

2008 Canadian Federal Election: Party Platform Analysis



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Introduction

Over the last three weeks, the major Canadian political parties have been laying out their manifestos to the electorate. Among them, education is not as live an issue in this election as the last, but from an historical perspective this election continues a pattern of relatively high visibility for educational issues at the federal level which has been evident since 1997.

The purpose of this paper is to set out and analyse the positions of the various political parties with respect to education. In the case of four of the political parties – the Liberals, New Democrats, Bloc Québécois and Greens – this is relatively easily done as all have issued actual platforms. The Conservative Party have not issued a comprehensive manifesto, choosing instead to make promises on a few key issues, but for the most part simply inviting Canadians to judge them on their record. This is not entirely unheard of; for instance, as the Liberal government of 1993-2006 wore on, successive “Red Books” essentially did away with promises and simply outlined the party’s past track record. Unfortunately, comparing future promises to past track records is a bit of an “apples vs. oranges” exercise, but in the absence of a published platform from the Conservatives, this is more or less what has to be done.

Early Childhood Education

In the 2006 election, the sharpest clashes around education occurred on the subject of day care. The Liberals and Conservatives both offered multi-billion dollar policies. The Liberals offered a national day care program to be funded through conditional transfers to provinces which they claimed would increase the number of publicly-funded child care spots by 180,000, and the NDP proposed something essentially similar. The Conservatives, on the other hand, offered a \$1200 tax credit to all families for every child under the age of six. The two promises costed out pretty closely; the difference was that the \$10 billion Conservative plan gave a little bit to everyone, while the \$12 billion Liberal plan concentrated a lot of money into the hands of those parents who would have had access to the new spots. Since the Conservative plan had more “winners” than the Liberal plan, it was also quite popular and may have been a factor in the Conservative election victory.

This time out, both the Liberals and the NDP have changed their tune. In 2006, both called the Child Care tax credit dangerous and a threat to quality child care; now, both plan to keep it, while also reintroducing their respective national day care programs, albeit at lower levels of expenditure, with the Liberal plan coming in at a shade over \$1 billion per year, and the NDP at \$1.5 billion per year. The Green Party is touting a program of “universal access” to high quality day care which appears to be the

Liberals' 2005 program with some extra elements related to ensuring day care provision at places of work. Their plan costs roughly the same as the Liberal and NDP plans in the first year of implementation, but rises swiftly to over \$3 billion by 2011-2012. The Bloc Quebecois platform, perhaps predictably, criticizes the Conservative tax credit but puts forward no plan of its own other than a demand for more federal transfers to assist the provinces with their own child care policies, which in the case of Quebec they refer to as "one of the best in the world".

In short, all parties except the Bloc have in effect adopted the Conservatives' 2006 platform, and all parties except the Conservatives have adopted the Liberals' 2006 platform (which was based to no small degree on the Quebec model of child care provision). Rather than ask Canadians to choose between visions, most parties in effect seem to be telling Canadians that they can have both.

Transfers to Provinces

Rather remarkably, given the constant bickering about federal transfers to the provinces in the decade after the creation of the Canada Health and Social Transfer (CHST), allocations for post-secondary education do not figure very prominently in this year's platforms.

Recall that in the 2007 federal budget, for the first time in roughly fifty years, the government of Canada dedicated a transfer (actually, a portion of a larger Canada Social Transfer) to post-secondary education (PSE). Beginning this year, the Government of Canada has designated \$3.2 billion of its overall cash transfers of \$33 billion as being "for" PSE, though there are no conditions and transfer dollars are entirely fungible once they reach provincial coffers. In addition, an uncertain portion of roughly \$21 billion tax points transferred from the federal government to the provinces (an archaic procedure which derives from the aftermath of the Second World War) are generally designated for health, education and social services. Generally speaking, transfers to provinces had a great deal of political visibility in the 1990s because reductions in federal transfers were related to cuts in provincial funding to universities and colleges. Generally speaking, over the last ten years, most parties have urged some increase in transfers as a means either to improve quality or reduce tuition in PSE.

