

Canada: Social democrats rush to aid of embattled Liberal regime

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Canada's social democrats have rallied to the aid of the federal Liberal government--a government that during its almost 12 years in office has taken a wrecking ball to the welfare state, curtailed democratic rights, and redistributed wealth to big business and the rich through steep tax cuts.

Five days after Prime Minister Paul Martin went on national television to argue that his minority government should be allowed to remain in office until a public inquiry into government corruption completes its work, New Democratic Party (NDP) leader Jack Layton announced that he and Martin had reached an agreement in principle on a parliamentary alliance.

The social democrats have pledged that their 19 MPs will join with the Liberals to help pass the federal budget and help defeat the attempts of the Conservatives and the pro-Quebec independence Bloc Québécois to force a June election. In return, the Liberals will make changes to the federal budget--a budget that is so right-wing it initially won praise from Conservative leader Stephen Harper.

Under the Liberal-NDP budget accord, the government will increase social spending by \$4.6 billion during the next two years and redesign a package of corporate tax cuts slated to take effect in 2008 and 2009 so as to deny some of the cuts to large corporations.

The modest character of these changes stands in sharp contrast to the vehemence with which they have been denounced by big business and much of the corporate media. "Canada's reputation as a place to do business and invest" has been "tarnished," declared Hughes Anthony, the president of the Canadian Chamber of Commerce. "We're dealing with Prime Minister Jack Layton now," another business leader told the *Globe and Mail*.

This visceral reaction underscores that big business is determined to shift federal government policy far to the right.

Corporate Canada supported Paul Martin in his campaign to replace Jean Chrétien as Liberal Party leader and prime minister in the expectation that the multimillionaire businessman would repeat his performance as federal finance minister, when he delivered radical regressive change by imposing the biggest public spending and tax cuts in Canadian history. However, Canada's corporate elite has become increasingly disenchanted with Martin, who became prime minister in December 2003. The press now routinely lampoons him as a "ditherer," because of his failure to defy public opinion to impose big business's agenda--the development of a two-tier health care system, Bush-style tax cuts,

and a closer economic and geopolitical partnership with US imperialism.

Key sections of Canadian capital are now seriously considering throwing their weight behind the Conservatives' drive to win office by drowning out any discussion of their neo-liberal policies, courting of the religious right and ties to the US Republican Party with a non-stop barrage of allegations and denunciations of Liberal corruption. Doubts remain, however, over the Conservatives' support for greater power and autonomy for the provinces and readiness to work in concert with the separatist Bloc Québécois, since these steps risk weakening the principal instrument through which the Canadian bourgeoisie has exercised its rule, the federal state.

However this plays out in the coming weeks and months and whatever government ultimately emerges from the current political crisis, the working class will clearly confront a new big business offensive on its basic rights and social conquests. The Canadian bourgeoisie--and this is at the root of the current political crisis--fears that it is losing out in the ever-intensifying struggle for global market shares, profits, pools of labor to exploit and geopolitical advantage.

A second no less fundamental conclusion is that the organizations that historically have claimed to speak in the name of the working class, the trade unions and the social-democratic NDP, have responded to the political crisis by once again joining with one or another section of big business. While the NDP, with the support of the Canadian Labour Congress, has rallied to the Martin-led Liberals, the Quebec trade unions are aligned with the Bloc Québécois, its sister party within the Quebec National Assembly, the Parti Québécois, and through them with the Conservative drive to unseat the Liberals and bring to power a Tory government.

Through its actions as Quebec's provincial government in 1976-1985 and 1994-2003, the PQ has demonstrated its subservience to the Toronto and Wall Street banks and financial houses and its role as a champion of the interests of Quebec big business. Yet the Quebec union officialdom continues to promote the PQ and BQ as friends of labor and in keeping with the strategy of the *indépendantistes* politicians prefers a Conservative federal government to a Liberal one. This is because the Tories favor giving Quebec and all the provincial governments increased power and because they calculate a Conservative Party dedicated to extreme right-wing policies and with ties to Protestant

fundamentalists and a history of Anglo-chauvinism would provide an easier target in rallying support for Quebec independence.

The NDP and the labor officialdom in English Canada have touted the NDP-Liberal budget changes as proof of their ability to wring concessions from the Liberals and thereby contribute to social progress.

