

# 7 ONTARIO

## Divided Province, Growing Protests: Ontario Moves Right

ROBERT MACDERMID AND GREG ALBO

The market triumphalism that has spread across the advanced capitalist countries since the early 1980s has found, after some delay, a secure presence in Canada's state institutions. Governments of varied political complexion, at both the national and sub-national levels, have either boldly trumpeted or quietly embraced neo-liberalism. The federal governments of Brian Mulroney and Jean Chrétien, for example, have steadily eroded social spending in the pursuit of flexible labour markets and free trade continentally and globally. Alberta's Tory government has been even more brazen in adopting the neo-liberal agenda, winning the hard hearts of *Globe and Mail* editorialists as a result. The rewards of this policy shift have been mixed at best. Government fiscal positions and corporate profits show improvement and all of Canada's regions have, in their own ways, tied their fortunes more closely to their adjacent American region—the "new" Atlantic economy, Cascadia, the Great Lakes Region and so on. However, labour markets across Canada still record high unemployment, after stagnating in the 1980s real per capita incomes have declined over the 1990s, and public infrastructure like universities and hospitals, the symbols of postwar Canadian reformism, are deteriorating from crippling funding cuts.

No jurisdiction in Canada has been able to insulate itself from the processes of economic restructuring and the political constraints it has imposed. But it has been—and continues to be—played out and contested in unique ways. Ontario has long been at the centre of Canadian politics, in economic space as well as geographically, as the most populous (about 40 per cent of Canada's total) and most industrialized (about half of Canada's manufacturing output) province. As the chief beneficiary of Canada's late industrialization under the National Policy, and home of the main manufacturing industries of the postwar boom, Ontario prosperity became synonymous with political conservatism and economic stability. Economic instability that no longer generated the same levels of high employment and

prosperity was bound to lead to a hesitant and difficult process of political re-alignment.

Indeed, Ontario electoral politics has been torn asunder, dividing into two periods with an overlapping transitional phase. Beginning in 1945 and ending in 1971, the Progressive Conservative Party won eight majority governments in succession. As Table 7.1 indicates, that is a record only matched or surpassed by the Alberta Social Credit and Progressive Conservative administrations. When minority governments in 1943, 1975, 1977, and a final majority in 1981 are added to this record, the Conservative achievement of unbroken one-party rule surpasses all other periods in Canadian electoral history. For the entire postwar period up until 1985, Ontario knew only Tory premiers who seemed to metamorphose from George Drew (the dapper ex-colonel of assured conservative views) into Leslie Frost (the small town Lindsay lawyer who was everyone's favourite uncle) into John Robarts (the naval officer and lawyer from staunchly conservative London, the insurance capital of Ontario) into William Davis (the pipe-smoking lawyer from Brampton who was sometimes more inscrutable than the daily astrology column), in a kind of smooth succession of corporate CEOs.

From 1985 on, however, the Ontario electorate produced majority governments from three different parties in a row, beginning with a Liberal majority under David Peterson in 1987, ended by the Bob Rae NDP government in 1990, with it in turn replaced by the Mike Harris "Team" of Conservatives in 1995. Once again, Ontario voters had done what voters in no other Canadian jurisdiction had ever done: elect, in succession, majority governments from three different parties, a streak only broken with the re-

TABLE 7.1 UNBROKEN CANADIAN POLITICAL DYNASTIES

<i>Jurisdiction</i>	<i>Party</i>	<i>Majorities</i>	<i>Elections</i>	<i>Years</i>
ONTARIO	PC	9	12	1943-85
ALBERTA	Social Credit	9	9	1935-71
	PC	8	8	1971-98
P.E.I.	Liberal	6	6	1935-59
NOVA SCOTIA	Liberal	6	6	1933-56
NEWFOUNDLAND	Liberal	6	6	1949-71
CANADA	Liberal	5	5	1935-57
SASKATCHEWAN	CCF	5	5	1944-64
B.C.	Social Credit	6	6	1953-72
NEWFOUNDLAND	PC	5	6	1972-89

election of Harris in 1999. The Quebec Union Nationale majority government of 1966, followed in turn by two Liberal majorities and then by two Parti Québécois majority governments is the only similar period of electoral instability to be found. The transition from remarkable stability to continual turnover in the governing party ran from about 1975 to 1987, a period of two Conservative minority governments, a final Tory majority in 1981, followed by a Liberal minority government that was a short-lived informal coalition between the NDP and Liberals based on a reform programme hammered out between the two. The transition period covers the Conservative minority governments of 1975 and 1977, when on both occasions the Tory vote slipped below 40 per cent, followed by a recovery to 44 per cent and a final majority government in 1981. It was to be Tories' last hurrah before the party, at least in Mike Harris's thinking, entered the wilderness for the subsequent ten years to be born once again as a very different party of the New Right.

In the pages that follow, we do not attempt to detail the shifting class politics of Ontario but rather defend two general claims: first, that the end of the postwar economic development model is being followed by economic integration, labour market instability, and flexible accumulation; second, that the class compromises that provided the political cohesion of postwar Ontario have eroded into a period of political instability, party repositioning and new forms of more open class conflict. These two themes underscore a final point. Neo-liberalism in Ontario is a deeply contradictory political project that runs against the grain of Ontario's historical politics of a deeply stratified but consensus-building, one-province toryism. Its economic policies are likely—indeed are intended—to widen social inequalities as they deepen integration with the U.S., the fragile context in which the current Ontario economic recovery must be set. There is every reason to assume that Ontario politics will remain polarized and, out of necessity, more combative and more resourceful.

## FROM PROSPERITY TO IMPASSE: TORY ONTARIO IN DECLINE?

By some measures Ontario can make a claim to be the most prosperous region of the world. The origins of this prosperity date back to the legacies of colonial occupation and settlement of agricultural lands that allowed capitalism to emerge slowly in the mid-nineteenth century as an extension of the European economic space. The agro-industrial complex that began to form in the major centres around Lake Ontario, as a result of the demand linkages from the agricultural export surpluses being earned and immigrant workers being drawn into the towns, was further bolstered by the import-

substitution industrialization policies that were implicit in the National Policies of the Conservative Party of Sir John A. Macdonald. The tariff, settlement, and railway policies encouraged an Ontario-based domestic machinery and consumer goods industry to substitute for imports, with its products being purchased by income earned on resource exports, especially from western Canada, and the economic surpluses being increasingly controlled and re-allocated by the emergent financial centre of Toronto. By the turn of the century, Ontario was indisputably Canada's manufacturing heartland, rivalling—and directly connected to—the booming American midwest on the southern shores of the Great Lakes. By 1911 Toronto had as much as 35 per cent of its employment in manufacturing, and by 1940 almost half of Ontario's annual output was also from this sector.<sup>1</sup>

The "postwar golden age of capitalism" produced sustained economic growth in all regions of Canada and further consolidated Ontario's prosperity and its position as Canada's manufacturing centre (as well as the political grip of toryism over the province). In Ontario, the postwar period was one of exceptional accumulation, with an average real growth in Gross Provincial Product (GPP) of just under 5 per cent. It also marked a decisive break in the Ontario economy from what was still partially an agrarian economy rooted in the family farm to an urbanized manufacturing and service economy in the south, and a resource extraction economy that exploited Ontario's mineral and forest wealth of its northern hinterland.<sup>2</sup> Just under a quarter of the Ontario population was gainfully employed in agriculture in 1941, roughly equal to that in manufacturing; but by 1975 under 5 per cent of the population was employed in the primary sector as a whole. Following the war, manufacturing expanded its output and employment levels (although slowly diminishing its share of overall economic activity), in good part being led by the main Fordist mass production industries of autos, appliances, and consumer goods. In Ontario, as in Canada as a whole, the postwar boom also meant a boom in resource and processing industries such as mining, forestry, hydro-electricity, and steel that fed into the manufacturing sector and spread small towns across the north. Services grew even more impressively: their share of output more than doubled from about 25 per cent in 1940 to just over 56 per cent in 1975 (and accounting for about 65 per cent of employment), transforming cities like Ottawa, London, and Toronto into major government and financial networks of control. The strong pace of accumulation benefitted wage earners by creating hundreds of thousands of blue-collar semi-skilled jobs that produced household incomes, through the strong influence of the Ontario labour movement that was also formed in these processes, beyond the dreams of the previous "depression generation." These, of course, were the workers who laboured at Bell Telephone, Ontario Hydro, Inglis, Massey Ferguson,

Stelco, INCO, GM or in the growing federal and provincial civil services. Real per capita incomes tripled between 1939 and 1975, even while average annual hours worked showed a continual decline. The electorate, swelled by at first a trickle and later a river of immigrants to prosperous Ontario, translated economic stability and advancement into resounding majority after majority for successive and extraordinarily cautious Progressive Conservative governments.

There were aspects to the structure of Ontario industry through the boom, however, that alluded to problems of relative economic under-performance. The tariffs built up during the Depression and war mobilization, and the pent-up demand fuelling further investment in the mass production industries, implicitly reproduced the import-substitution industrialization model supporting Ontario manufacturing. This "intensive accumulation" often came in the form of American companies establishing branch plants in Canada. Given U.S. industrial leadership, the direct investment brought to Ontario leading technologies, but in plants that were "second-best" to the scale economies and innovation processes in the "home country." Ontario productivity levels could partly catch up to the U.S., but never forge ahead and were, moreover, always in danger of falling behind gains that were being posted by the rival economies that were developing new innovation systems, as in Germany and Japan. This was indeed what occurred through the boom. Productivity gains in Ontario industry contributed about half the increase in real GDP over the postwar period, much less than in Europe and Japan who were also growing faster, and declined sharply in the 1970s. It has stayed flat since, recovering only modestly in the late 1990s, setting up the "productivity puzzle" that has pre-occupied Ontario industry analysts. It is necessary to underline, then, that Ontario postwar growth was equally spurred by extensive accumulation from new resources, land and imported capital being brought into capitalist sector production, and especially from the sheer growth in the stock of the labour force, at over 2.5 per cent per year on average.<sup>3</sup> The reliance on extensive growth made for a perpetual race for employment growth to keep up with labour force pressures, and in fact the reserve army of unemployed in Ontario showed a consistent long-term tendency to increase over the entire postwar period.

