

MONEY IS POLITICS

Thursday, April 3, 2008

It is often said that elections don't change how the country is run. In a sense, that is true – the real people calling the shots in Canada are found around the boardroom table of the Canadian Council of Chief Executives. The head of the CCCE, Tom D'Aquino, has been setting public policy for the last quarter century regardless of who occupies 24 Sussex Drive.

This group (originally the Business Council on National Issues) were the main drivers of the Canada-U.S. Free Trade Agreement, the ending of the National Energy Plan, the gutting of social programs, NAFTA, and now the agenda of continental integration. They represent the elite of capital in this country, and effectively act as a shadow cabinet to Prime Ministers of either the Conservative or Liberal Parties.

Harper's blueprint called Advantage Canada lays out the core globalization agenda for our country. The main features are more deregulation, increased private role in public services, harmonizing and integrating with the U.S., more free trade and outsourcing, and more foreign investment. Within that context, the main role for the Finance Minister is to reduce the financial capacity of government. This is well under way with the cuts to GST, reducing taxes on capital gains, and establishing the lowest tax rate on new business investment in the G7.

Who is Finance Minister Jim Flaherty? Like his political soul-mates George Bush and Ronald Reagan, his tough talk masks a fundamental financial incompetence. All three racked up massive debts to plague their successors. In Ontario, Flaherty's true legacy was a \$5.6 billion deficit. His obsession with reducing government means there will be little money to invest in cities, no national transit or childcare strategy, and no vision of nation-building. There is, however, a huge commitment to weapons spending.

In fact, you could summarize Flaherty's policies in three words – shrink, shift and shaft. Shrinking government means there will be fewer public services and a weaker social safety net. Tax cuts for the rich shifts the cost of nearly everything onto working families, while workers and communities get shafted as good jobs are outsourced or sent overseas. In Jim's world, profitable companies still get tax cuts even if they pay their employees only poverty wages.

But this is not just a Flaherty/Harper agenda. Much of the framework was established by the Chretien regime in the early 1990's. With each passing month, the Ontario government embraces more of these same policies, although with a more caring face. Just look at the drive to force P3's in transit, the continued competitive bidding in home care, and the self-imposed failure to restore corporate tax rates. Our schools, cities, social services, and transit services keep begging for a fair share, while an estimated \$17 billion in revenue lost to tax cuts is ignored.

Putting huge amounts into re-training for workers is no substitute for an effective industrial policy, but that is exactly the goal of corporate free traders. Meanwhile, low income workers will have to wait for the much vaunted “poverty reduction strategy”.

The City of Toronto is not immune from these pressures. The Fiscal Review Panel Report contains many elements of the “Re-inventing Government” program that is advocated by prominent neo-liberals like David Osborne. The business voices on that panel want to set the stage for a sell-off of Toronto Hydro assets, as well as down-sizing the public sector. They use the on-going budget problems at City Hall as reason to take these ill-advised actions, and know that as the recession impacts Toronto there may be an opportunity to reverse some of the progressive stands taken by the Miller administration.

The Executive Board recommends that Labour Council:

1. condemn the Harper government’s policies that seek to further subordinate the interest of Canadians to the agenda of corporate globalization.
2. and its affiliates continue to challenge the McGuinty government to break with the continuing legacy of the Common Sense Revolution in both its fiscal and public policy decisions.
3. and its affiliates mobilize to reject the business agenda for Toronto wherever it emerges.