

CUPE ECONOMIC

BRIEF

Conservatives' Economic Plan is a Wake-up Call

Finance Minister Jim Flaherty released his government's *Economic and Fiscal Update* and *Advantage Canada* economic plan last week. While most increasingly overworked Canadians would probably fall asleep before finishing its 165 pages of numbers, rhetoric and misleading promises, it sends a clear message that should serve as an important wake-up call for anybody who cares about the future of our country.

Before he became Conservative leader and Prime Minister, Harper told a secret meeting of a right wing U.S. group that 'America, and particularly your conservative movement, is a light and an inspiration to people in this country and across the world' and that Canadians "wouldn't even recognize the kind of country that I want to lead".

Despite a lack of detail in many areas, these documents provide some glimpses about Harper's plan to remake Canada.

Corporate lobby groups were overjoyed by the Conservatives' economic plan, describing it as "sweet music to our ears", hitting "every one of our priorities" and having "all the elements of things we need".

The CLC, CUPE and other progressive organizations strongly condemned the plan, but received little coverage in the mainstream business press. Read on and you might find out why.

The ***Economic and Fiscal Update*** is mostly an economic and fiscal update and forecast, but it provides some signs of the government's direction. Despite their professed commitment to greater transparency, the Conservatives have decided to only provide two year forecasts in their budgets, so this update is the only public source of longer five year forecasts.

What it shows clearly is that the federal government cannot afford the Conservative tax promises, reduce the debt, and increase public investment in the important programs that are a priority for most Canadians: health care, post-secondary education, child care, reducing inequality and preserving the environment.

But this is what the Conservatives want. Despite all their rhetoric, they want to reduce public spending in these essential areas and to reduce the role of the federal government. This will provide more opportunities for their corporate friends to profit from privatizing health care, private child care, private education and public private partnerships for municipal infrastructure and services.

In the end, the public pays more for all these services. And public service workers pay with their jobs – and lower wages.

Harper and Flaherty are trying to sell their agenda by promising tax cuts to appeal to middle-income Canadians. This document shows that while they may promise lots, middle income Canadians will benefit little. Virtually all the new tax cuts they have planned are for corporations and those making over \$100,000. They are still promising a further GST cut, but most Canadians benefited little from the first one, while many businesses hiked up their prices. They will proceed with a Working Income Tax Benefit for very low-income workers, but that was already planned by the previous government.

Most of all, any further significant tax cuts will involve even deeper spending cuts than they already have planned – and then we will all pay deeply.

Hardworking Canadians would benefit much more from a decent wage increase than from tax cuts, but the Conservatives are working even harder to suppress workers' wages. They are exploding use of the Temporary Foreign Worker Program so that employers can exploit foreign workers and drive down wages in Canada. Temporary foreign workers have few rights in Canada, are easily exploited and have been paid less than the minimum wage in some instances. At the same time, they are severely restricting the entry of human rights refugees to Canada and cutting back on training and literacy programs for Canadians.

Advantage Canada is the Conservative's clearest statement yet of their economic plans for Canada.

The origins of the plan are evident right from its cover. The title is recycled from Klein's *Alberta Advantage* approach. The ideological framework and policy are drawn mostly from Mike Harris and Preston Manning's recently published Fraser Institute economic manifesto, *Building Prosperity in a Canada Strong and Free*.

The Advantage Canada plan combines a number of very explicit commitments for business with vague commitments for education, labour force development and social issues and a few populist gimmicks designed to grab headlines and mislead the public.

Running through their plan is a radical remake of the role of the federal government and of Canada. There is a lack of real solutions to issues that most Canadians care about, such as health care, poverty, homelessness, climate change, and the needs of communities that are suffering from economic downturns.

They pledge more support and looser regulations for banks, telecommunications and the oil and gas industries but nothing specifically for the hard hit forestry or manufacturing sector. At most, this offers more of the trickle down economics that has failed at improving the quality of life of most Canadians.

Even more, this document clearly signals that the Harper government firmly believes that many of these concerns should not be the business of the federal government. It repeats over and over that they will limit the use of the federal spending power and focus new spending on areas of federal responsibility. This statement should come with a huge asterisk.

What they really mean is that they will limit the use of the federal spending power when it comes to social programs or other programs that would benefit people, such as creating a national child care program, reducing homelessness, or reducing the cost of drugs

through a national pharmacare program. Not only will they limit any future federal spending in this area, but they are going to further cut existing federal programs in these areas.

Canada already has one of the most decentralized federations in the world. National governments in virtually all other countries in the world have much greater general spending powers than our federal government does. Canada's federation has been able to evolve and modernize because the federal government has taken a leadership role in many areas in the past using the federal spending power to get provincial agreement to establish new national programs.

If the federal government had not taken this leadership role in the past, Canadians would not have national Employment Insurance, Medicare, or Old Age Security and Pension programs. These are three of the four cornerstones of individual economic security in Canada.

It's a completely different story when it comes to helping corporations. Harper's government has no hesitation in using federal spending powers to force, cajoling and bribe provincial and municipal governments to reduce corporate taxes (shifting more on the burden onto consumers), reduce labour regulations and use public-private partnerships to privatize services.

The Harper agenda is clearly to cut public services, to reduce the power of the federal government – and of our other democratically-elected governments – and to increase the power that corporations have over our lives.

Hardworking Canadians will pay more with a higher cost of living, lower security, greater inequality and lower wages.

Don't forget that Flaherty was a key member of the Mike Harris government that downloaded billions in costs to municipalities and cut public spending on the environment, health care and social services. Ontario residents may have got a cheap tax cut, but they are still paying for it now with the highest municipal taxes in the world, high health care premiums, social inequality and underinvestment in infrastructure and community services.

While American voters have recently rejected the Republican ideology of free market rules, tax cuts, increasing inequality and privatization, this plan wholeheartedly adopts them.

Contrary to Conservative plans that tax cuts will build a stronger economy, empirical international evidence shows that the most productive and competitive countries in the world maintain a high quality of life for their citizens with a strong public sector, good social services and increasing investments in public services.

The Conservatives used to talk about increasing productivity and competitiveness, since these studies have come in, they have changed their language but and talk about "efficiency" instead, which means whatever they want it to mean.

The Conservatives have also announced that they are consulting with Canadians on their economic plan until December 18th.

But they only want to hear from Canadians if they agree with them: consultations are limited to a discussion of how to implement their plan and Finance Canada includes a warning in bold that only submissions directly related to their plan will be considered.

While Flaherty, Harper and the Finance Department may not listen to you in their “public consultations”, they will have to listen at the ballot box. We need to start preparing now to counter the right-wing agenda laid out in this plan. This plan should serve as a wake-up call for all Canadians who care about the future of our country.