The concern with Ontario's competitive capacity had been raised at Queen's Park in the early 1960s with the formation of the Department of Economics and Development and the Ontario Economic Council (astonishingly before then the province did not even gather systematic information on the sectoral composition of the economy).<sup>4</sup> As Canada's industrial centre benefitting from national policies, the Ontario state never forwarded an industrial strategy beyond resource exploitation and the "extensive accu-

mulation" of laying infrastructure supportive of urban growth, and indeed sprawl, that eventually created the 200-kilometre city around Toronto. It could rely on national tariffs protecting its branch plant manufacturing sector, or on policies such as the 1966 Auto Pact agreement with the U.S. which, in guaranteeing a quota of auto production in Canada, also guaranteed Ontario jobs. Even the giant Ontario Hydro had a guiding federal hand through its nuclear policy. Similarly, Ontario benefitted from federal tax centralization and income transfers as postwar inter-provincial trade patterns meant that the transfers in part came back as final demand for Ontario production. Industrial policy tended to be limited to trade promotion, until the establishment of the Ontario Development Councils in the mid-1970s made modest efforts to stimulate high-technology sectors. Indeed, the Ontario state had only the most limited economic planning capacities for its own activities, as the slapdash expansion of the post-secondary education sector in the 1960s and the chaos of municipal planning indicated, let alone a capacity to alter the path of capitalist sector accumulation. Despite being a region clearly at the core of the world economy, and in contrast to the Quebec or B.C. states of the 1960s and 1970s, Ontario maintained a painfully cautious market-oriented economic policy regime ill-prepared for economic crisis.<sup>5</sup>

With the turmoil and restructuring that gripped the world economy in the 1970s, some of the underlying weaknesses of the Ontario development model began to emerge immediately as more serious problems. As tariff protection wound down from the GATT process and international economic competition intensified, the Ontario branch-plant manufacturing sector went through a devastating phase of closures. The limited statistics gathered by the Ontario Ministry of Labour indicated just under 100 thousand layoffs across 700 establishments from 1974-79.<sup>6</sup> The de-industrialization fears emerging in Ontario working-class communities, that these layoffs foretold of the replacement of stable unionized jobs with decent pay by low-waged unstable jobs and higher unemployment, proved far more prescient about Ontario's future than the econometric modelling coming out of Ontario's establishment universities. Ontario's economy weakened relative to the commodity-producing regions of the west and kept Ontario growth rates below the national average throughout the 1970s. As economic growth began to slow, interest rates to rise, and inflation to sky-rocket, the take-home pay of workers eroded and mortgage rates rose to a point by the early 1980s where the pervasive dream of home ownership began to slip away from an increasing portion of the middle and working classes.

The Ontario mini-boom from 1983-89 was, from one perspective, remarkably strong. Real annual growth, for instance, exceeded 4 per cent and almost 900,000 jobs were added (almost half the new jobs in Canada),

bringing the unemployment rate down to 5 per cent by 1988 from over 10 per cent after the "Reagan recession" of 1981-82.<sup>7</sup> Yet, from another vantage point, the growth was almost entirely "extensive" in form: productivity levels remained flat and what drove the Ontario economy ahead were longer hours of work and absolute increases in the volume of capital and labour employed in the capitalist sector.<sup>8</sup> There were other prominent signs of Ontario's "new economy." A competitive exchange rate from the strengthening of the U.S. dollar, which also spurred new plant investment by American auto companies and Japanese transplants, shifted the composition of the Ontario economy and increased dependence on exports to the U.S. and away from internal trade with the rest of Canada. As well, the employment recovery tended to be predominantly in the service sector, about one-third of new jobs occurring in business and financial services, about 25 per cent each in consumer services and goods production, and the rest in the broad public sector.<sup>9</sup> Indeed, although hidden by the arrogance of the "Bay Street boom" and the dispute over free trade, the 1980s recovery was re-positioning the Ontario economy: as a cheaper albeit efficient production zone within the North American auto complex through a low dollar (and via certain socialized wage costs not covered for U.S. plants); and as a financial and corporate control centre linking the Ontario and Canadian economy to the processes of internationalization. But these were the signs of widening societal polarization, not economic strength.

The sharpness of the 1990-91 recession starkly revealed Ontario's economic vulnerability to any general price shock, and the subsequent stagnation through the 1990s demonstrated Ontario's relative economic weakness and declining capacity to provide high employment for a growing portion of its population. The confluence of free trade, a zero-inflation policy strategy by the Bank of Canada that boosted interest rates and the dollar, and a global recession triggered an astonishing decline in output of 8 per cent in Ontario with almost 300,000 people thrown out of work.<sup>10</sup> Total output and employment levels only recovered by 1997. The Ontario manufacturing sector has suffered quite severe rationalization, with the alarming rise in permanent layoffs since 1990 indicating plant shutdowns. Yet, despite the rationalization of industry, in part prompted by the decade long adjustment to free trade and the neo-liberal policies of the 1990s, aggregate productivity performance remains sluggish and the source of long-term structural weakness in Ontario. As a portion of total output, manufacturing still remains significant at over one-fifth, but as a source of employment manufacturing fell from supplying one in four jobs in 1981 to about one in six jobs by 1993. The composition of capitalist sector service growth, with its sharp split between business and producer services versus clerical and a wide range of "servant" industries and occupations, is now key to employment growth and

quality in Ontario (unless there is new growth in the state sector). The importance of the auto sector to Ontario cannot be underestimated: car and parts exports are approaching \$50 billion annually and half of Ontario exports. Ontario trade figures suggest other problems: export trade is more concentrated in resources and the auto sectors to the U.S. than previously; high-tech industries apart from autos remain a minor employer and a small component of exports; and is potentially forming a persistent pattern of a net trade deficit with the U.S. and the rest of the world, but a surplus in trade with the rest of Canada. In other words, the Ontario economy through the 1990s was essentially stagnant except for trade, with the majority of new activity simply being a redistribution between sectors and between the social classes along the path of societal polarization set by the 1980s "boom." The higher growth levels and lower unemployment of 1999-2000 need to be set against the economic under-performance of the Ontario economy of the 1980s and 1990s. Moreover, this Ontario recovery has, more than any other, been driven by exports to the U.S. (whose own recovery has been worryingly fuelled by debt-led consumption) rather than by internal economic transformation of its value-creation capacity.

This polarization is vividly recorded in the labour market of the 1990s "recovery." Unemployment levels recently dropped to just under 6 per cent, but participation rates plummeted from over 70 per cent in 1989 to below 66 per cent in 1998, where it remains stuck, thereby removing 400,000 workers from the labour market.<sup>11</sup> From other evidence as well it is certainly appropriate to raise the spectre of a "jobless recovery": the proportion of long-term unemployed dramatically increased to almost 30 per cent after having fallen to about 13 per cent in the 1980s; the proportion of the population employed fell by over 6 per cent from 1989 to 1998; job loss per capita in Ontario over the last decade has been the largest of any province; and there has been a large growth of both self-employment and involuntary part-time work. This all suggests an extremely grim labour market, the improvement in the narrow measured unemployment rate masking the enormous growth in stagnant labour reserves as people have withdrawn from the active labour force. So in total there was in the 1990s a "jobs disaster" roughly parallel in dimensions to the "jobs miracle" of the 1980s. While areas of northern and eastern Ontario have large and increasing levels of unemployment and poverty that have grown steadily since the 1970s, in the 1990s mass unemployment and "pauperization" in the form of the homeless also characterized the core centre of Toronto.<sup>12</sup> One-half of all job losses in the wake of free trade and recession occurred in Metro Toronto alone; and estimates of productivity advance over time indicate that Toronto's rate has been only 40 per cent of the rest of Canada's since the 1970s, suggestive of the overall switch

to service activity in Toronto and the movement of new plants to "greenfield" sites in the surrounding regions.<sup>13</sup>

The failure of the Ontario economy to provide adequate capitalist sector growth—public-sector employment having fallen as a portion of total employment consistently since the early 1970s and declining in absolute terms by 8.5 per cent from 1992-96<sup>14</sup>—is compellingly seen in the devastating increase in poverty. Real hourly wages in Ontario, a basic index of working-class incomes, fell by 0.1 per cent per year on average from 1979-89 and fell even more sharply during the recession of 1990-91 and barely increased during the subsequent recovery.<sup>15</sup> Through most of the 1990s about one in eight Ontarians (one in five children) were directly on social assistance. This is the largest provincial portion (after usually being the lowest) in Canada and about 45 per cent of the total number in Canada. The numbers of working poor are higher still and are estimated at between 20-25 per cent of the population (a figure, it should be noted, that showed growth through the "booming 80s").<sup>16</sup> Even neo-liberals have had to concede that the increased welfare caseloads reflect "that job losses in the 1990s might well have been permanent."<sup>17</sup> Economic dependency ratios, the measure of the economic burden of social transfers to the marginalized unable to obtain a market income, showed a sharp increase in the 1990s to over a quarter of the population (and above the Canadian average). Northern Ontario communities such as Elliot Lake, Sault Ste. Marie and even Premier Harris's home town of North Bay have dependency ratios from just below 40 per cent to an astonishing 70 per cent (poverty comparable to that of many Aboriginal reserves in Ontario).<sup>18</sup> These figures are consistent with reports across the province, from major centres like Ottawa and Toronto to smaller ones like Rainy River and Belleville (and even York University), that foodbank usage at the "peak" of the recovery in 2000 is often more than double what it used to be. The problems of hunger and housing are especially desperate in Toronto, the richest of Canada's major cities, with over 5,000 homeless living on the streets, causing even the conservative mayor to declare housing a national emergency.<sup>19</sup>

An optimistic view of these trends would attribute them to temporary and necessary adjustments of the Ontario economy to the "new realities" of the competitive environment from unsustainable government spending, globalization, and free trade. Ontario is now, it would be argued, positioned to re-establish its prosperity as a component of a larger North American economic bloc. There is, however, a more pessimistic, and more plausible, reading of the competitive austerity gripping the Ontario economy. A longer-term weakness in its development model has made Ontario susceptible to economic dislocation from the processes of economic internationalization. The rationalization of the branch-plant structure of the Ontario

manufacturing sector, which is now one of the weakest in the advanced countries and would be ravaged without the auto sector, suggests this has already been the case. A number of other features point to an evolving export-oriented flexible accumulation model. Anaemic income growth and domestic demand have meant that capitalist sector growth is increasingly pulled, out of provincial economic weakness and not strength, by net exports. Export competitiveness is, moreover, increasingly premised on a cheap currency, low wages, and low taxes. The poor productivity performance means that a low dollar is pivotal to keep unit labour costs competitive for exports (and this holds even for the technologically advanced auto sector).<sup>20</sup> High unemployment, lax labour standards, and the spread of contingent work are extending wage austerity and flexibility through the labour market. And, in contrast to much popular rhetoric, corporate income tax rates and payroll taxes are lower than in neighbouring U.S. states and Québec.<sup>21</sup> Indeed, Ontario's budgetary crisis over the last decade is vividly illustrative of the economic impasse. The Ontario Government budgetary deficit more than anything else is linked to the rise in expenditures as a result of poor labour market performance (and the disproportionate decline in federal transfers at the very same time) and the subsequent burden of interest payments. Misguided tax cuts have disproportionately benefitted the wealthy (especially as the waged classes have been hit by rising user fees) and have added to the fiscal problem. But as a consequence of postwar prosperity and conservatism (and no government has yet altered it), the state sector in Ontario, in terms of budgetary revenues and expenditures at about 20 per cent of GPP, remains small and below the provincial average. Moreover, program spending at about 14 per cent of GPP is similar to what it was in the early 1970s despite the enormous growth in the marginalized from capitalist sector restructuring.<sup>22</sup> Competitive bargaining down of taxes has added to the revenue problems and social austerity. The end of Ontario's postwar prosperity has left, therefore, a crisis of redistribution in the state sector, and instability and reduced capacity in capitalist sector production. These impasses are intertwined with the profound instabilities and growing divisions of modern Ontario politics.