So it comes as something of a surprise that the Liberals and Conservatives have both been entirely silent with respect to transfers and PSE funding. The Bloc address the issue of transfers only in terms of a general call for "more" (no specific figure is provided). The Green Party does something similar, assuming that the federal government is in some kind of position to bargain increased transfer payments for higher enrolments and lower tuitions, though this kind of tactic is unlikely to be implementable given provincial opposition. Similarly, the NDP have kept a vestige of the "reduce tuition by 10%" plan which they backed in both 2004 and 2006 by saying that they would "keep tuition fees affordable and improve opportunities in post-secondary education by negotiating with provinces and territories improved, dedicated funding to support and enrich publicly funded and administered post-secondary institutions." However, in their costing document the sum of money allocated for this is \$1.2 billion dollars to be implemented in year 1 of an NDP government. Since national PSE spending has been rising at well over \$1 billion per year for the last three years, such a sum seems unlikely to provide

a federal government with much long-term leverage in discussions with the provinces. More promising in terms of likely implementation is the party's suggestion with respect to increasing medical program enrolment through a dedicated deal with provinces, and specific funding to support post-secondary institutions in the three Territories.

Why the lack of attention to transfers? Likely because Canadian political parties have come to the conclusion that there are more votes to be had by transferring money to students and families (who vote) than to institutions (which don't). Over time, this will lead to something like a national voucher system for PSE, albeit by stealth. In the short term, given a likely economic slowdown, this seeming consensus on transfers for PSE is not good news for institutions. Provinces, themselves dealing with slowing revenues, will have to absorb these cuts one way or another, and the likeliest scenario is a reduction in provincial transfers to institutions. Some provinces will likely relent on tuition fee restrictions and allow institutions to recoup the money that way; in others, where the political value of a tuition restriction is seen to be strong, institutions themselves will inevitably have to absorb the cuts.

Student Aid

This is the area to which the parties have seen fit to pay the most attention in this election.

The Tory record on student aid is relatively clear. Upon coming to power in 2006, they had promised basically not to undo any of the major Liberal initiatives in the area, and in addition to top up the existing tax credit regime by introducing a new \$65/month "textbook tax credit" which was functionally identical to the existing "education amount tax credit". Need-based student aid was also given a boost by easing eligibility requirements, meaning that nearly all Canadian families can now qualify for student financial aid (depending on circumstances, aid is now available out to about \$150,000 in family income).

Almost certainly, that was all the Conservatives expected to have to do during their term in office. The party simply demonstrated no particular interest in the subject. However, once the government survived its first eighteen months or so, it became increasingly clear that it would, in its 2008 budget, have to figure out what to do with the student aid system once the Canada Millennium Scholarship Foundation's mandate expired at the end of 2009. The result was a massive new income-based grant program worth at least \$400 million (though potentially much, much higher if large numbers of independent students realize that all they need to do to get a \$2000 grant is to earn slightly less in employment income), the largest ever single investment in the Canada Student Loans Program (CSLP). Key to the decision to run the new grants through the CSLP and not some arms-length agency was the fact that Quebec would be able to opt out of the program. Despite the fact that this represents a massive new investment by the Government of Canada, they actually do not represent any new net money *for students* because all it does is replace the money currently provided by the Foundation's shrinking endowment fund.

The Liberals and the NDP have focussed a substantial amount of their attention on providing up-front grants to students. The Liberals actually have three grant programs: first, an up-front grant piggy-backed on the existing GST tax credit system of about \$600-\$700 (the platform is vague, suggesting that the grant plus GST credits will amount to \$1000); second, a \$3500 need-based grant for 200,000 students; and finally, a \$4000 grant for students from targeted groups such as Aboriginals. The NDP, in contrast, is offering “a \$1,000 grant to all undergraduate or equivalent students who qualify for student loans, paid at the beginning of the school year”, as well as the creation of a new “needs-based grants for low income college and university students.”

