

The Economist

Quebec's deficit-busting budget

Charest tries again

A taste of the politics to come

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WHEN Jean Charest was first elected as premier of Quebec in 2003 his Liberal government's efforts to curb spending and taxes in the most social-democratic corner of North America faltered in the face of protests by trade unions. Now, having been twice re-elected, Mr Charest is trying again to cut the province's debt and deficit, the biggest in Canada (see chart). His budget, presented last month, includes increases in the sales tax, university fees and a new charge for health care (and possibly for visiting a doctor). Will he be more successful this time?

The early signs are not good for him. On April 11th perhaps 50,000 Quebecers, some brandishing mops and carrying placards calling Mr Charest a *maudit menteur* (damned liar), marched on the legislature in Quebec City. Even before the budget, the government was unpopular. The opposition claims sleaze. In addition, a former justice minister claims Mr Charest knew his party took illegal cash donations from construction firms and allowed party fund-raisers to influence legislation and judicial appointments. The premier's spokesman denied these claims and threatened legal action if they were not retracted. Mr Charest this week announced a public inquiry into judicial appointments.

Bleak as it sounds, all is not lost for Mr Charest. At least Quebecers have become aware that the province's growing debt and ageing population are problems, says Pierre Fortin, an economist and member of a group dubbed *les lucides* (the lucid ones) which called for action on both five years ago. Society is split over whether to tackle these problems through spending cuts or tax rises. The budget, with a bit of both, angered both sides. But it was widely praised by economic commentators. If he makes some compromises, Mr Charest can probably get his budget through.

His battle to do so is being watched with interest by his fellow premiers across Canada. With the economy now recovering strongly after a mild and brief recession, Quebec is the first to abandon fiscal stimulus. Many of the others must also grapple with the rising cost of health care—a provincial responsibility in Canada—and ageing populations. The problem is that "you can't criticise the health-care system without it being perceived as an attack on Canadian identity," says Mr Fortin. At least Mr Charest has time on his side. He does not have to call a fresh election for three years. By then he might just be seen as an economic visionary rather than a *maudit menteur*.

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