## THE END OF THE TRUE BLUE TORIES: THE TRANSITION YEARS OF 1975-1985

The decline of one-party dominance in Ontario politics was a halting process that had several forces at work. The slowest of these might be simple generational replacement in the electorate. Those who voted the Conservatives to eight successive majorities had built up an habitual regularity in their support for the party and the local candidate. Many must have come to identify strongly with a Progressive Conservative government that had, if not brought about, at least presided over the longest boom economy in Ontario history. Over several majority governments local MPPs developed a network of contacts and a history within communities that boosted their re-election possibilities. While incumbency was an important cause and consequence of the string of Tory victories, after 1981 it began to decline. Hale notes that while "89.8 per cent of incumbents seeking re-election were successful in the four provincial elections between 1971 and 1981, ... elections since 1985 have seen a sharp drop in the re-election rate of incumbents from 81.2 per cent in 1985 to 58.4 per cent in 1990 and 44.8 per cent in 1995."<sup>23</sup>

Equally important in the decline in Conservative dominance were internal changes in the Conservative party. These changes in operation were not unique to that party but were the result of technological changes, the rise of polling, campaign advertising, media consultants, and all of the new ideas in campaign and party structures. These changes brought different ideas about how parties should be managed, who political leaders should turn to for advice, and the importance of party members in governing the province. In the Progressive Conservative party, these changes were exemplified in the emergence of the Big Blue Machine prior to the 1971 election and its subsequent importance in the inner councils of the party. The Big Blue Machine was a group of conservative activists who brought unique campaigning skills to the Davis administration: Norm Atkins was an advertising executive; Paul Weed ran a collection agency (no better training for a campaign fund-raiser); William Kelly, a corporate executive, became the bagman; and Robert Teetor, the pollster. Planning for the 1971 election reflected this change in the structure of the party. Atkins devised a campaign plan "with massive use of television and advertising [costing] about \$4.5 million. It was an astounding figure to all concerned. The most expensive provincial campaign to that time had been Robarts' last election in 1967 which cost \$1.7 million."<sup>24</sup> The significance of the Big Blue Machine was not really the success it brought; a majority government followed by two minorities and another majority was modest in comparison to the previous Tory run of success. Its success was partly in the lead it temporarily created over other parties in the political public relations game, but here the advantages were short-lived. More important still was the effect it had on the cul-

ture of the Conservative party. Throughout the Drew, Frost, and Roberts years, the Tories had successfully operated a network of patronage based on modest rewards for those who served the party:

... scrupulous attention was paid to the network's maintenance: no one who worked within it was supposed to labour without recognition, even if that involved only some small honour or a personal letter of thanks from the leader. One of the great strengths of the dynasty, which perhaps as much as anything accounts for its longevity, was that in every community there were respected citizens who were connected to it, spoke well of it, and who expected in return to have its ear on matters of local concern. After about 1980, however, there were increasing signs that the norm of reciprocity was falling into abeyance. It is possible that the norm itself was weakening, but it is equally likely that a party too long in power was becoming careless and out of touch with its grass roots. Patronage was being awarded to those who had performed no appreciable service, for reasons that were not readily discernible; local elites were being ignored, to their puzzlement and annoyance, even on issues directly affecting their communities; and for many, Queen's Park was beginning to feel much farther away.<sup>25</sup>

Changes to campaigning added significantly to costs. The party became more pre-occupied with fund-raising than grass-roots cultivating. Not only did this create a gradual distancing from the party membership but it also increased the party's reliance on large campaign donors. The Davis administration experienced a number of scandals that had their roots in the centralization of campaigning techniques. In the first administration, it was revealed that the company chosen to construct a government building had given \$50,000 to the Tory party just prior to the awarding of the contract. The government's response to these scandals was to introduce the Election Finances Reform Act, which placed limits on campaign contributions and expenditures and forced the disclosure of all contributions. While this put a cap on the escalating race for campaign funds, it did not do away with campaign financing scandals.

While these political developments were important to the longevity of the Tories, it was the economic instability after 1974 that pre-occupied the government as the questions of Ontario's competitive capacity and growing social deficit could no longer be so easily evaded as in the long reign of Tory complacency. In the pre-neo-liberal world, even a market-oriented regime like Ontario's allowed some, albeit a modest, role for government in guiding the economy even to the point of participating in it to aid capitalist-sector production. The Davis government of 1971 to 1985 was, in this sense,

every bit as interventionist, possibly even more so, than the NDP government elected in 1990. All of these efforts were needed in a period of rising unemployment and labour restiveness in the face of wage settlements that were quickly consumed by inflation, and in particular by the pressing need to modernize Ontario industry as economic internationalization intensified competitive pressures.

Throughout this period the successive Davis governments continued to expand social government spending: before the 1975 election the government brought in a guaranteed income program for the elderly as well as a free drug prescription program. The pre-1981 campaign BILD program (Board of Industrial Leadership and Development) was touted as a massive \$1.5-billion expenditure designed to "do something about unemployment and industrial restructuring" and promising "advanced technology centres to be located in different communities." While the policy made good pre-election material, as Speirs pointed out, "most of BILD was a repackaging of highway and other projects which the ministries would have undertaken in the normal order of business. A few ideas were genuinely new, such as the technology sparking IDEA (Innovation Development for Employment Advancement) Corporation. IDEA later foundered in a morass of mismanagement caused by the confusion surrounding its original mandate."<sup>26</sup> While BILD may have been first and foremost an election strategy, it still affirmed the Conservative party's belief that government needed to aid industrial modernization. Bill Davis was no neo-liberal Margaret Thatcher or Ronald Reagan. He distanced himself even further from the two free marketers when shortly after the election Davis bought Ontario a "window on the petroleum industry" with a 25-per-cent purchase of Suncor Oil Company. (The purchase was, however, unpopular with the party and the cabinet and was in part driven by what Hugh Segal of the Big Blue Machine saw in the popularity of Petro-Canada, at that time the federal government-owned petroleum company.)

While the Suncor purchase surprised many in and outside the Conservative party, Davis saved his biggest policy bombshell to the end of his mandate, when he announced full funding for Roman Catholic schools in the province. The policy had more symbolic than financial importance (although more reactionary symbolism in the move away from a universal, non-denominational school system than of retrospective recognition of the historical marginality of Catholicism in Ontario). The government already funded education in Roman Catholic schools through grade 10, although grades 9 and 10 received less funding than the public system. The policy that Davis announced extended full funding to grades 9 through 13, bringing the separate school system onto the same funding basis as the public system. From some perspectives, Davis's action in the face of some

chauvinistic party opposition was courageous, but it really was a case of political opportunism from a party in eclipse-like postwar prosperity. (Some say Davis was forced to keep a commitment made to the Archbishop of Toronto, who threatened opposition from the pulpits in the next election.)<sup>27</sup> Davis had been goaded to do something by the growing numbers of Catholic voters and because of the difficulty the Tory party was having in relating to non-Protestant and non-Anglo-Saxon communities. But many in the Tory party were shocked at Davis's program. Norman Sterling, who would surface ten years later on the Mike Harris team, had his objections noted in the Cabinet minutes. At heart, the party was a small-c conservative collection of views that was very Protestant and more than a little reluctant to provide a leg up to the Catholics. On this and other issues, the party began to split along lines that polarized the red-Tory leadership of the party and backroom advisors and the more right-wing traditional conservative views of the party and some of its MPPs. The Liberals and NDP could have opposed the policy and defended universalism, but they too worried about losing Catholic voters and opted for short-term opportunism.

Throughout his last term, Davis seemed to develop policy within a small circle of political confidants and the results often surprised party members and the public. He toyed with the idea of running against Brian Mulroney for the leadership of the federal Conservative party, but decided against it. To both party members and the public it seemed as though he was thinking of leaving. When he finally announced his retirement from office in late 1984, jockeying for the leadership, which had been going on quietly for some time, broke into an unseemly clamour that was unusual in party leadership races. The right-wing inclinations of the party members and delegates began to show in strong support for Frank Miller. But amongst voters, Miller was thought to be less popular than the other three candidates, Larry Grossman, Dennis Timbrell, and Roy McMurtry, who were thought of as red Tories and less enamoured of the market solutions favoured by the party's right wing. The final ballot secured a 77-vote victory for Miller over Grossman.

Frank Miller had several drawbacks as a marketable political leader. One thing the Tory dynasty had always done well was to recharge the youthfulness of the party with every successive new leader. But Frank Miller was two years older than the retiring Davis. His political views were decidedly right-wing and neo-liberal, something that the party delegates may have liked, but that the electorate was not yet ready to embrace. Miller had almost resigned from cabinet over the Suncor purchase and as health minister had tried to trim health-care expenditures by closing hospitals. He had established solid right-wing credentials within the party, opposing the involvement of government in business and supporting cutbacks in social spending. Miller

came from a working-class background and had lived a creed of hard work and accomplishment including a scholarship to complete a Chemical Engineering degree at McGill. On the other hand, he had tried a lot of different careers: a teacher at a private school, a chemical engineer, and a Muskoka resort and car dealership owner. The media simplified the man into the car salesman from Bracebridge, an image that Miller did not successfully contest. But it was an image so at odds with the succession of Tory leaders that had preceded him that it gave voters a reason to think very hard about supporting the party. Miller also had the habit of speaking his mind, something Davis never could have been accused of, and the media was seldom short of compromising quotes. Before his strategists toned him down, Miller was also given to wearing loud checked suits and clothing that reporters took to be an indication of being out of style and out of touch.

Mike Harris supported Miller's leadership bid, they were both from the north, both from entrepreneurial backgrounds, and both opposed to the red-Tory policies of intervention in the economy and the continued expansion of the welfare state. The reward for Harris was to be made Minister of Natural Resources and Energy, but he hardly had time to move offices before an election was called. With what seemed to be opportunistic haste (the Tories were leading in the polls), Miller presented a traditional Tory package called Enterprise Ontario that concentrated on job retraining for women and young people, more money for daycare and a reduction in rent control ceilings. Many of the right-wingers in the party must have wondered at the new leader's direction, but the package secured their support by promising a reduction in business taxes.

Miller's capturing of the party leadership was a victory for the more conservative membership over what had come to be seen as the red-Tory, tax-and-spend big government party elite that were the operators of the Big Blue Machine. But the victory was a pyrrhic one. When the ballots had been counted, the Tories had won 52 seats with 37 per cent of the vote, while the Peterson Liberals had won 48 and 37.9 per cent of the vote. Bob Rae and the NDP held the balance of power with 25 seats. Miller had won the election with fewer votes but more seats than the Liberals. Both could claim a right to govern but the Lieutenant-Governor was obligated to ignore the verdict in the popular vote and favour that of the electoral system that had translated fewer votes into more seats for the Tories. He asked Miller to form the government. Miller knew his government would not last long without the support of either the Liberals or the NDP. Neither was likely to support the dying days of the 42-year-long Tory regime. Rae announced that the NDP was open to offers and the courting began. What emerged was a pact with the Liberals that committed the parties to a common legislative agenda in return for NDP support in the Legislature for

a two-year period. Rae apparently suggested a formal coalition with NDP ministers in the cabinet, but this was rejected. There was opposition within the NDP to a formal agreement to support the unknown Liberals, but the desire to defeat the Conservatives overcame this caution. Despite the announcement of the agreement, Miller carried on and introduced a throne speech but was defeated in the debate that followed. He submitted his resignation without requesting that the Lieutenant Governor call an election, thus bringing to an end one of the longest unbroken stretches of one party government in Canadian history.