So far, so good, but the details of these plans – especially the Liberals’ – are hazy. The \$1000 grant to all students is supposed to be paid for by the streamlining and/or elimination of some tax credits – but it’s extremely unclear which tax credits are being cut – and it’s also unclear how students not eligible for GST credits (mature and part-time students in particular) will receive the grant. Moreover, while the move may seem superficially to address the policy consensus preferring grants to tax credits, the fact is that the grant’s universal nature means this is just a rearrangement of subsidies to the middle class.

A similar lack of detail makes it impossible to tell what is really going on with the proposed targeted grants of \$4000. Is that \$500 on top of the \$3500 need-based grant (i.e. total \$4,000), or is the total amount meant to be \$7,500? If the grant is to be targeted to Aboriginal students, what is the intended relationship between these grants and the Post-Secondary Student Support Program? The Liberal platform also indicates that these programs are to be run by an arms-length agency (presumably the Canada Millennium Scholarship Foundation or something very like it) with a \$25 billion endowment. Yet no money for an endowment exists in the costing, which appears to indicate that the programs will be funded by current expenditure. And if there is an intention to run these programs via a Foundation, why allow Quebec an opt-out, as the Liberals have done? And how would an opt-out on an endowment work, anyway? Perhaps most importantly, is all of this **on top of** what the Conservative government has already announced, or is it an alternative to it? On such questions, the platform – and indeed Liberal party officials – provide no answers. As a result, the undeniably generous Liberal plan has all the hallmarks of having been drafted on the back of an envelope.

In terms of providing loans, both the Liberals and NDP are looking to make loans more generous through reductions in student loan interest rates during the repayment period. But in addition to this, the Liberals are also promising to eliminate interest charges during the post-graduation “grace” period, extend the grace period from six-months to two years, and – perhaps most radically – ensure that every student in Canada is eligible for a \$5000 student loan regardless of parental income. While all of these changes will bring benefits to students in repayment, they do so with a fairly broad brush, bringing substantial windfall benefits to those able to pay out their loans without such assistance, and without any obvious ramifications in terms of improving access.

The guaranteed loan for all students is a more intriguing idea, but it is not clear whether the loans are intended to be subsidized or unsubsidized: one presumes the latter, because of the clear scope for program abuse (in a fully subsidized program, students from richer families could take out subsidized loans, invest them in treasury bills for four years plus a two-year grace period, and walk off with a

substantial profit). Moreover, the policy is based on the assumption that middle-income students are currently having difficulty getting student loans; to put it mildly, there is little evidence to support this claim. In fact, over the past five years, it has been getting increasingly easier for students from middle-income backgrounds to access loans, with levels of expected parental contribution decreasing at the federal level and in most provinces¹.

Debt management measures – specifically remission programs – take centre stage with the Green Party platform, which wants to forgive 50% of a student loan for those who complete a post-secondary diploma or degree. The Green Party does not project a cost specifically for this initiative – it only costs out its global plan for PSE, which includes a lot of other policies; however, EPI would estimate the costs of this program as being in the range of \$700 million per year when it is fully operational. The NDP, too, has proposed some debt control measures, but only on the rather narrowly targeted grounds relating to medical students.

The Bloc, not surprisingly, has not devoted any attention to the issue of loans and grants programs. However, they have devoted some attention to the issue of education tax credits. Since these are partially based on tuition fees, and tuition is lower in Quebec than elsewhere, they have concluded that Quebec is not receiving its “fair share”. In compensation, they ask for some vaguely defined “fair share” of federal spending, which could be interpreted to mean that the party is advocating the abolition of tax credits. It is also clear, incidentally, from a close read of page 178 of the Bloc platform, that whomever wrote the platform has absolutely no idea how tax credits work (there is a serious confusion between the overall tax credit and the \$10,000 deductible on scholarship income).

