

Duncan faces tough job selling tax harmonization

pointofview

Posted 4 days ago

Dwight Duncan has a tough sales job ahead of him.

Ontario's finance minister is making the rounds pitching the controversial harmonized sales tax he introduced in his last provincial budget. It's a policy he passionately believes in, even if his views aren't shared by many people in the province.

"I wouldn't have done this if I wasn't 100 per cent unequivocally sure that this would be good for the economy," Duncan said in a wide-ranging meeting with Sun Media's editorial board Wednesday. "It's not about one group or another. It's about Ontario and what we can do together to build a stronger economy."

It's a noble sentiment, almost like the Three Musketeers' refrain of all for one and one for all.

But are Ontarians ready to buy into the controversial measure? A recent Nanos poll found more than two-thirds of Ontario residents think a harmonized sales tax is a bad idea. And with good cause.

People instinctively fear change, and this change is a significant one.

There are no doubt benefits for the business community. Duncan boasts about the support the policy has received from the Ontario Chamber of Commerce, the C. D. Howe Institute and manufacturers and exporters in the province.

But that does little to assuage an uneasy electorate.

Hence Duncan's selling job, a job he acknowledges could mean the difference for his party come the 2011 election.

"Part of our job over the next 13 months is to help educate people about the comprehensive nature of our tax reform," he said. "We will be judged, in part, by how well we do that."

Duncan's challenge is that right now we are dealing with hypotheticals created for a perfect world.

Duncan can tell single seniors living on a \$20,000 pension that after three years, when all the tax cuts and credits are in place and the transitional fund has expired, they will actually be \$150 better off than they are now. And he can gush that prices will come down because the harmonized tax will do away with what he calls "hidden taxes" on the manufactured goods we buy.

But when those same seniors are looking at increased costs to heat their homes, to buy books to help them pass the time, to get a haircut or to put gasoline in their cars, they wonder -- justifiably -- how that perfect world scenario will translate to the real world. It will be some time before we have the answer to who is right -- the doubting public or the confident finance minister.

It will take time for changes this sweeping to take full effect and allow us to judge whether they have boosted the economy or crippled consumer spending.

And dealing with that unknown is the challenge for voters.