

Searching for the New Liberalism



TORONTO • SEPTEMBER 27 - 29, 2002

Can the System Be Moved?

By Tom Kent

29 September 2002

Of course it can, sometimes. It has been in the past, and as a society we are not slowing down. So I take the “can” to be shorthand for when and how.

My response has four parts:

First, a generalisation about what is needed in order to achieve major change. Second, a lesson from experience in the 1960’s. Third a recognition of what is different now. And that will lead, fourth, to a little unsolicited advice to our as-yet Prime Minister. How to give himself a truly locked-in legacy, to restore the politics of Canadian liberalism.

However, I expect people like you will be left with the job. So, what is usually needed for such a job? It is, first, to be boy scouts, be prepared.

There are always barriers to change, but often co-existing with plenty of wish for it. The disparity isn’t in what pollsters may measure, the extent of the two attitudes. Change is more often inhibited because the defenders of the status quo are more focused. They know what they are sticking to. The alternative, what may be, is often vague, uncertain; in political terms, a promise of a kind usually broken.

That need not be. People who want change can do better than spin vague proposals without political bite. They can get down to the hard work when it counts most, which is before the moment of opportunity for change arrives. This means, I repeat, be prepared. It means having the tools for change ready and sharp.

That’s hard work in two ways. First, it means choosing priorities: identifying big issues that may soon be made ripe for change. Second, it means preparing, on those issues, firm plans to take out of your back pockets as soon as the time is right. The reformers who can emerge as victors in the policy battles are those who are poised to seize opportunities.

That’s the lesson of experience I draw from the postwar period. For the under-sixties, I’ll summarise. Canada emerged in 1945 with a Liberal federal government willing to build a welfare state. It was frustrated by the provincial governments of Ontario and Quebec. So it turned to managing – well – the postwar

economic expansion. But in the process it became the complacent, autocratic establishment party, out of touch with the increasingly confident social values of a new Canada. “Six bucks Harris” said it all.

Electoral defeat was crushing, in numbers but even more because it showed how heavily the Liberal organisation had come to depend on people who were there not for Liberal policies but for the prestige, or advantage, of being with the government party. When the connection ended, these people went into hibernation or whatever. Result: the party became sufficiently a vacuum for a new generation of activists to take it over.

The takeover was maintained, for some years, thanks to the central thing we did right. I come to the thesis. Quite early, we defined our programs. There was nothing remarkable about the ideas. Most had been around for years. They were politically realistic, in the air at the time. What was different from other times was that we wrote out the programs more plainly, more precisely, more firmly. In 1962 and 1963 what a Liberal government would do was made clear to a degree quite different from any time before or since.

The “since” will need defending only if anyone still thinks that the 1993 Red Book was more than a lavish dressing for what a new government might or might not choose to do. The little pamphlets of 1962 and 1963 were less ambitious, but on key issues they were precise enough to hold the government to a defined course.

Between the writing and the doing there were, of course, fierce battles. The balance of power shifted somewhat when office came into sight. Hibernators emerged. People who had stayed around but accepted positivism perforce, not from conviction, now called for sober second thoughts. The late stages of the Diefenbaker regime apart, the Pearson cabinet was perhaps Canada’s most contentious.

The battles were mighty. But the outcome was almost always the same. The guardians of the policy, to borrow a Pearson phrase, were the winners. Their agenda was on the table, their programs publicly declared. It was the revisionists who were usually on the defensive, snared by having gone along in their time of weakness.

I don’t mean that the programs as implemented were exactly as proposed. Far from it. But few of the changes were political retreats. They owed more to bureaucratic and other refining. The greatest changes were in the programs that needed baking in the oven of federal-provincial relations. In the case of the retirement package – CPP, QPP, GIS, OAS at 65 and indexed – the outcome was a massive improvement on the original. In the case of Medicare, there were improvements but also dilutions; and Sharp, the revisionist, got his consolation of a year’s delay.

Essentially, however, the programs held. They would not have held if they had not been ready beforehand, waiting for the time of opportunity. I should note one big retreat. That was on Walter Gordon's investment nationalism. Significantly, it was the policy segment where definite measures had not been developed and declared in advance.

The book reporting this conference will be the right start for wider discussion. But I emphasise that the policy ideas which emerge will deserve better than collection between the covers of some Red Book. You will need to work out priorities and, for the key measures, define the details.

