

**EXECUTIVE BOARD REPORT  
TO THE  
TORONTO & YORK REGION GENERAL MEMBERSHIP MEETING  
THURSDAY, JANUARY 7, 2010**

**“DEFICIT WARS AHEAD”**

The logical consequences of the global financial meltdown of 2008 will be the deficit wars of 2010. Ontario projects a \$25 billion shortfall, the federal government twice that amount, and municipalities everywhere are faced with the dilemma that they are forbidden to run a deficit. The budget crisis will be played out according to a well-known script – sell off public assets, reduce public services, and attack the rights and living standards of public sector workers.

Naomi Klein’s important book *Shock Doctrine* details how global capital seizes on any national crisis to further its agenda of privatization, driving down wages, and reducing labour rights. The expansion of Milton Friedman’s Chicago School doctrine wasn’t limited to neo-cons like Ronald Reagan and Margaret Thatcher – it has been actively encouraged by corporate leaders and accepted by politicians from across the political spectrum who come to believe that there is no alternative.

But there are alternatives. A close examination of any budget reveals a series of choices being made, starting with the assumption that tax cuts could never be reversed. The Mike Harris regime squandered over \$10 billion in public revenue through corporate tax cuts, which continue today. At the federal level, the amount is many times greater. Huge subsidies and incentives continue to accrue to multinational oil and gas monopolies. Companies that outsource and destroy Canadian jobs are still given the same tax breaks as those that maintain jobs in our communities. And the loopholes for capital gains keep getting bigger.

When Finance Minister Dwight Duncan insists that Ontario continue to reduce corporate taxes in the face of the largest deficit on the province’s history, something is clearly wrong. We expect Conservatives like Jim Flaherty to muse about selling off public assets and services, and to impose wage restraint by parliamentary fiat. Unexpected, however, was the largest strike in Toronto’s history sparked by a progressive city government fearful of massive budget pressures caused by the recession.

The call for public sector workers to lower their expectations is repeated daily by politicians and media commentators. It will be a theme in the municipal elections, around the provincial budget, and in operational revues everywhere from hospitals to Canada Post. On the other hand, 2009 bonuses for the top echelon of bankers in Canada have quickly rebounded to their pre-crash level of \$8 billion.

The deficit wars will not just be fought around workers incomes. The greatest pressure will be to open up the public sector to private operators. "Across Canada the hospital sector has attempted to outsource food services to three multinationals – Sodexo, Aramark and Compass. In too many cases, positions that used to pay decent salaries are now poverty-level jobs". The massive redevelopment of healthcare facilities features private financing, building, and long-term maintenance contracts. The federal infrastructure fund requires P3 options to be considered for every major project. In the GTA, York Region has spearheaded the delivery of transit by private or P3 operators and Metrolinx is following suit.

The motive for all this is very simple. An average return on investment of fifteen percent translates into tens of millions in profit if a company can access public sector operations in health, transit, and utilities. Fortunes have been made on childcare in Australia and prisons in the U.S. For business interests, the only question is - why not Canada?

These issues are of vital importance to the entire labour movement, not just public employees. Public services and programs are the foundation of a decent quality of life for working Canadians. They are part of our "social wage", which were the fruits of political bargaining by past generations. We see the difference when a universal social program like unemployment insurance is eroded to the point that most of our neighbours who lose their jobs can no longer access benefits.

The development of an effective defence against the coming assault will require significant resources. The first step is comprehensive membership education for union members in both public and private sector workplaces. Bargaining strategies need to be crafted that withstand the huge pressures from politicians answering to the corporate elite, and an increasingly hostile media. Real solutions need to be proposed to the budget crises of municipalities and school boards. Public messaging needs to expose the role of corporate greed in the emerging scenario.

We will not win this war without alliances. Public sector unions need to be on the forefront speaking out for the needs of the unemployed, defending manufacturing and construction jobs, and demanding a living wage for all work in the private service sector. Labour must reach out to immigrant communities, to challenge the kind of exploitation and precarious work that is robbing many new Canadians of a secure future. And we urgently need to connect with young people to engage in rebuilding true social solidarity.

In fact, this fight should not just be about defending the public good, but should imagine expanding the public good. Let's bring back the demand for a national childcare program, urge the expansion of public utilities like Toronto Hydro into alternative energy networks, perhaps even talk about the benefit of public auto insurance. Combine that with the call for stricter control on foreign ownership of media, telecoms, and natural resources. Let's have the audacity to reject the flawed economic model built on maximum greed, and say that another world is, in fact, possible!

The Executive Board recommends that Labour Council:

1. work with affiliates to develop an effective defence against the coming assault on public services and public sector workers.
2. work with affiliates, the Canadian Centre for Policy Alternatives, and the new leadership of the OFL to undertake a massive educational campaign on the underlying issues of government deficits, the importance of public services and the threat of public and private sector workers being divided.
3. propose an expansion of public services in greater Toronto to provide quality services for residents, create good stable jobs, and act as a catalyst for a greener economy.