Overall, what is clear is that the Liberals have likely proposed the most generous package, and the most comprehensive in the sense that it touches on the largest number of issues raised in the policy literature. The commitment to reduce the interest rate charged on student loans appears to respond to a growing chorus of concerns about debt management for student loan borrowers, more grants (because the literature says grants are better than tax credits), and some targeting to selected underrepresented groups (because the literature says they need the most assistance). But overall, the program seems to have little focus or coherence, and the party’s inability to synchronize its stated platform with its costing document does not speak well of the party. The Green proposal is close behind in generosity, but lacks detail, has seriously overblown costing and seems unlikely to do much in terms of improving access. The NDP proposals are, in contrast, quite modest and realistic, and are at least targeted to some extent. The Conservatives, perhaps feeling that they already did their bit for needy students in the 2008 budget, have promised nothing.

In terms of effectiveness, the Green plan is probably the least likely to have any effect on access because of the weak link between indebtedness levels and the decision to attend PSE in the first place. The Conservatives have not presented a plan for this election, but their 2008 budget plan represents a modestly promising re-arrangement of existing student aid monies without increasing total assistance. The NDP plan is difficult to evaluate because of the lack of specificity on their new grant program, while

¹ In 2007, New Brunswick even eliminated parental and spousal contribution from the student loan assessment.

the Liberal plan appears to be the most promising because of the targeted nature of the third proposed grant, but it also seems to be a highly inefficient plan because much of the grant money they propose would likely be available to all students, regardless of need.

Research and Development

The Conservative approach to research and development might be described as “slow and steady”. For instance, they have made incremental increases to the Indirect Costs of Research Program, and incremental adjustments to granting council (CIHR, NSERC and SSHRC) budgets. But rather than allowing the granting councils to spread the money around all fields of study under their purview, they have usually specified which specific areas should receive the money (in the social sciences and humanities, for instance, extra money has been earmarked for business and economics, but not philosophy). They have also put aside small amounts of money for things like new graduate scholarships and Global Excellence Research Chairs. Each of these is worthy in and of itself, but collectively do not represent a sea change in the Country’s research landscape.

In 2007, the Conservatives published a vision document called *Mobilizing Science and Technology to Canada’s Advantage*, which among other things highlighted the serious problems in lack of private sector R&D spending. The report outlined a three-pronged approach which highlighted the importance of having a pro-research tax regime, excellent facilities for research (primarily but not exclusively in universities), and concentrating on the recruitment and retention of top research talent. However, not all of the proposed policies have yet been put into place, and for those that have it is much too early to say much about their effectiveness.

Of the opposition parties, the New Democrats have the smallest commitment to new investments in research. They offer a one-time bump of \$100 million in expenditures (presumably but not explicitly to be made through the three research granting councils); with no further increases in later years, this means a 4-year commitment of \$400 million. The Liberal commitment is \$670 million in extra funds over 4 years, though it is not entirely clear how this is to be phased in. By contrast, the Tories provided an extra \$370 million to the granting councils over the last three years (a \$40 million increase in 2006, plus an additional \$85 million increase in 2007 and then a further \$80 million increase in 2008). Assuming the Conservatives stay on roughly the same spending path, their total increase to the granting councils over the next four years is probably slightly below what the Liberals are promising, but substantially more than what the NDP are offering. A slight twist in the Liberal approach is that their investments would disproportionately favour research in the social sciences and humanities, though they offer no justification as to why this is a good idea. They also propose an Interdisciplinary Sustainability Fund of \$100 million to enable scientists, researchers and graduate students to undertake projects that extend beyond the barrier of their disciplines. It is not clear from their costing document whether this money is in addition to or part of their proposed increase in granting council funding.

The Greens do not ask for *any* money for university research, but do back a plan to provide applied research dollars to community colleges, at least in the area of renewable energy and energy conservation. The Bloc Quebecois urges greater federal expenditure in Research and Development, but does not specify amounts.

