

BUDGET OF IDEOLOGIES

Thursday, February 5, 2009

The 2009 federal budget was the result of one of most remarkable episodes of political bargaining in Canadian history. Only a few weeks ago, the Harper government outlined a fiscal update that ignored the growing economic crisis, while engaging in nasty partisan vindictiveness.

After creating a political crisis that nearly cost them the government, the Conservatives have come back outlining a major stimulus package that has some positive elements offset by more of their pure ideology. Permanent tax cuts abound, while social measures are short-term and investment in infrastructure is tied a process defined by P3 options.

Most outrageously, there is nothing substantial to restore unemployment insurance as a universal social safety net. Instead, there a few weeks of extended benefits and an emphasis on training and skills upgrading. Thousands of workers in greater Toronto will continue to be ripped off by a system that has been deliberately eroded to ensure that a pliant workforce will accept lower wages and worse conditions in their next job.

Tax cuts will cost \$2 billion in revenues this fiscal year, and another \$440 million worth of tariffs on imported machinery and equipment will be lost as well. All told the stimulus package amounts to only half of the projected deficit, due to reduced revenues. And large parts of that stimulus will flow to the corporate sector without any strings attached to job creation. There is no funding to restore a national child care program.

Perhaps the most glaring omission in Flaherty's plan is around the environment. There is no plan to seriously move our economy to a place of sustainability – in fact, much of the money for “green technologies” is being donated to oil companies to develop unproven carbon capture technology for the tar sands. One of the few deliverables is in retrofit of social housing, which will help Toronto Community Housing respond to the urgent need for building upgrades.

Overall, however, Toronto may well get the shaft. Instead of transit money coming directly to the TTC for its vital Transit City project, the only dedicated funds seem to be for Union Station. Other federal funding announced years ago has yet to flow – the Spadina subway extension was delayed for months while “P3 options” were reviewed.

Hopefully the measures that are designed to free up the flow of credit will translate into real help for cash-starved businesses and consumers. But the line of Flaherty about tax cuts helping consumer spending misses the mark on two counts. Thanks to corporate globalization and bad trade deals, less consumer goods are actually made here these days, so buying TV's, clothes or even appliances does little to help the real Canadian economy. More importantly, however, the failure to reform EI means thousands of families who need their incomes maintained are being left out entirely.

The positive aspects of this budget were only derived from the threat of the opposition parties taking government. Now that this threat has been removed by the Ignatieff Liberals, the labour movement needs to continue mobilizing for measures that will truly deal with the depth of the current economic crisis.

The Executive Board recommends that Labour Council:

1. with its affiliates, work with the Good Jobs Coalition and the CLC to build pressure on the federal government to fix Employment Insurance so that it is once again a universal social program providing benefits for all who are losing their jobs;
2. work with affiliates and municipal leaders to demand real investment in transit, public services, social infrastructure and a green economy from both federal and provincial governments;
3. help organize lobbying and rallies to demonstrate our disappointment in GTA Members of Parliament who must be held accountable for the deep flaws in the federal budget and its related policies.