The Tory defeat swept Mike Harris out of a minister's office and onto the opposition benches. Frank Miller resigned as leader in August, defeated by the continuing infighting from the unfinished leadership campaign and the recriminations that followed from being the first Tory leader in memory to lose an election. The party's right-wing ascendancy had been short lived, for the delegates gave the leadership to Larry Grossman, who in turn resigned after the disastrous 1987 election, paving the way for Mike Harris and the right wing to reclaim the leadership and begin to lay the ground for the Common Sense Revolution that brought the party out of the wilderness and back into government less than a decade later.

### **MODERNIZATION OR LIBERALIZATION? THE ONTARIO LIBERAL MOMENT 1985-1990**

The Liberals' 1985 election platform was the product of years in opposition and never having had the responsibility of turning a promise into a policy. In this they were like the NDP of 1990 who similarly promised what they subsequently found they could not or did not want to deliver. Peterson was a sharp contrast to Frank Miller, a young, successful businessman who was to all appearances the personification of urban yuppie values. After "renovation" by the image consultants, he made an energetic and articulate leader.<sup>28</sup> The Liberal campaign, in keeping with its populist inclinations, promised something for everyone: "job creation, an end to extra billing [by doctors], the abolishment of medicare premiums, the introduction of a denticare program, sales tax breaks, rent controls, equal pay for work of equal value, daycare, increased job skills training in high schools, selling beer and wine in corner stores."<sup>29</sup> To this platform, the Accord with the NDP added policy on freedom of information, an environmental spills bill, reforms that opened up the operation of the legislature and introduced television coverage, election financing reforms that further limited campaign spending, separate school funding, low interest loans for farmers, workplace protection for workers and reforms to the unionization procedure, more strict environmental regulation, and affordable housing.<sup>30</sup> It was a needed

agenda of modernization given the backwardness into which Queen's Park had fallen under the long Tory reign, and the optimism of change and assurance of majority support in the Legislature carried the government forward on a wave of energy. Some things did get done, others (such as denticare and corner store liquor sales) fell to the side, and the more ambitious plans for finding a new location for Ontario in the global economy were intensively mooted but little else.<sup>31</sup>

The two years of Liberal government under the Accord were a tremendous success for the Liberals. As NDP supporters who had opposed the Accord feared, the Liberals gathered virtually all of the credit for the reforms. Peterson, with the assistance of a knowledgeable team of advisors that included Hershell Ezrin, Gordon Ashworth, pollsters Martin Goldfarb and Michael Marzollini, and media specialist Gabor Apor, built an image of media-wise youthful energy. Peterson was open and accessible and his trademark red tie had a kind of muted flamboyancy that spoke to the values of those who were part of the rising economy. Peterson extensively reformed the cabinet and bureaucracy and created independent advisory bodies such as the Premier's Councils to provide advice to supplement that of the Ontario Public Service. The notion of stakeholder became pervasive as the party's particular brand of "one-province, one society" populism that marked its ideological underpinnings and was worked out in day-to-day policy. Peterson's openness, his cultivated image of being in touch, an ordinary guy, a jogger and boxer, who had kids and a working spouse, who loved to listen (the television campaign ads of 1985, 1987, and 1990 are filled with these images)—all of these things molded the sense of the Liberal government being with and for the people. This was, of course, a false and constructed image. By and large, the Ontario working classes did not share in the prosperity of the 1980s "mini-boom" that was partly driven by sky-rocketing real estate values and the fattening wallets of Bay Street stockbrokers. The poor had little to be thankful for as taxes rose and real wages stagnated and most of the policies that would have benefitted working-class people such as daycare, denticare and a fairer distribution of the tax load did not make progress, while public moneys went to luxury playpens like the SkyDome money pit. The government dialogue with stakeholders did not include the less well-off.

Once the NDP two-year guarantee of support expired, Peterson lost no time in calling an election, despite the unredeemed campaign pledges. He was riding a wave of public support that no politician or campaign strategist could resist. The August election was almost a forgone conclusion: the Liberals captured 47 per cent of the vote and 95 of 125 seats, the Grossman-led Conservatives fell to third place with only 16 seats and 25 per cent of the vote. The NDP gained about 2 per cent in popular vote to 26 per cent, but

fell from 25 to 19 seats. The Tories had hit rock bottom, losing 36 seats since 1985 and winning 54 fewer than their last majority in 1981. The party had accumulated an enormous debt to finance the election and now seemed hopelessly out of touch with all but its core supporters. Grossman announced that he would retire and Andy Brandt became the interim leader. The time was ripe for reconstructing their image and populist message. The NDP could only reflect on the injustice of a Liberal government rewarded for policies that owed much to the NDP. Those who had argued against the Accord with the Liberals now were certain that Rae and his advisors had taken a wrong turn.

The Liberal government, buoyed by the resurgence of the economy, continued its mildly stimulative economic policies despite the lowering of its credit rating. The Northern Ontario Heritage Fund was established to assist the economy of the hinterland. There was some attempt to restrain health-care expenses by controlling doctors' fees. A tax-supported home ownership savings plan was introduced. The government also eliminated the share of health care paid for by taxpayers and replaced it with a payroll tax. Environmental measures were strengthened, the regulation of resource industries improved, and the government introduced recycling programs. On other issues the government was less progressive. At the behest of employers it watered down workplace safety legislation that gave workers the right to shut down hazardous workplaces and it reduced the coverage of workers' compensation. Over the opposition of labour groups, the government brought in a Sunday shopping law that was soon defeated in the courts, and the provincial government withdrew from legislating on the matter (the courts later settling in favour).

The Liberal government had tried to construct a spotless reputation by introducing conflict-of-interest guidelines for members and cabinet ministers. While these proved to be largely toothless, they enhanced the image of a government that was immune to even the class interests of the wealthy. Part of the success of the Liberal government was the image of efficient and modern management that it presented. Reforms to governmental structures that appeared to open the government to closer accounting and to seek out greater citizen input were an important part of the creation of this modern impartial governing image. This was a key part of the practical moralism that grounded the Peterson populist appeal. This was a government that could never yield to class favouritism. The weakness of this moralism was the impossibility of a party of business like the Liberals living up to it. Not long after the election and almost throughout the duration of the government, Peterson spent considerable time dealing with political scandals: the housing minister was accused of accepting campaign donations from developers, the Solicitor General tried to intercede with the OPP on behalf of a

friend, the citizenship minister was accused by the Commission on Election Finances of having made personal use of campaign donations, a key advisor was found to have accepted a refrigerator and a new coat of house paint from land development interests. Some of these scandals were connected to what became known as the Patti Starr Affair. Patti Starr was a Liberal fundraiser who had connections to a number of very wealthy land and housing development companies. The president of one of these companies, Tridel, became president of the Ontario wing of the federal Liberal party. Starr channelled contributions from the industry into party and candidate bank accounts without following the proper procedures.<sup>32</sup>

From the point of view of preserving the party's spotless image, Peterson handled the affair badly. Campaign donation-related stories continued to appear in the press, linking the Liberals to the development industry at a time when house and land prices were escalating by as much as 50 per cent per year. Enormous fortunes were made between 1984 and 1989 in the land and housing bonanza of suburban Toronto; there were even suggestions that Peterson had benefitted from these connections. But what emerged from the stories were the outlines of a series of links between senior people in the party and developers that gave the latter favoured access to government contracts, preferential treatment in obtaining development permits and sewer rights, and protection from inquiries that might reveal potentially criminal activities. For example, Peterson refused calls from citizen groups who requested an inquiry into development practices in York region where one developer had given \$112,000 to the 1987 Liberal campaign. Another company linked to the same development interests had a private audience with Peterson to learn about bidding on a \$1-billion garbage disposal contract. Peterson's father-in-law was a London developer who had been offered the opportunity to purchase a piece of the disposal company. One of the developers was connected to the company that purchased the Peterson family business for \$9.6 million. The Premier's share of the business had been placed in a blind trust, but the link between the development industry and the gain for Peterson was an easy one for most reporters and electors to make. The more the press dug into the connections, the more they found. Many of the allegations were not proven, and many others were not illegal, or as much as was revealed did not appear to be illegal. But the whole issue began to gather speed as it rolled on and finally Peterson was forced to call a public inquiry that was mandated to discover "whether a benefit, advantage or reward of any kind was conferred upon any elected or unelected public official or any member of his or her family" as a result of relationships with Starr or Tridel. The terms of the inquiry seemed narrow enough to minimize the damage to the Liberal party, but in April 1990 the Commission was terminated by a Supreme Court decision that ruled the terms of the inquiry to be invalid. The impression of a network of

favours granted to business and of their special access to government decision-makers continued to grow. This affected the ability of the Liberal party to defend and expand its version of populism. While many issues seemed small stuff, they grew like a cancer on the party's credibility, suggesting that public office was being used for private gain. As Attorney General Ian Scott said: "I don't know whether Ashworth received a refrigerator, but assuming he did, the interesting thing was the number of people that thought I got a fridge, if not better."<sup>33</sup>

The Liberals' ambitious social spending, coupled with the failure to reform the tax system, led inevitably to tax increases (although in a province with historically low government expenditures and taxes this was in part just catch-up). Personal income taxes were raised in the 1985, 1988 and 1989 budgets, payroll taxes were increased, high income surtaxes appeared ("high" turned out to be quite low), there was an increase in the provincial sales tax, and almost every budget contained higher taxes on all or some of alcohol, cigarettes, and gasoline.<sup>34</sup> In 1990, the federal government worsened the situation dramatically by capping transfer payments to Ontario. The federal finance minister justified this downloading in the interests of federal budget balancing by suggesting that the Peterson government's reform of the social assistance policies would lead to exploding growth in the federal government's 50-per-cent share of the program. The cap on CAP and the "fed bashing" that provincial governments have often found useful at election time were to become common themes in the next two governments. The cost to Ontario's treasury as a result of the federal government cap has been estimated at "\$400 million in 1990-91 and roughly two billion dollars annually for the rest of the mandate."<sup>35</sup>

As the Liberals headed into the election only three years into their five-year mandate, the unfavourable news had begun to accumulate. The economy was slowing down and taxes kept going up, but services seemed to stay the same or decline. The government's reputation was in question, and the leader was looking like a loser on the Meech Lake constitutional reforms and in his confusing opposition to the Free Trade Agreement. Indeed, the Liberals were moving in two directions at once on trade and industrial policy: on the one hand, they had established a number of studies, such as the *Transitions* report on welfare reform, and some modest policies that favoured more interventionist strategies to target high-technology sectors and high-skills training; on the other, they had been moving toward policies that favoured freer markets and internationalization of financial markets. Yet Liberal support in the polls remained high. Peterson and his close advisors must have thought a re-election bid was worth the gamble against the growing likelihood that all of the bad news would coalesce into an assured defeat two years later.