In that area of strategy and tactics, things haven't changed since the sixties. In many other respects they have. They call for substantial institutional changes – in the tax structure, the electoral system, federal-provincial relationships.

I will concentrate, however, on the most immediate need. It arises from one problem that was small for us but is now dominant. It's the dollar. I don't mean the exchange rate. I don't mean deficit concerns, government or party. I mean party money from the wrong sources. The Liberal party is now a dependency of corporate finance.

Of course, it's not alone. And such dependency is not new. Think of Sir John A. and the CPR. Many people think that money always rules politics. In fact, its role has varied greatly with time and place. It lessened as the confederation matured. The vote for women in 1919 made, I think, a lot of difference. Certainly, for some fifty years thereafter, corporate funding wasn't of much account in Liberal fortunes and policies. The last twenty-five years or so have been greatly different. What is remarkable is the triumph of the spin doctors. They have managed to make the size of the change little noted.

In 1958 the campaign to elect Mike Pearson leader of a national party cost three thousand dollars. This year leadership of an Ontario party cost three million. True, Pearson was a special case. But not, in this respect, very special. I've no inside knowledge of the 1956 national Conservative leadership campaign, but I was a close observer. I'd be surprised to learn that Diefenbaker's expenses were as much as ten thousand. Today, if there were a serious contest for Liberal leadership, winning would probably cost ten million.

I have Lloyd Axworthy's permission to remind you that the reason Liberals had no opportunity to consider him for the party leadership a decade ago – as I know many would have liked – was that he could not raise the seven figure amount needed to be even in the running. He was not popular with big business.

Politicians and business executives equally claim that political donations are made from goodness of heart, not to buy anything. If that's true, they're as illegitimate for the company as million-dollar birthday parties.

Businesses are incorporated for specified commercial purposes. They've no right to spend their shareholders' money on being nice to politicians. In fact, of course, the donations do buy influence. Direct favours for particular companies among the many are necessarily restricted to some of them. But cozy interventions in government policy and administration are not. That's why, for years now, the agenda of governments has been so close to the agenda of Tom d'Aquino's chief executive bosses.

Among Liberals the talk may not have changed as much as elsewhere, but the walk certainly has. The contrast between thousand-dollar and million-dollar leaders is palpable. In the 1960's the angriest protests were not in the streets ... they came from the boardrooms and executive suites where Medicare and the CPP and all that were denounced as the ruin of the nation.

Orthodoxy now requires all Liberals to claim those measures as the proud embodiments of their values. Does anyone seriously think that such social programs would have been enacted in the 1960s if the politicians of the 1960s had been as beholden to corporate finance as the politicians of today?

Many desirable reforms have been talked about at this gathering. If you want to achieve them, moving the system comes first. Political financing has to be reformed. Federal politics has to catch up with Quebec and Manitoba in the elimination of organisational money. Tough legislation will be needed. Even more than most, it had better be clearly defined before the battle is joined. You could find suggestions in several of my writings.

Let me avoid misrepresentation. The reason to get corporate money out of politics is not that government could then squeeze corporate profits. On the contrary, my view is – has long been – that the corporate income tax should not be reduced but should be abolished entirely, on profits distributed to personal taxpayers. That is, of course, only one item in the package of tax reforms that are required to make Liberalism fit for today.

I'm sorry we haven't spent more time on that. Along with electoral reform, better taxation is one of the main ways to "move the system".

But I return to the first need, to the financing of politics.

I don't know whether this is an area that pollsters have much explored, with questions aimed at what conclusions. But I've no doubt that this is the moment of opportunity. Corporate financing is in disrepute, in even more disrepute than politics. Raising an overwhelming demand to separate the two, to take purchased influence out of politics, would be an easy campaign for any competent group of politicians. It would have

been easy even when neo-conservatism was dominant. It will be even easier now, especially if you use the new ways to make connections, notably with the lively under-forties, that have been talked about here.

But perhaps, with our present version of democracy, that isn't needed. A for-the-time-being Prime Minister has only to raise his hand. To cleanse political financing, to revive the heart of Liberalism, would be very different from a deathbed conversion to neglected social schemes for which there's little money today and his successor may or may not stick to. By contrast, financial reform of politics would be the least costly, yet firmest and finest of legacies. And he might think that it would discomfort Paul Martin. That would be, of course, incidental, not the motive.

However, I'm not offering to bet that my unsolicited advice will be welcome. The tasks of renewal will remain for you younger reformers.