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Review of *Taxing Illusions: Taxation, Democracy and Embedded Political Theory* by Phillip Hansen

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Taxing Illusions: Taxation, Democracy and Embedded Political Theory. By Phillip Hansen. Halifax, NS: Fernwood Publishing, 2003. 128 pp. Notes, bibliography. \$14.95 paper.

Every society possesses a social contract establishing the obligations its members assume toward one another. By and large, this implicit contract governs how a society allocates responsibility for achieving its social and economic goals to the major forms of social organization; in particular, how it divides responsibilities between the public ordering process, represented, in the main, by the government, and private ordering processes, represented by the market but also by families and community organizations. As is well documented, over the past 25 years the terms of the social contract have changed dramatically in most Anglo-American countries, including Canada. The role of government has narrowed, while an emphasis on allowing markets to allocate resources and on individual choice and voluntary action has increased. Describing, explaining, and defending or lamenting the nuances of this shift in the social contract—from what is often referred to as the Keynesian settlement to neoliberalism—have preoccupied political scientists.

One of the most significant policy instruments citizens can have their governments employ in the pursuit of their social objectives is taxation. Tax laws, therefore, are a particularly reliable barometer of shifts in the terms of the social contract. In his perceptive study, Phillip Hansen builds on this insight.

Taxing Illusions consists of a careful examination of two tax studies commissioned by New Democratic Party (NDP, Canada's social democratic party) governments in the province of Saskatchewan. The first study, conducted by the McLeod Royal Commission, was released in 1965; the second, the Vicq Tax Report, in 1999. Viewing these studies as social artifacts, Hansen parses the public policy discourse used in the studies and shows how they closely track the prevailing dominant values and preferences relating to the use of public as opposed to private ordering processes.

Hansen devotes a chapter to each study. The McLeod Royal Commission report was written in the mid-1960s, at a time when wide-spread confidence in the potential efficacy of government intervention and a desire for greater fairness and justice strongly supported the terms of the social contract underlying the Keynesian welfare state. Government's role was seen as beneficial to the community. Taxes were perceived as important in allowing citizens

to discharge their moral responsibility to one another and as effective policy instruments for reducing inequalities. Taxes enabled citizens to fulfill their potential as free and equal human beings.

In contrast, the Vicq Tax Report was written in the late 1990s, at a time when economic efficiency had eclipsed equity as the overriding goal of public policy, and the value of preserving individual choice trumped the pursuit of collective action. The report implicitly viewed taxes as an infringement of personal liberty, restricting the right of individuals to spend their money in the way they saw fit and as a disincentive to work, save, and invest. The changes it proposed would reduce the progressivity and the revenue-raising potential of the Saskatchewan tax system. The NDP provincial government implemented most of the Vicq Tax Report's recommendations.

In addition to offering the interpretive claim that each of these tax studies expressed radically different embedded political theories—"judgments about the appropriate character of human social bonds, about how we should live together"—Hansen's book also weaves an extended normative argument throughout the text, namely, that the neoliberal account of the self and community, in particular the premise that an individual's preferences and values are formed independently from the community of which he or she is a part, is incoherent.

This book is a brilliant illustration of how a skillful social scientist can conduct "a reading" to discover meaning embedded deep within a text, even such a seemingly technical text as a tax report. For those of us who believe that taxes are an important policy instrument in the pursuit of our collective aspirations and thus have potential to greatly enrich the life of the average citizen, the analysis raises a troubling question.

Saskatchewan, and its tradition of progressive prairie populism, has long been a beacon for the political left in Canada. Its political culture is firmly rooted in the farmers' movement, cooperatives, trade unions, and social democratic politics. Yet the Vicq Tax Report recommendations, and the subsequent tax reforms implemented by the Saskatchewan New Democratic Party government, clearly reflect the neoliberal agenda. Based on the findings of Hansen's study, and given the pervasive (and embedded) domination of business interests in all aspects of the public policy process, one wonders whether it is still possible to have an informed public deliberation about where the public interest lies and to define an appropriate role for government in society. **Neil Brooks**, *Osgoode Hall Law School, York University*.