Indeed, the defeat of the Liberal government in 1990 was one of the most unexpected results in Ontario history. The party entered the campaign at over 50 per cent in the public opinion polls, but a combination of factors very quickly whittled down that lead. Editorialists and opposition leaders made much of the opportunism and unjustified cost in the early election call. Peterson talked about needing a renewed mandate to continue his reforms, but there was little substance to the platform. The slowing economy was a second area of concern. Martin Goldfarb, the Liberal pollster, found that "people with families, especially the middle class, are extremely concerned about the erosion of their prosperity. We have to be seen to be protecting the interests of the middle class and that means we have to reassure them."<sup>36</sup> The average family income had been stagnant or in decline for some time, and the feeling of falling behind had only been masked by the addition of extra incomes or longer working hours. The Liberal tax increases were adding further burdens to household incomes and there had been no significant new program such as daycare to show for those increases. On top of these and other anxieties, such as retirement income and the cost of educating children, was the noisy dialogue of the debt and how high interest charges were consuming an ever larger share of government spending. There may even have been a sense that the wealthy were not sharing these anxieties. There should also have been concern about Peterson's image and performance. Under the cloud of scandals, he began to appear like any other "lying politician." Since his image and credibility had been a central part of the party's populist appeal, any threat to them could have serious electoral consequences. In an understandable wish to avoid the scandals, Peterson immersed himself in the Meech Lake process and the "saving of Canada," and tended to talk more about this than a reform program for a divided province that was again reeling from a recession and fears about what free trade—a policy that a majority were against—would bring.

## A PROGRESSIVE COMPETITIVENESS AGENDA: SOCIAL DEMOCRACY IN ONTARIO 1990-1995

The 1990 campaign was as much lost by the Liberals as won by the NDP. For the Conservatives, it was a trial run for their new and relatively unknown leader, Mike Harris, and the tax fighter campaign that would find rebirth and support in the 1995 Common Sense Revolution. But for the most part, the Tories were not a factor: their vote dropped by just over 1 per cent and they gained four seats but were still mired in third place. Mike Harris's performance did not seem to hold great promise for the future. The Liberal and NDP campaigns were, in some ways, amazingly inept. The NDP entered the campaign without a platform, content to attack the government's credibility and offer little in the way of alternatives. As their support grew, strategists began to see the need for a plan to lay before the media and the electorate. The *Agenda for the People* was cobbled together by campaign strategists over two or three days. The document showed a budget including \$4-billion worth of campaign promises and a projected surplus for the coming year. The NDP policy book included promises for a minimum corporate tax of 8 per cent that would raise a billion dollars, succession duties on the super rich, the dropping of the poor from the tax rolls, increased funding for education, small amounts for reduced interest rate loans to farmers and small businesses, reduced rate mortgages for home owners, public automobile insurance, improved worker protection, better job training, increased minimum wages, pay equity and employment equity, funding for daycare spaces, increased social assistance rates, more non-profit housing units, stricter rent controls, tougher environmental regulations, and highways and economic development funds for northern Ontario.<sup>37</sup> While the *Agenda* may have been nothing but an election ploy, the promises it contained came back to haunt the party over its term in office.

The populist content of the NDP campaign was a departure from the Liberal and Conservative messages of past elections. The NDP, partly intentionally, partly by accident, and partly by history, constructed a populist image that for the first time replaced a dialogue about Ontario that was universal with a class and social justice edge. The message was not the familiar one that promised all Ontario moving forward to meet the challenges of a prosperous future, a theme that featured prominently in the Liberal campaign advertising, but of a coalition of those who had not got ahead, indeed who were slipping backwards, while others were prospering. The *Agenda* built a sense that the NDP was bringing together a coalition of labour, environmentalists, the less well-off, and the victims of the late-1980s boom economy. There was an "us" and "them" in the populist appeal of the NDP that had never been present in former populist constructions

promising a government for all. The image was reinforced by controversial election campaign ads that introduced the harder edge of negative campaign advertising into Ontario elections. The party's ads were based on fictional newscasts that related partly fictional stories about Liberal graft.

The euphoria of election night, September 6, 1990, was something most NDP activists and supporters had never experienced nor since equalled. The party had captured government for the first time in Canada's most populous province. The electoral system gave the party a solid majority, translating 37.6 per cent of the vote into 57 per cent or 74 of the legislature's 130 seats. Perhaps the party did not reflect enough on how the election hinged on the votes of a very few number of voters in a handful of ridings that made the difference between a majority, minority and even the continued exile of opposition. This was not a landslide victory, even though seat totals gave that impression. The new government's project from the outset might best have been thought of as building a base to ensure another term in office. Rae and others around him seemed aware of this long-term project but saw the answer in moving the party to the right where they perceived that most voters placed themselves ideologically. The choice of Convocation Hall, Rae's *alma mater*, to host the swearing-in ceremony seemed to be saying that nothing revolutionary was afoot: despite being the first left-wing government in the province's history it could still cuddle up symbolically to the history of wealth and privilege that the University of Toronto represents. Rae verbalized this symbolism in saying that the government intended, even amidst the economic instability of Ontario since the 1970s and the societal polarization that had emerged through the 1980s, to be "a government for all people." In effect, Rae was attempting to reconstruct the "one-province" strategy of prosperous Ontario through a "social partnership" that incorporated the labour movement. Those who had paid for Ontario's economic crisis already through falling wages and growing poverty would soon be asked to pay again so that those who had benefitted through higher profits and income might offer a "partnership" to re-establish the prosperity of the old Ontario for the "new times" of a global economy.

The NDP caucus was the most representative of any party caucus in Ontario history. It included 19 women MPPs, one fewer than all the parties had elected in the previous election and three more than the Liberals had elected in 1987. When Bob Rae introduced his first cabinet, 11 of the 25 members were women, a proportion far in excess of any other cabinet in Canadian political history. The caucus also included a number of minority representatives as well as a number of union members and workers who had left the shop floor for a Queen's Park office. But such broad representation had a cost in lack of experience in government. Only 17 of the 74-member caucus had been previously elected, and many of the newly

appointed cabinet ministers were learning how to be ministers and members at the same time.

The NDP Government inherited a deteriorating financial situation that the Liberals had kept secret with their optimistic budget projections of a slight surplus for 1990. As the recession began to bite, the Rae government was faced with rising welfare costs and declining tax revenues as unemployment rose and companies left Ontario for the U.S. and later Mexico. In addition, they had to deal with federal government cutbacks and the cap on transfer payments. When the deficit turned out to be more like \$2 billion without any increased program spending, the reality of what could be accomplished without major tax increases began to be apparent. Furthermore, neo-liberal arguments against government deficits had gained significant ground, making normal counter-cyclical deficits an unpopular strategy for the government:

For years, the deficit had played an iconic role in discussions of fiscal policy in the legislature and the provincial media. The much-prized AAA rating bestowed on Ontario debt by the bond-rating agencies symbolized for many the fiscal rectitude of Canada's wealthiest province. It frequently was invoked by Premier Bill Davis and his supporters to justify both the slow pace of change under Conservative governments and their concern about deficit finance.<sup>38</sup>

It quickly became apparent to Rae and his key ministers that a ballooning deficit would cause political and fiscal problems.

While Finance Minister Floyd Laughren now considered a large stimulative deficit to be out of the question, the government could still move ahead on other items from the *Agenda*. But on almost all of the issues they encountered organized and well-financed opposition from the business community. The legislation on rent controls stirred up vigorous protest from the landlord community. Bill 40, the labour legislation that banned the use of replacement workers in strikes and set up a wage protection fund that secured termination wages and benefits when companies closed, was popular with organized labour but was opposed by employer groups who, uncharacteristically, turned out to picket the legislature. Increases to the minimum wage and pay and employment equity legislation also stirred up business opposition to the government. Perhaps a combination of the inexperience of the government and the apparent lack of active support from unions resulted in the labour reforms dragging out over an energy-sapping eighteen months.

Public auto insurance had been a touchstone of NDP policy for many years, but the experience of opposition to other parts of the *Agenda* and the fiscal situation caused the government to rethink the issue. Rae claimed

that a publicly run program would mean job losses in the private insurance industry and would cost the treasury too much. He backed away from the reforms. The party faithful felt badly betrayed by the reversal, but it was the first of several such reversals to come. NDP positions opposing Sunday shopping and casino gambling were reversed with the same apparent ease. The *Agenda* promise to reform the tax system led to the Fair Tax Commission, radical in its organization, progressive in some of its recommendations but confused in how to implement them. As a result, the pressing issue of fairer taxes in a province of growing income inequalities came to nought. These and other examples sent a message to many NDP supporters that the government's commitment to its traditional redistributive agenda was weak at best, being abandoned at worst, in the idealistic—and in many respects hopelessly moderate—objective of forging a partnership accord with the business community. Many of those who had entered the government from social groups, eager to help with the implementation of what they thought would be progressive policies, began to drift away from party and government positions to take up, once again, more familiar roles as government critics. This time, they had a feeling of being lied to; the disillusionment, even if often stemming from the naïveté of the capitalist forces that had to be confronted in an economy increasingly internationalized and in relative decline, was palpable.

The government's concern about the mounting deficit led to an expenditure control plan that culminated in the Social Contract, a collection of cuts that totalled \$4 billion. In light of the fiscal situation, the government viewed the cuts to public-sector wages as progressive because they saved jobs and exempted the lowest paid workers from cuts. The hopes of the early days for a "progressive competitiveness" revitalization of an Ontario of partnerships had become a strategy of "shared austerity" amongst Ontario workers. Public-sector workers and unions viewed the measures as betrayals of the NDP's most basic commitment to the sanctity of collectively bargained contracts. The Social Contract split the labour movement, its key allies, and badly weakened support for the party.

In its last months, the NDP seemed to move increasingly towards neo-liberal and socially conservative positions. Welfare recipients were vilified in a highly publicized crackdown on welfare fraud that mistakenly suggested that fraud was at an all-time high. While the government had increased welfare payments, at the height of the recession they appeared to be laying the groundwork for future cutbacks. The caucus and party were further divided on the issue of same-sex spousal pension benefits. In allowing a rare free vote on an issue that many in the party thought to be far more than a matter of personal conscience, the government seemed to be moving towards socially conservative positions.

