

Taxes: Good or Evil  
15 October 2008

In July of 2005, James Fallows published an article in *The Atlantic* that was prescient of current economic conditions. Written as a letter to a Presidential aspirant in the 2016 election by a campaign advisor, the story of “how we got here” is told as a summary of the history leading up to the 2016 election. Obviously it is mostly fiction; at least everything that follows on 2005 is, since that is as far as history had played out at that time Fallows composed his story.

Key to the economic downturn in this “fiction” is the tax cuts ushered in before 9/11. These tax cuts were based on the assumption that the economy was good and that the United States was paying down its debt too fast. With the deep tax cuts entrenched and a growing transfer of manufacturing jobs to Asia, the economy was not in a good way. Fallows even had the foresight to speak of the existence of a housing bubble long before any so called bubble broke.

Surprisingly, three years later in Canada, with a federal election campaign underway and the Conservatives running on their track record, what we have is a parallel of the US situation. Consumption taxation has been cut 28.5% with a 2¢ drop in the GST. Important government sponsored programs—universal health care, education, research and development, arts and culture—have not been adequately attended to.

What is this track record then? It is a removal from the government’s arsenal a huge amount of economic clout. The removal of this clout means that the government is not in the best of positions to implement strategies to combat the impact of economic uncertainties that are not under its control.

It may be popular to heckle government by spouting common-nonsensical statements about how government can’t be trusted and that it has no business taking our money or that all politicians are corrupt thieves, but this is not wisdom. More ironic, however, is when the party in power, the Conservatives in this case, do it as if it were some kind of unique and extraordinary insight into reality. The truth is that this kind of common-nonsense is false.

Government can be trusted and must be trusted. That is why when there are real examples of corruption in government it is both shocking and reprehensible. The Liberal sponsorship scandal, while blown well out of proportion by partisan wrangling and the fact that it coincided with two relatively closely placed elections, is a case in point. Individuals with suspected varying degrees of party knowledge redirected funds from a loosely monitored national advertising campaign into the hands of friendly firms who presumably would redirect much of that money back to the party. Not good! Shameful!

Acknowledging that politicians are not perfect does not mean they should not be trusted and that government as a whole is corrupt and untrustworthy. If that were the case, then what is truly needed is a complete revamping of government. No, government is largely made up of people who chose politics because they wanted to make things better, not that they wanted to defraud the Canadian people. Once they are forced to see things through a national and not simply a localized grid, some of the idealism that motivated them at first might wear off, but their intentions and goals remain noble. It is a high calling to serve in public office and we should never forget that.

Each of us accepts the goodness of government every time we say words to the effect that “the government should do \_\_\_\_\_.” We say this because we believe they can and that they should. The goodness of government resides in both what it can and what it does do to establish, foster and secure the public good. These things include security, infrastructure, education and health care, trade and environment.

A favourite aphoristic mistruth of the Conservatives is that taxes are evil. The government has no business taking our money, they say. The government cannot be trusted to spend our money wisely, they complain. Well, let’s be frank, taxes are necessary and good. They are necessary because the funding of good programs and initiatives cost money. Police officers and soldiers need to be compensated for their work. Librarians and administrators, teachers and elected officials also need to be paid. Furthermore, the goods and services procured and provided by government on behalf of its citizenry also cost money. Taxation is the revenue system of government. It is necessary for good government to do its job.

Taxation is good because what it pays for are goods for society. To say that taxes are evil is to imply that the things they are spent on are evil also. Education, welfare, healthcare, security, trade, environment, infrastructure etc. are not evil things but good ones. Each of them is indispensable to the collective and individual well being of Canadians. Taxes are an inexpensive mechanism for spreading the cost for these goods in a way that guarantees their availability and makes them affordable for everyone.

Let me add a personal story. My eldest son was admitted to the hospital some time ago with an infection. For twelve days doctors and specialists tested and treated, performed ultrasounds, MRIs, CAT scans and X-rays. The estimated cost if I had to pay out of pocket is about \$50,000. Actual cost to me directly was about \$26 for private telephone in his room and little more for follow up prescription medication on his release. More to the point, if I had to pay the whole cost out of pocket it would have been much more than the \$50,000 estimated. I can’t afford to support my own doctors and specialists just to have them available when I need them. I can’t afford to educate and train a dozen nurses to ensure round the clock care. I can’t afford to research and develop equipment to test and examine and drugs to help treat and cure sicknesses and diseases I or my family might contract. If I had to pay the whole shot for healthcare by myself I would not have any healthcare at all. The actual cost of my son’s treatment is actually millions, if not billions, of dollars.

Taxes permit the funding of this good. It subsidizes the education that equips the professionals who provide the services. These are goods. Cuts to financial support in any one area have a cascading impact and contributes to the diminishment of the whole. Taxes are good because through them a tremendous amount of good is accomplished apart from which would never be accomplished.

The party in power asks us to return it to power based on its record. What is this record? It is a record of reduced funding for municipalities; a refusal to share in the costs of basic health and welfare needs—unless of course you happen to belong to a part of the country that is populated with its MPs; reduced revenue and legislation that ties up future spending to such a degree that the future can only be one of hardship and frustration for Canadians and any future government. It is record of seeking to privatization as a means of balancing budgets because it believes that it is cheaper for government not to be involved.

Private industry does not deliberately offer services in markets where it can expect no return on its investment, nor should we expect that it will. It will not fly to remote areas unless regulated to do so; it will not ensure universal healthcare services unless legally required; it will not freely share knowledge and information with others who might also prosper through its research. Private industry has one good in mind, that of the profitability of the company since shareholder value is its *raison d'être*.

Creative accounting can allow the current government to brag about increased funding in some areas. To be honest and truthful, they have increased funding in some areas, but the general trend is one of tax cuts and program downloading. The Liberals did this when they first gained power 15 years ago as part of a mechanism to get a handle on a crippling deficit. At the time of their demise as a government they were making significant inroads to increase spending on a number of fronts from a position of economic health. Many of the programs suffered from years of minimal funding were again seeing renewed support. Just when the taps were beginning to open anew, they were prematurely cut off.

What is the impact of this silliness? It is a general impoverishment of the whole of our great nation. It means that those who need help can't get the help they need; that infrastructure will not be built and when it is, it will not be built in the way it should be; that healthcare and education are being measured by cost-per-person and not by quality of life issues; that individuals must rely on themselves or on some *ad hoc* community group to sustain them in times of economic or medical hardship.

By absolving many corporations of their responsibility to pay taxes, the Tories have emptied the government's accounts. Silly when it is remembered that taxes are paid on profits and that corporations that are not profitable are already receiving tax subsidy.

When citizens are cut off and left to fend for themselves their ability to contribute to the economy is radically diminished. Government is better able to assist the economy by

investing in its citizens, not by abandoning them. When hard times hit, laying off workers, cutting off welfare, forcing families into bankruptcy, the injury and pain of recession are magnified.

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