

■ OPINION

## Minority makes or breaks McGuinty

BY R. MICHAEL WARREN

Bill Davis walked to the podium with a surprising sense of serenity. It was his first speech after being reduced to leading a Tory minority government. Somehow this humiliating outcome re-energized him.

Davis delivered a barn-burner. It became his hallmark speech: full of humour, political counter-punches and common sense. He went on to form a majority government four years later.

The test of a minority also helped Liberal David Peterson to mature politically. After leading for two years under a “social compact” with the NDP, Peterson won a landslide victory in 1987.

The Ontario legislature opens next week. How will three-time premier Dalton McGuinty steer through the shoals of the first Ontario minority government in a generation?

One Liberal insider observed, “He will have to govern on a case-by-case basis, drawing support from the NDP and, occasionally, the Tories.”

His experience and fatherly calm will be tested. He is faced with an inbox from hell. He will have to handle the Opposition with the finesse of a master bridge player holding a modest hand.

The economy is the overarching issue. We are already in a global economic contraction. Europe is moving closer to recession. The U.S. is in political paralysis over how to manage its debt and kick-start its economy.

Exports count for nearly 40% of Ontario’s economy. But most of this export trade is with these two ailing markets. Expanding trade with emerging markets will be critical. And so is productivity, as the Ontario Task Force on Economic Progress stressed this week.

McGuinty did a creditable job of leading this province through the last recession. Unlike Tory and NDP leaders, Tim Hudak and Andrea Horwath, he understands what’s needed to keep our economy



Illustration by Paul Lachine

globally competitive.

But keeping Ontario growing in the face of another economic downturn will be his greatest challenge.

The deficit reduction target adopted by all three parties during the election — eliminat-

ing the operating deficit by 2017 — was unrealistic, and they all knew it.

Regardless, expect the Tories to ignore this reality and press McGuinty to pursue a slash-and-burn austerity program. Their mantra will be “downsize gov-

ernment,” at any cost.

The NDP will push in the other direction. As the economy weakens, its priorities will be protecting public service jobs, stopping corporate tax cuts and protecting social safety nets.

This leaves room for McGuinty

to come down the middle with a balanced approach: restraint combined with heightened private sector job creation.

Instead of across-the-board program cuts, he is pressing his cabinet to rethink the way his government finances and delivers every major service. In business it’s called “doing more with less.” This will help contain the chronic \$16-billion deficit. But it won’t eliminate it by 2017. That would mean reducing annual spending increases from 6.5% down to 1% — a bridge too far for a minority government in a worsening economic environment.

Even Stephen Harper, with his majority, acknowledged recently that his deficit will have to run longer than planned. McGuinty will be driven to the same conclusion.

All three parties are committed to roughly the same level of spending on health care. But health-care costs are growing at twice the rate of the province’s economy. This year health-care spending will consume 46% of the government’s revenues. It’s unsustainable.

McGuinty has to find new ways of controlling health-care spending while producing better health outcomes.

The urgency is compounded by two factors: the pressure that our aging society puts on the system and Ottawa’s likely cost-cutting posture in the upcoming federal-provincial health accord negotiations.

During the election, neither Hudak nor Horwath proposed any substantive ideas to contain health-care costs. But that won’t stop them from trying to make the Liberals pay politically for every tough choice they make.

Energy will continue to be a contentious issue. Unless the Liberals allow the province’s energy infrastructure to deteriorate, we’re in for hefty hydro rate increases. Families struggling to balance household budgets will need to be resold on the rationale behind the billions being invested in the Liberals’ long-term energy mix.

One element of that mix, renewable energy, needs to be modified if the Liberals hope to win back rural Ontario. Hudak understood the anger in rural communities at being helpless to halt the march of industrial wind farms across their land. He promised to scrap the Green Energy Act.

McGuinty insisted his corporate green energy plan was creating a new industry and thousands of jobs. The result? Of the 18 seats that the Liberals lost last month, 10 were in rural ridings targeted by anti-wind coalitions.

This issue isn’t going to blow over. The Liberals need to craft a compromise on wind energy.

The Opposition talks about the Liberals “being held on a short leash.” But McGuinty will have more time and room to manoeuvre than they think.

First, three campaigns in the last year (municipal, federal and provincial) have left us with election fatigue. Any party that pushes us to the polls in the next couple of years better have a stellar reason.

Second, some Tory strategists say they are prepared to let the Liberals muddle through this next economic crisis, even if it takes a few years. They’ll let them suffer the consequences, and then go to the electorate.

Third, McGuinty’s minority need not function the same way as Harper’s two gruelling experiences. The Liberals are only one seat shy of a majority. The defection of an opposition member or winning a by-election could move them to majority status.

Six months ago most political pundits wrote off Dalton McGuinty. He was “toast.” Don’t be surprised if he enters the legislature next week with renewed purpose and plays his cards as if he has a winning hand.

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