TABLE 7.2 ONTARIO ELECTIONS 1971-1995

		ELECTION YEAR								
		1971	1975	1977	1981	1985	1987	1990	1995	1999
PC	seats	78	51	58	70	52	16	20	82	59
	% vote	44.5	36.1	39.7	44.4	37.0	24.7	23.5	44.8	45.1
	% seats	66.7	40.8	46.4	56.0	41.6	12.3	15.4	63.1	57.3
LIBERAL	seats	20	35	34	34	48	95	36	30	35
	% vote	27.8	34.3	31.5	33.7	37.9	47.3	32.4	31.1	39.9
	% seats	17.1	28.0	27.2	27.2	38.4	73.1	27.7	23.1	33.9
NDP	seats	19	38	33	21	25	19	74	17	9
	% vote	27.1	28.9	28.0	21.1	23.8	25.7	37.6	20.6	12.6
	% seats	16.2	30.4	26.4	16.8	20.0	14.6	56.9	13.1	8.7
OTHER	seats	0	1	0	0	0	0	0	1	0
	% vote	0.6	0.7	0.8	0.8	1.4	2.3	6.5	3.4	2.5
	% seats	0.0	0.8	0.0	0.0	0.0	0.0	0.0	0.8	0
TURNOUT		73.1	67.5	65.2	57.7	61.1	62.3	63.6	62.4	62

### HARRIS AND THE NEO-LIBERAL REVOLUTION AFTER 1995

The disappointment of the 1990 election seemed to make Mike Harris more determined to rebuild the party around neo-liberal principles. But before that could begin, the party finances had to be rebuilt. Part of the rebuilding required a reintegration of the party faithful into party policy creation. The party was restructured with policy advisory councils, and held policy conferences and policy tours with the leader front and centre.<sup>39</sup> As one party pamphlet described the process, it was intended "to avoid the pitfalls of 'vacuum-created' or solely 'poll-inspired' policy pronouncements."<sup>40</sup> The process led, in part, to the creation of the 1995 platform, *The Common Sense Revolution* (CSR), but it was equally important in building up the party membership and funds and advocating a more neo-liberal direction that was popular with portions of the party. Harris also met with the business community with the help of Bill Farlinger, a party insider who was later to become the head of Ontario Hydro, and a key figure in its proposed privatization. He sold his neo-liberal message and gathered funds for the party with such success that by 1993 the party debt had been lowered from five to three million dollars.

Throughout the period of the NDP government, the party prepared and released a number of policy documents that became parts of the CSR and later policy under the new government.<sup>41</sup> Harris and his young right-wing advisors, Tom Long, Leslie Noble, Alister Campbell, Mitch Patten, and Tony Clement, were convinced that a platform that included tax cuts, deficit reduction, a balanced budget, an end to the state's efforts to re-engineer society with programs such as pay and employment equity and what they saw as initiative-sapping welfare benefits, would respond to the concerns of a significant number of voters. The CSR emerged out of the policy process, Harris's advisors, and the close attention of Mark Mullins, a young private-sector financial analyst from the Bay Street offices that had been profiting even through the province's economic stagnation. The election strategy group gambled not only on the new policies but also on the strategy of releasing the detailed promises of the CSR almost a year before the election. The party need not have worried about the CSR receiving close scrutiny, since they were far behind the Liberals in the polls and the media largely ignored it despite the print run of one million copies and the catchy 1-800 free phone number.

The content of the CSR was far less uniquely revolutionary than the Conservatives pretended. It was in fact a collection of neo-liberal policies that had been slowly adopted since 1975 by the federal government with the turn to monetarism by the Bank of Canada, in many other provinces and in other countries. Many of the ideas were not even particularly new to the Ontario state: the two governments before Harris had already adopted proposals of fiscal austerity and de-regulation, and a longer lineage could be traced back to the Davis cabinet. The basic CSR strategy was a mixture of personal income tax cuts benefitting the wealthy and financed by expenditure cuts, assistance to business in the form of deregulation, and a weakening of labour protections to increase downward wage flexibility. Entrepreneurial opportunities were to be created through downsizing of government and contracting-out the provision of whatever services remained. A balanced budget, the holy grail of neo-liberal discourse, would follow within four years. All this was promised while "protecting" health care funding and "maintaining classroom spending"—slogans that have proven politically slippery. There were also commitments to cut welfare payments and introduce a requirement to work, to cut the number of MPPs, to amalgamate school boards, to cut funding to universities and allow tuition fees to rise, to scrap job training programs, to cut and download highway building costs, to end subsidies to non-profit public housing, to reduce worker injury benefits, and more. The CSR added up to a brazen attack on the social welfare state, and, to the surprise of the poll-leading Liberals, it worked.

The CSR was the most effective campaign document in recent Ontario history. But it was joined to the Conservatives' other asset, Mike Harris. Almost all mention of the Progressive Conservative party and its unpopular connections to the defeated national Progressive Conservative government of Brian Mulroney were expunged from the CSR document and campaign material and replaced by the Mike Harris Team or the Mike Harris Government. Harris was an effective salesperson, the opposite of Bob Rae's cleverness and David Peterson's superficiality, and blunt in a way that could be equated with common sense. And more, he appealed to the sense of shared values and "consensus" that harked back to the petty-bourgeois image of Ontario prosperity: the faith of getting ahead with hard work, entrepreneurship and pulling together to get through adversity—the mythical values of small-town Ontario and the "suburban dream" in the sprouting edge cities of the Toronto metropolis. But here was also a message of division and "coercion": he praised the work ethic against those on welfare and in unions; warned that people of colour and women should not be given a head start on employment against hardworking and worthy white males; said that anyone who gets welfare should have to work for it and make a contribution like other Ontarians; observed that you cannot spend more than you have without mortgaging the future of youth; argued that entrepreneurs create jobs and that the public-sector employees, from civil servants to teachers, are overpaid, inefficient and overly protected while private-sector workers face insecurity. Harris's demeanour both before and after the election was stern, morally certain, often scolding, always unbending, and imbued with the conviction of being there to do a job and not to listen. In this sense he was very much like Margaret Thatcher, the leader of the British Conservative party and long time prime minister, dividing the public between worthy Ontarians and those who needed to be whipped into shape.<sup>42</sup> The "one-province, one-society" politics of postwar prosperous Ontario had become the divisive "two-province, divided-society" strategy setting morally upright Ontarians of individualistic and entrepreneurial values against the morally corrupted Ontarians of collectivist and egalitarian values. Clearly embedded in this was "class struggle from above" as it explicitly meant that the Harris government would seek to strengthen business interests and to directly challenge unions and roll back other gains of the labour movement in social legislation.

The 1995 campaign was brilliantly scripted by Harris's advisors. The campaign ads were a replay of the "consent and coercion" message, slickly mixing sharp "attack ads" on welfare recipients and employment equity interspersed with Mike Harris "on the road ads" that featured him listening to every demographic group imaginable. The Harris ads strategically dominated key geographic regions, and the media buy strategy far outdistanced the poorly

prepared NDP and Liberal campaigns.<sup>43</sup> While they entered the campaign trailing the Liberals, the Conservatives quickly made up the ground. The Lyn McLeod-led Liberals floundered with a relatively unknown leader, a confusing campaign strategy, and a vague platform. The NDP, inexplicably, focused their campaign on Bob Rae despite his low standing in the polls. Their campaign was short on promises; there was to be no last minute platform of the *Agenda* type from 1990. If there was a message, it was an appeal to voters to recognize the humane face of the government's spending reductions—its message of "shared austerity" in a "province for all." Beyond that, the appeal was based solely on a call to trust the party to do what was right and fair. In the end, this appeal depended on credibility, and given the NDP's string of broken promises while in office, it was hardly a winning strategy.

Mike Harris emerged from the election and the Conservative wilderness with a solid majority government. He wasted little time in implementing the promises of the CSR. In the longest legislative session in Ontario history, the Harris government introduced legislation that reshaped politics and policy in Ontario. Reform bills were introduced in such volume that in some instances they had to be combined into massive omnibus bills that included legislation on many unrelated topics, a practice that breached the most basic liberal democratic practice of adequate notice and parliamentary debate before the people's representatives. The agenda left little or no room for public consultation and many groups were shut out of hearings on the bills. One of the first things the government did was repeal the NDP's labour legislation and followed that up with reforms of the Worker's Compensation Board and workplace safety legislation. All these initiatives were considered by labour to be hostile. As promised in campaign ads and the CSR, the government quickly scuttled employment equity. Welfare recipients, who had been demonized by the Harris campaign, saw rates cut drastically followed by the introduction of a workfare program that requires recipients to do community work. The government moved to reorganize health care, freezing costs, increasing and initiating user fees, and appointing an arm's length commission to chart and implement the reforms. Hospitals closed and staff jobs were lost. The speed of change produced a growing sense of disorder in the health-care system, and changes only began to slow when Elizabeth Witmer replaced Jim Wilson as minister in 1997. The Ontario Public Service was drastically pared. The government projected that over 10,000 public-sector jobs would be cut by 1997-98. Ministries were required to act as businesses, contracting out of service provision increased, and services were simply cut. The regulatory capacity of the government was savaged by removing staff, in some instances to the point where a judge could find that the Ministry of Natural Resources was not fulfilling its mandate to manage timber resources.

A major plank of neo-liberal economics was implemented in the first budget, where provincial income tax rates were cut by 30 per cent in the hope of stimulating the economy out of its increasingly dire stagnation. As critics pointed out, the wealthy gained more from the tax cuts than did average and low-income earners. The government reformed primary and secondary education by amalgamating and reducing the authority of school boards, cutting spending and rearranging the education taxing responsibilities of local government. They introduced more standardized testing and began revisions to the curriculum that had a back-to-basics theme. Primary and secondary teachers walked off the job for two weeks, joined by lively community-based education groups sprouting up, in political protest to the reforms in Bill 160. University and college funding was cut by \$400 million, tuition fees were permitted to rise, and some programs were freed of all tuition fee regulation. In one of its most contentious acts, the government reorganized municipal government in the greater Toronto area, amalgamating several cities and reorganizing taxing and spending responsibilities. At the same time the government grasped the very thorny problem of changing a property tax system that had glaring inequities. Changes to property tax will likely fall most heavily on those living in the former city of Toronto and most favour those in the suburban belt who returned Tories as MPPs. The government also cut transfers to municipalities by \$650 million and downloaded responsibilities. Many of the reforms affected democratic representation on school boards and local government, and the Tories also moved to reduce the number of MPPs from 130 to 103, with ridings identical to the number of federal seats in the province. While introducing a bill to allow referenda made them appear more democratic, the government also ignored the results of an informal referendum of Metro Toronto residents that opposed municipal amalgamation.<sup>44</sup> On privatization, a project closest to the government's ideological heart, some progress was made through the downloading of services to municipalities and contracting out, especially in areas such as waste water treatment, drinking water provision, parks and highway maintenance. The quality of service provision declined in step even though user fees were most often added. The big "prizes," those that business interest most cherished—Ontario Hydro, TVO and the Liquor Control Board—remained in government hands. The role of Ontario Hydro was radically altered, paving the way for private competition in the energy market and, just prior to the election, the government sold, for a mere \$3.2 billion, the rights to 99 years of tolls on Highway 407. It could not be doubted that the CSR had profoundly altered and deeply divided the Ontario political landscape.

## CONTINUING THE REVOLUTION: THE 1999 RE-ELECTION OF THE HARRIS GOVERNMENT

The re-election of Harris on June 3, 1999 cemented the radical reforms of the 1995-99 PC government and ensured that Ontario would continue down the neo-liberal policy path that the first administration had blazed. In a reduced legislature, the Tories won 59 of 103 seats with 45.7 per cent of the vote. The Liberals gained a few seats to 35 and 38 per cent of the vote, while the NDP crashed to 13 per cent of the vote and 9 seats, 3 below the minimum for official party status in the legislature. As in 1995, the Tory campaign was a well-executed, generously funded and probably the most undemocratic electoral campaign that postwar Ontario had witnessed. The Tories went into the campaign with at least a three-to-one edge in fundraising over the other two parties, and they probably spent all of the greatly increased central party spending limit of \$4.2 million.<sup>45</sup> This spending was over and above the tens of millions of public monies spent on government advertising in the months prior to the election. Moreover, the Harris government changed the election financing rules and the elections act to their own advantage and fundamentally changed the nature of election campaigns in Ontario: they reduced the number of seats in the legislature and increased the size of ridings; they shortened the election period from about 40 days to just 28 days; they drastically increased the limits on contributions to the parties and increased the spending limits. In a shortened campaign, television advertising becomes an even more important way of communicating with voters. With almost two weeks less to campaign, there is less time to organize volunteers and do door-to-door canvasses in ridings that have increased in size by almost 35 per cent. This meant that less-well funded parties that rely on non-monetary forms of political mobilization, such as volunteers, are at a disadvantage, and parties with money, like the Tories, can purchase enough television spots to "out-advertise" the other parties by a wide margin.