In reality the \$2.3 billion per year in increased spending on housing, post-secondary education and the environment constitutes, even if one excludes the interest the government pays on the annual debt, an increase of less than 2 percent in federal spending. As for the corporate tax cuts, the Liberals have themselves pledged to fully restore them as soon as they have the parliamentary support to do so. They have even proposed that the Conservatives join with them to pass a supplementary bill enshrining the corporate tax cuts in the current parliamentary session.

In no way do the budget modifications authored by the NDP call into question, let alone reverse, the government's drive to scale back public and social services, cut corporate taxes and the personal income taxes of the well-to-do, expand Canada's military and security apparatus, prioritize paying down the federal debt over social spending, and redirect government spending from income distribution programs to "productive" investments in infrastructure and developing a more competitive workforce.

The NDP, it must be added, has itself pursued essentially the same agenda when in office in Ontario, British Columbia, Saskatchewan and Manitoba over the past 15 years. Significantly, in an open letter extolling the virtues of his accord with Martin, Layton repeatedly observed that the NDP-Liberal budget is "fiscally responsible" and will not cause the government to go into deficit.

According to press reports, Buzz Hargrove, the president of the Canadian Auto Workers union, Canadian Labour Congress President Ken Georgetti and other senior union leaders played a pivotal role in pressing the NDP leadership to strike a deal with the Liberals. They reportedly threatened to withhold financial support for the NDP in the next federal election if it failed to come to the Liberals' rescue.

There is no reason to doubt these reports. However, it has to be said that the NDP has a long history of allying with the Liberals, the principal governing party of the Canadian bourgeoisie. No sooner had the 2004 federal elections produced a hung parliament than Layton speculated about the prospects of his becoming a minister in a Liberal-led government.

In justifying its budget accord with the Liberals, the NDP has emphasized the reputed social gains. This is for tactical reasons. The NDP leadership fears that if it trumpets its alliance with the Liberals as a means of preventing the Tories from coming to power this could lead large numbers of potential NDP voters to similarly conclude that they should vote for the Liberals in the coming election so as to prevent a Tory victory.

But there is no question that the NDP's deal with the Liberals was largely motivated by fears within social-democratic and union circles over the dramatic escalation of the class struggle a Tory government would produce and fears that a Tory government will weaken the federal state.

The labor bureaucrats are haunted by their experience under the Ontario Conservative government of 1995-2003. The Harris Tory government's anti-working-class assault provoked a wave of strikes and mass protests which the unions and NDP strangled because they feared they could become the starting point for a radicalization of the working class that could break through the straitjacket of parliamentary politics and trade union collective bargaining and develop into a challenge to the sociopolitical order.

There is no question that Conservatives more openly articulate, at least in many respects, the policy prescriptions of big business. But if the Liberal Party has been the principal governing party of the Canadian bourgeoisie since 1896, it is because time and again the ruling class has found the Liberals, because of their less overt championing of big business and since World War II their association with the welfare state, the best vehicle for carrying out their agenda.

Over the course of the past 12 years, the Liberals have repeatedly used the Mulroney-Kim Campbell Progressive Conservatives, the right-wing populist Reform and Canadian Alliance parties and now Stephen Harper's Conservatives as a right-wing foil. They have won the past four elections posing as opponents of the "mean-spirited" proposals of the right, then implemented much of Conservative-Reform-Canadian Alliance program. Thus it was the Martin-Chrétien government that implemented Mulroney's Good and Services Tax (GST), Reform's call for sweeping public spending cuts to eliminate the annual federal budget deficit, and the Alliance's tax-cutting program.

No doubt the Liberals calculate their current alliance with the NDP will help them win the coming election by helping refurbish their extremely thread-worn progressive credentials.

The NDP's repudiation of its traditional reformist-Keynesian program as typified by Layton's gushing over a less than 2 percent increase in government spending under conditions of mounting social inequality, hunger and economic insecurity; the Martin-Chrétien government's assault on the welfare state; and the emergence of a Conservative Party that takes the US Republicans as its model--all this points to the fact that official politics in Canada have hurtled to the right and that working people cannot defend their interests within the existing political framework.

The Socialist Equality Party (Canada) fights to build a new mass party of the working class that refuses to accept the subordination of social needs to the profits of business. It stands in opposition to those who promote Canadian or Quebec nationalism and thereby tie working people to one or another faction of the ruling class and champions the struggle to unite workers around the world against international capital and its outmoded nation-state system.



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