

STIMULUS GOOD and BAD

This Opinion piece by Labour Council President. John Cartwright was published in Saturday's Toronto Star.

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Now that the Harper government has finally admitted that there is an economic crisis in Canada, all indications are that there will be a stimulus package in 2009. But there are many kinds of economic stimulus – with very different results. In the U.S., the bankers and loan sharks who created the crisis were rewarded with a multi-billion dollar bailout, while Republican politicians demanded massive concessions from front-line auto workers whose wages help sustain middle class communities.

The stimulus should strengthen the real economy – not reward paper traders and speculators. Think it can't happen after all the meltdown furor? Just look at Britain, where four of the largest banking houses diverted over \$12 billion into CEO and other executive bonuses immediately after securing billions in taxpayer's money.

Here is a list of possible stimulus policies – the good, the bad, and the ugly.

GOOD – Investing in a green economy. Canada needs to catch up to Europe in designing and producing things that are much less harmful to the environment. The next economy will bring rewards to those whose policies aren't dictated by Big Oil. Obama has pledged to leapfrog the U.S. into the 21st century green economy, while our Prime Minister is now the main world obstructionist on the vital issue of climate change. Sectoral strategies to make the transition to green-collar jobs should be a priority.

BAD – More corporate tax cuts. Business lobbyists and think tanks insist that their masters should pay even less of a share of the revenue needed for our society. These folks have become tax-cut junkies, looking only for the next fix. And like true junkies, they will ignore the need for nutrition, sustenance and long-term health as long as they can score another fix. The corporate share of taxes has been dropping steadily for years, even when companies ship their jobs overseas.

UGLY – The drive by the Harper government and Big Oil to exploit the Alberta oil sands as quickly as possible. To make matters worse, they are building new pipelines to send raw bitumen south to be upgraded and refined in the U.S. Once the oil sands construction bubble bursts, there will only be a fraction of the jobs left in actual production or refining. The environmental damage, however, will be a legacy that will last for generations.

GOOD - Retrofit thousands of homes, offices and factories to reduce our energy use and greenhouse gas emissions. Tie this investment into local production of the materials needed, and you maximize the benefits all round. The same principle should apply to new transit vehicles, which should require at least the 50% Canadian content to match the policies of all our trading partners.

BAD – Another stupid cut to the GST, which hardly anyone notices, but does deplete public revenues by billions. Of course, that is the Harper plan - to create a fiscal crisis in order to set the stage for a massive sell-off of public assets. Much better would be to give one cent of the GST to municipalities across the country to rebuild crumbling bridges, expand transit, and strengthen their local communities.

UGLY – Using infrastructure funds to impose public-private partnerships on every level of government. Not only does this delay getting the shovels into the ground, but at the end of the day it costs more and delivers less. The Ontario Auditor General finally issued his findings on the P3 Brampton Hospital, which should be tattooed on the signing hand of every politician. The consultants' costs soared to \$34 million, of which \$28 million is directly attributable to the P3 process. More outrageous is the price tag on the extra interest rates - \$200 million. That could buy a lot of front-line nurses and direct patient support. But of course, P3's are all about profit – not public services.

GOOD – While pumping lots of money into “bricks and mortar”, don't forget the social infrastructure that is essential to our quality of life. A good place to start would be restoring a national childcare program, with well-regulated non-profit delivery at its core. This would create thousands of new jobs, spread across every community, most of them for women. When there are decent wages paid for the vital work of nurturing the next generation, its well worth the effort.

GOOD –Restore Employment Insurance as a “universal social program”. People should be eligible after 360 hours anywhere in the country, with better benefit levels, and coverage for a full year. The Tories took away \$50 billion of EI money to achieve their balanced budget, leaving only \$2 billion to pay for all the jobless. In some circles, you'd call that theft. Maintaining income levels is crucial to an economic recovery, but in the GTA less than a third of the jobless are able to get benefits.

Of course, you won't get at the real root cause of our problem until you start to address the bad trade deals that favour corporate privilege over people and communities. But a stimulus package in the next budget would be an important step, as long as the good choices outweigh the bad. Canadians don't need, or deserve, a repeat of the last Jim Flaherty fiasco.