The other remarkable feature of the election campaign was the extent of third-party or advocacy advertising. It is difficult to get precise figures on what groups spent on advertising campaigns for and against the Harris government, but the figure was probably between 5 and 10 million dollars. That is far more than advocacy groups admitted to spending in the 1988 federal Free Trade election, which featured a similar rash of non-party advertising. Teachers' and nurses' unions and the Canadian Autoworkers ran anti-Harris television ads or produced videos that were widely distributed. Two pro-Harris groups were equally involved: Ontarians for Responsible Government, an off-shoot of the National Citizens Coalition, ran radio ads targeting 14 Liberal candidates, while the Coalition for a Better Ontario,

backed by a number of wealthy Tory party supporters, ran television ads and placed ads in major newspapers. Here, too, business resources outweighed the funds of community and union groups. All democratic theory links procedural and substantive democracy to just rules and equal capacity to forward ideas and organize. On both these grounds the Ontario election failed miserably: democracy in Ontario now sings with a distinctly upper-class voice.

The heavily skewed electoral funding solidly outflanked all other electoral strategies. A coalition of unions, as well as a number of separate unions, citizen groups, and even the *Toronto Star*, recommended strategic voting to defeat the Harris Tories. Several lists of candidates, a mixture of NDP and Liberal, were proposed as the strongest alternative to defeat the Tory candidates. Strategic voting worked to defeat some prominent cabinet ministers, yet there was no cooperation between the campaigns of the Liberals or the NDP, as each sought out its own advantage. The NDP nose-dive in the last days of the campaign probably reflected this swing to defeat Harris at all costs, since the NDP and its leader Howard Hampton were generally thought to have run a strong campaign. Seventy-five of the party's candidates failed to get even 15 per cent of the vote, costing the party hundreds of thousands of dollars in lost public funding. The marriage between unions and the NDP that had been shaky ever since the Rae government's Social Contract, and the shift to the right of social democracy, edged even closer to a separation if not yet an outright divorce.

The 1999 Harris campaign document, *Blueprint*, was less revolutionary in its rhetoric than the CSR of 1995, but just as clear in its direction. It again called for more personal income tax cuts and residential property tax cuts as its central plank. It also promised to cut the small business tax rate, to establish an independent tax system, and enact a law making any tax increases subject to referenda. It also continued the populist message of division and coercion so apparent in the CSR and repeated in *Blueprint's* proposals that welfare recipients be subjected to drug testing and that the work-for-welfare program be expanded. The *Blueprint* also promised more standardized testing and extending the testing regime to students and teachers alike. The government's goals on continued privatization, after the sale of Highway 407 and the parts of Ontario Hydro, remain unclear, but rumours about privatization of the Liquor Control Board, parts of the prison system, as well as TVO continue to circulate. But to offset criticism, the *Blueprint* suggested increased health care and education funding (both areas where the government was thought to be vulnerable), and a giant public works fund, although none of these measures restored real levels of expenditure prior to the previous cuts. Quite clearly, the government's intention is to consolidate and build upon the theme of liberal reforms and to continue to exploit deepening regional and class divisions in Ontario.

There is still strong support for the government's aggressive attack on those segments of society that had previously been supported by the welfare state: single mothers, the unemployed, those on welfare, the mentally ill, the unskilled, and, to a greater extent, those in unions and public servants more generally. And even more widely, Harris is judged to be undertaking the necessary re-positioning of a weakened Ontario economy toward development based on flexible accumulation in an internationalizing North American market. The long-term instability and problems of Ontario capitalism make it a closed question that societal polarizations within Ontario will continue.

### CONCLUSIONS: DIVIDED PROVINCE, GROWING PROTESTS

There are two key aspects, we have argued, to analyzing contemporary Ontario politics: a longer-term weakness in the capacity of the Ontario economy to provide high employment and rising incomes for an increasing portion of its population, and new—and probably growing—strains within the political system. The first feature is often masked by the continued relative economic strength of Ontario within Canada and, to a degree at least for southern Ontario, intensified economic integration with the U.S. over the last decade through financial and trade flows. The prominent financial and entertainment sectors dominating the core city centre of Toronto and the booming auto sector rimming the southern Great Lakes are its powerful symbols. These often-cited indices of a new dynamic "region-state" of Ontario, however, do not compensate for the growing polarizations between the regions and social classes of Ontario.

The persistent trends of economic dislocation provide some much-needed perspective on a certain conception of Ontario that has become fashionable amongst the business and academic elites of the province. There is all too much hubris in Thomas Courchene's recent claims that Ontario is now evolving into its natural historic niche as a region-state of North America through fiscal restraint and off-loading of social programs to municipalities to create "untraded interdependencies and positive locational externalities," and that Ontario's problems primarily lie in overcoming the late 1980s "high-tax, high-debt, and high-transfer economy." The Harris government's neo-liberal CSR is simply, in Courchene's view, a necessary re-positioning of Ontario in response to the inevitable, irreversible, and completely just processes of competitiveness and globalization: "Queen's Park has been transformed ... to a pro-active, competitive-driven, coordinator and innovator designed to privilege the province and its citizens in the new global order."<sup>40</sup> This diagnosis at least is really a case of

political assertion masquerading as social analysis. The problems that Ontario faces have much earlier origins than the 1980s, and they have hardly been unique in kind from the difficulties facing other jurisdictions in Canada and the U.S. Moreover, the case is becoming unassailable that the neo-liberal prescriptions of government restraint and economic internationalization, which after all have been the general policy direction of Canada and Ontario for well over a decade now, have not resolved underlying economic problems and have been directly adding to social inequalities. The lost decade of the 1990s in Ontario for employment and incomes is only now being eased by the force of the export boom to the U.S. But the boom may be coming to an end. Whether the neo-liberal changes wrought by the CSR will be reversed in the short term is moot; that a growing portion of Ontario's waged classes will suffer increased hardship and further anti-democratic restraints from neo-liberal policies, unless they are reversed in the long term, is not.

The Fordist pattern of accumulation that produced stable "one-province" Toryism over the postwar period has given way to the competitive austerity of low wages and government cuts of flexible accumulation. The economic dislocation no doubt explains the quite remarkable break from Ontario having one of the most stable political regimes in Canada to one of the most volatile in alternating governing parties. This volatility, too, is often masked by the three parties that have dominated postwar Ontario remaining intact although clearly realigned in terms of policy agendas. Much of the opposition political rhetoric over the electoral period nostalgically called for the old "one-province," with the Liberals being rewarded with a dominant standing in opinion polls. Indeed, Opposition leader Dalton McGuinty's policy statements were noteworthy mainly for what will be restored—pre-kindergarten classes, health-care cuts, central funding of welfare, and so on. But contradictorily, the Liberal policies were as fiscally conservative as those that the government offered. The NDP's campaign was more credible, if just as nostalgic in calling for the restoration of government services and directly linking them to reversing the Harris tax cut (an honesty all too rare in Ontario public discourse these days).

The re-election of the Harris neo-liberal regime with its clearly divisive "two-provinces, two-societies" strategy seems to return a basic stability to Ontario politics. However, this would be a seriously misleading register of the political conjuncture: the political spectrum has clearly shifted to the Right, and all three Ontario parties have adopted neo-liberal policies and austerity over the course of their government mandate.<sup>47</sup> The real chasm and source of strain to the Ontario political system has come from outside the political parties for some time. It is seen in the unprecedented size and diversity of extra-parliamentary mobilizations that have spread across the

province in the 1990s: from Days of Action in Thunder Bay and Hamilton and other cities, to wildcat strikes by hospital and auto workers, to gay liberation marches through the streets of Sudbury, to student occupations of the Bay Street banks, to general strikes and political actions by teachers and parents. Who would have ever thought that Ontario—the staid political home of Frost and Davis—would be the foremost place in North America leading the battle against neo-liberalism, fitting comfortably alongside the protests in Paris, Athens, and Chiapas? The Days of Action, work stoppages, have ended—but the protests and unrest continue in other forms across the province.

Yet as impressive as these political protests have been, as both potent politically transformative events and as the real opposition to the anti-democratic and anti-egalitarian policies of neo-liberalism, there is still a sharp division to be accounted for. The Ontario Federation of Labour, as the dispute over strategic voting vividly illustrated, has been split in how opposition to the Tories should proceed (although there is also some parallel division among community groups). On the one side, the so-called “Pink Paper Group” of private-sector unions, largely centred around the United Steelworkers, favoured unquestioned political support of the NDP and a return to the “progressive competitiveness” strategy of “one-province, social-partnership” Ontario.<sup>48</sup> The obstacle here, and it is as obvious today as it was during the NDP’s term in office, is that as long as capital is allowed the present degree of internationalization and mobility, nowhere has the political ground proven fertile to strike a “partnership” with the capitalist classes, either on a national or regional basis, that would prevent the processes of competitive austerity from taking hold.<sup>49</sup> For all the discussion of the Third Way by Tony Blair’s British Labour government, to cite the example that is increasingly influential in the NDP nationally and in Ontario, it has proven quite accommodating to the policy legacy of Thatcherism.

On the other side, the Canadian Auto Workers and public sector unions like CUPE, the so-called “Alliance,” along with significant community coalitions like the Metro Toronto Network for Social Justice, have questioned whether the NDP would provide any serious alternative to the “class struggle from above” being waged by the capitalist classes and government elites (and thus voting for the NDP was strategically secondary to defeating the Tories). Moreover, the economic strategy centred on competitiveness and social partnerships that this alternative presumes is likely, in this view, to sharpen social divisions and the instabilities of globalization. The political challenges of the day can only be met by “class struggle from below” that builds new solidarities and institutions, and that brings

a distinct class interest into social bargaining. As a recent CAW convention put it:

We've had two decades of the corporate revolution. They've had the chance to implement key pieces of their agenda, promising each time that this particular piece will do the trick.... At the end of all this we can assert, loudly and with justifiable anger, that the solutions of our economic elite have failed us miserably, though their own privileges remain solidly intact. It's time to hold them accountable for the mess we're in, and challenge their leadership role in our economy and society.... At all times resistance represents a crucial step in keeping certain ideas alive and creating the possibility of building more developed strategies in the future.<sup>50</sup>

In Ontario, this is also a direct political challenge to the "finance capital" power bloc that dominates Canada.<sup>51</sup> Its success will depend equally upon political developments across Canada, and internationally, as socialist movements find new ways to struggle together in support of political and economic strategies that would allow social development outside the withering competitive uniformity of globalization and neo-liberalism. Any move toward a more egalitarian participatory democracy in Ontario, or indeed just the reversal of existing trends of social polarization and political authoritarianism, will likely emerge out of the imagination, boldness, and political consolidation of this movement for an alternative social and economic order.

