfare to pensions to unemployment insurance to equalization payments to the provinces, to defence, to support for the arts, will also be up for debate.

Of course much can be done by greater efficiencies, improved productivity, elimination of waste and so on. But in the end, the core issue is going to be whose ox gets gored.

This election thus isn't at all about nothing.

Harper is obviously going to win. But whether he wins with a majority or minority will make a great deal of difference as to which oxen, and calves, get chosen to go under the knife and to what depth.

The contest between the Liberals and New Democrats is shaping up to be as critical to what may happen post-election.

If the NDP does well, as at present looks likely, it may become the political instrument Canadians rely on to defend the best of the welfare state. If the Liberals do poorly, as current polls indicate, the party may lose its claim to be the alternative governing party that people count to be, at least generally so, kinder and gentler.

On May 2, we won't just be choosing our next prime minister: we'll be choosing our future.

Richard Gwyn's column appears every other Tuesday. gwynr@sympatico.ca