In addition, the Liberals support increasing the indirect costs program by more than 60 per cent to \$500 million a year. The Conservatives, judged by their track record, would increase the program at a slower rate.

Finally, the Liberals propose making the tax credit for private sector research and development partially refundable so that even companies who are not currently making a profit will have an incentive to invest in research and development. If the intent here is to subsidize “virtuous” companies who maintain research spending in a downturn, this approach has merits; as a means to increase total research spending, however, it seems unlikely to achieve much. As a recent CD Howe Institute report suggested, it is more likely the overall rate of business taxation that is deterring investment in research than the specific lack of tax abatement on research investments..

Apprenticeship Training

With apprenticeship training being effectively under provincial jurisdiction, there is little the government of Canada can do to promote it. Things like tax credits and grants for apprentices (both of which are approaches taken by the Conservative Government) are possible, but since the real bottlenecks are on the supply and not the demand side, this arguably simply aggravates the problem.

Both the Green Party and the New Democrats have advocated increasing industry-based job training and apprenticeship opportunities. In the case of the Green Party, the commitment runs to about a line and a half of text and is supported neither by a detailed description or any specific costing. The NDP are more detailed, providing specific suggestions with respect to formalizing the role of Employment Insurance in funding apprentices and workers taking leave for training and re-training purposes. The NDP also proposes the creation of new incentives for apprenticeship completion, including requiring federal construction contracts to be awarded to firms that employ certified apprentices and journeypersons. Their costing proposal suggests a \$100 million annual price tag on this program, to be fully funded in year one of an NDP government.

Odds and Ends

The Bloc Quebecois has suggested exempting students from making EI payroll payments since they are not permitted to benefit from the fund. This is an intriguing suggestion which deserves more attention than it has so far received from other parties, and indeed from the country’s main student groups.

The Green Party has said they would like to “fund universities to create more tenure track teaching positions, regardless of perceived commercial value of the area of pedagogy”. The commitment is listed separately from its commitment on increasing transfer funding, which suggests the possibility that they would like to undo about 50 years of history in terms of federal-provincial relations and try to fund institutions directly for core activities. Similarly, they say they want to “create a fund for excellence in post secondary teaching in which funding is increased as the student to professor ratio decreases,” which suggests not only that they see a direct relationship between Ottawa and institutions, but also that they have bought into the empirically baseless idea that class size and educational quality are the same thing.

Conclusion

The lack of a published platform from the Conservative Party – at this point the likeliest winner of the October 14 election – is of some concern because they are essentially asking Canadians to write them a blank cheque, at least as far as education is concerned. Not that they have proven themselves poor managers of these files in the past three years, but some more clarity around plans would have been welcome.

Among the other parties, the Liberal platform provides the most detailed plan on PSE, which might suggest that it is the party most comfortable with the issue; however, this effect is diminished by the fact that so many of the details are open to interpretation, and the text and budgeting don't exactly match. The Green platform indicates a willingness to spend money but not much of a grasp of the issues. The NDP platform suggests caution in spending, but a welcome backing away from tuition fees as the main issue in PSE.

However, the biggest story in these platforms is really the lack of attention paid to transfers. An economic slowdown is on the way. Provincial finances will be strained over the next few years. With no new federal transfers (beyond the 3% annual increases in the newly created PSE transfer), this restraint will inevitably cause problems for provinces, and likely for post-secondary institutions as well. Tuition fee rises or institutional cut-backs will almost certainly be the result.

Over the long term, all political parties have been drifting towards an approach of funding students rather than institutions. Fourteen years ago, when Lloyd Axworthy openly suggested such an approach in the federal government's “Green Paper” on Human Resources Development, he was met with howls of outrage and derision at the idea of a “voucher-ized” PSE system in Canada. But since then the drift towards spending on individuals rather than institutions has been far greater than anything Axworthy ever suggested, and not a peep has been heard from his erstwhile opponents. After this election, it may be time for all education stakeholders to think about the balance of spending between the two, and see whether or not the current trend is in fact sustainable.

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