## NOTES

- 1 See D. McCalla, *Planting the Province: The Economic History of Upper Canada, 1784-1870* (Toronto: University of Toronto Press, 1993); I. Drummond, *Progress without Planning: The Economic History of Ontario from Confederation to the Second World War* (Toronto: University of Toronto Press, 1987); and G. Kealey, *Toronto Workers Respond to Industrial Capitalism, 1867-1892* (Toronto: University of Toronto Press, 1980).
- 2 This section draws upon K. Rea, *The Prosperous Years: The Economic History of Ontario, 1939-75* (Toronto: University of Toronto Press, 1985), Chs. 5 and 11; and D. Richmond, *The Economic Transformation of Ontario, 1945-1973* (Toronto: Ontario Economic Council, 1974).
- 3 Rea, *Prosperous Years*, Ch. 2.
- 4 Rea, *Prosperous Years*, 219.
- 5 R. Finbow, "The State Agenda in Quebec and Ontario, 1960-1980," *Journal of Canadian Studies* 18:1 (1983); and M. Jenkin, *The Challenge of Diversity: Industrial Policy in the Canadian Federation* (Ottawa: Science Council of Canada, 1983).
- 6 M. Gunderson, "Alternative Mechanisms for Dealing with Permanent Layoffs, Dismissals and Plant Closings," *Adapting to Change: Labour Market Adjustment in Canada*, ed. C. Riddell (Toronto: University of Toronto Press, 1986), 116.
- 7 M. Gertler, "Groping Towards Reflexivity: Responding to Industrial Change in Ontario," *The Rise of the Rustbelt* ed. P. Cooke (London: UCL Press, 1995), 105; and A. Diem, "Ontario and the World Region," in *Ontario: Geographical Perspectives on Economy and Environment* ed. B. Mitchell (Waterloo: University of Waterloo, 1991).
- 8 T. Courchene with C. Telmer, *From Heartland to North American Region State: The Social, Fiscal and Federal Evolution of Ontario* (Toronto: University of Toronto, Faculty of Management, 1998), 34.
- 9 Government of Ontario, *Ontario Economic Outlook 1993* (Toronto: Ministry of Finance, 1993), 70.
- 10 Government of Ontario, *Ontario Economic Outlook 1994-1998* (Toronto: Ministry of Finance, 1994).
- 11 This section draws on the OFL, *The Ontario Alternate Budget Papers* (Toronto: Lorimer, 1997), and the 1999 and 2000 Alternate Budget Papers, a provincial-level counterpart to the Alternate Federal Budget project.
- 12 There are many dimensions to the social polarization within Toronto as it interacts with ethnic composition. See R. Murdie, "Economic Restructuring and Social Polarization in Toronto," *Social Polarization in Post-Industrial Metropolises*, J. O'Loughlan and J. Friedrichs, eds. (Berlin: De Gruyter, 1996).
- 13 See M. Gertler, *Toronto: The State of the Regional Economy* (Toronto: Working Papers of the Waterfront Resource Centre, n. 6, 1991); and J. Britton, "A Regional Industrial Perspective on Canada under Free Trade," *International Journal of Urban and Regional Research* 17:4 (1993): 564-65.
- 14 CCSD, *Public Sector Downsizing: The Impact on Job Quality in Canada* (Ottawa: CCSD, 1997). This general deterioration can be seen from a slightly different and broader angle in the decline in the quality of life index for Ontario from 1990 to 1997: Ontario Social Development Council, *Quality of Life Index for Ontario* (Toronto: OSCD, 1997).

- 15 Government of Ontario, *Ontario Budget 1997* (Toronto: Treasurer of Ontario, 1997), 97; P. Dungan, "Ontario's Economic Outlook," *Revolution at Queen's Park*, ed. S. Noel (Toronto: Lorimer, 1997), 130; and *Alternate Budget Papers*, 60-61. The horrific \$9-an-hour cut in what were already modest wages by meatpackers at Maple Leaf Foods at Burlington, agreed to by the UFCW after a bitter strike in March 1998, is an example of the wage deflation affecting "old" Ontario industries, while the "new" Ontario has seen record and obscene salaries on Bay Street. See "Maple Leaf Strikers Vote for Contract," *Globe and Mail*, 7 March 1998.
- 16 A. Moscovitch, "Social Assistance in the New Ontario," *Open for Business, Closed to People: Mike Harris's Ontario* D. Ralph, A. Regimbaud and N. St-Amand, eds. (Halifax: Fernwood, 1997); and Government of Canada, *A New Framework for Economic Policy* (Ottawa: Department of Finance, 1994).
- 17 Courchene, *From Heartland*, 85.
- 18 D. Leadbeater, *Increased Transfer Dependency in the Elliot Lake and North Shore Communities* (Sudbury: Laurentian University, INORD, Elliot Lake Tracking and Adjustment Study, 1997).
- 19 Ontario Social Safety Network, *Ontario's Welfare Rate Cuts: An Anniversary Report* (Toronto: OSSN, 1996); and United Way of Greater Toronto, *Toronto at a Turning Point* (Toronto: United Way, 1999).
- 20 See "Ontario's Economic Future is the Sum of its Auto Parts," *Globe and Mail*, 2 March 1996; and Greater Toronto Area Task Force, *Greater Toronto* (Toronto: Queen's Printer, 1996), 54-56. It should be noted that the auto sector is also vulnerable from world overcapacity, especially as the Asian crisis has undercut the market for producers there, such as Korea.
- 21 Drache finds (before the Harris cuts) that corporate income tax rates in Ontario at 35.3 per cent but averaging 40 per cent in bordering U.S. states, and similar results for payroll taxes. See *Governance and Public Policy in a Global Economy*, 53.
- 22 *Alternate Budget Papers*, 23-25; and R. Drummond, "Ontario Revenue Budgets, 1960-1980," *Journal of Canadian Studies* 18:1 (1983).
- 23 G. Hale, "Changing Patterns of Party Support in Ontario," *Revolution at Queen's Park*, ed. Noel, 111.
- 24 Manthorpe, *The Power and the Tories*, 133.
- 25 S. Noel, "The Ontario Political Culture: An Interpretation," *The Government and Politics of Ontario*, 5th ed., G. White, ed. (Toronto: University of Toronto Press, 1997), 62.
- 26 R. Speirs, *Out of the Blue: The Fall of the Tory Dynasty in Ontario* (Toronto: Macmillan, 1986), 9-10.
- 27 Speirs, *Out of the Blue*, 22-23.
- 28 G. Gagnon and D. Rath, *Not Without Cause: David Peterson's Fall from Grace* (Toronto: Harper Collins, 1991), 21-22.
- 29 R. Dyck, *Provincial Politics in Canada*, 2nd ed. (Toronto: Prentice Hall, 1991), 328.
- 30 Courchene, *From Heartland*, 116-19.
- 31 The Liberal view is best seen in the study from its second term: Premier's Council Report, *People and Skills in the New Global Economy* (Toronto: Queen's Printer, 1990). There were other significant reports on training and on the community college system as part of an effort to forge a new competitiveness strategy for Ontario industry. The NDP would also take this up.

- 32 Gagnon and Rath, *Not Without Cause*, 59-73.
- 33 Gagnon and Rath, *Not Without Cause*, 73.
- 34 See the list of Liberal Government tax increases in Courchene, *From Heartland*, 92-94.
- 35 Courchene, *From Heartland*, 78.
- 36 Courchene, *From Heartland*, 4.
- 37 A complete list of the promises can be found in G. Ehring and W. Roberts, *Giving Away a Miracle: Lost Dreams and Broken Promises and the Ontario NDP* (Oakville: Mosaic Press, 1993), 277-79. Also see the discussion in J. Jensen and R. Mahon, "From 'Premier Bob' to 'Rae Days': The Impasse of Ontario New Democrats," *La Social-Démocratie en cette Fin de Siècle* J. Beaud and J. Prevost, eds. (Sainte-Foy: Presses de l'Université du Québec, 1996).
- 38 C. Rachlis and D. Wolfe, "An Insiders' View of the NDP Government of Ontario," *Government and Politics of Ontario*, White, ed., 336; see also N. Bradford "Prospects for Associative Governance: Lessons from Ontario," *Politics and Society* 26: 4 (1998).
- 39 The process of creating the CSR is described in Ibbitson, *Promised Land*, 43-74.
- 40 Progressive Conservative Party of Ontario, *Make Your Common Sense Count* (Toronto: Party Pamphlet, undated).
- 41 A good example is *A Blueprint for Learning in Ontario* (Toronto: Ontario Progressive Conservative Caucus, 1992).
- 42 For a fuller comparison of the Harris- and Thatcher-led revolutions see P. Browne, "Déjà Vu: Thatcherism in Ontario," *Open for Business*, Ralph, et al., eds., 37-44.
- 43 For a more detailed account of the campaign and media advertising see R. MacDermid, "TV Advertising Campaigns in the 1995 Ontario Election," *Revolution at Queen's Park*, Noel, ed., 74-106; and R. Drummond and R. MacDermid, "Elections and Campaigning: They Blew our Doors off with the Buy," *The Government and Politics of Ontario*, White, ed., 189-215.
- 44 For a fuller description of the Harris policies see *Open for Business*, Ralph, et al., eds.
- 45 Robert MacDermid, *Funding the Common Sense Revolutionaries: Contributions to the Progressive Conservative Party of Ontario, 1995-97* (Toronto: Centre for Social Justice, 1999).
- 46 Courchene, *From Heartland*, 284, 197, and 213. In comparison see D. Cameron, "Post-Modern Ontario and the Laurentian Theses," *Canada: The State of the Federation 1994* D. Brown and J. Hebert, eds. (Kingston: Queen's Institute of Intergovernmental Relations, 1994).
- 47 In this regard, the political divisions on the left over strategic voting to defeat the Tories seem badly misplaced, as the political repositioning of social democracy in general needs to be accounted for over and above specific electoral allegiances.
- 48 The most powerful statement of this position has been the election of an NDP backroom link to the labour movement, Wayne Samuelson, as new head of the OFL. For the basis for this view see D. Drache, ed., *Getting on Track: Social Democratic Strategies for Ontario* (Montreal: McGill-Queen's University Press, 1992).

- 49 For an analysis of these strategies see G. Albo, "A World Market of Opportunities? Capitalist Obstacles and Left Economic Policy," *Socialist Register 1997: Ruthless Criticism of All that Exists* L. Panitch, ed. (London: Merlin, 1997).
- 50 CAW, *False Solutions, Growing Protests: Recapturing the Agenda* (Toronto: CAW Convention, 1996), 8, 11, and 23; CAW, *Working Class Politics in the 21st Century* (Toronto: CAW, 2000).
- 51 W. Carroll, "Neoliberalism and the Re-composition of Finance Capital in Canada," *Capital and Class* 38 (1989).