

# Canada's social democrats ally with right-wingers in BC anti-tax campaign

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British Columbia's Liberal government is caught in the midst of a political storm unleashed by its attempts to "harmonize" the 7 percent provincial sales tax with the federal government's 5 percent GST or Goods and Services Tax. The resulting combined tax will be known as the Harmonized Sales Tax or HST.

This storm has thrown the political future of Gordon Campbell—who won a third term as BC premier just 13 months ago—into doubt and blown life into the political aspirations of Bill Vander Zalm, a disgraced former Social Credit Premier and notorious right-winger.

Speculation is rife that Campbell will be forced to step down as BC premier if the Liberals do not soon rally from their current 26 percent opinion poll support. Meanwhile, Vander Zalm, who is working closely with Chris Delaney, a former BC Conservative Party leader and current Conservative Party functionary, has repeatedly boasted that conditions are rapidly maturing for the creation of a viable right-wing alternative to the big business Liberals.

The HST is a regressive tax, designed to shift the burden of taxation from big business to working people. Services that have previously been exempt from the 7 percent provincial sales tax will, henceforth, be subjected to the 12 percent HST and businesses will be able to obtain rebates on all the HST that they pay on their inputs.

The most powerful sections of big business in BC and across Canada have long advocated sales tax harmonization. A 2008 report by the Center for the Study of Living Standards (CSLS) argued that harmonizing provincial and federal sales taxes would boost investment since it would entail "a substantial and highly visible shift of the tax burden from business to consumers." The report conceded that increasing the sales tax on such services as restaurant meals, home heating, and cable and telephone connections would mean a significant cut in the real incomes of low-income people, but nonetheless championed "harmonization" in the name of the greater good, that is the swelling of the profits of big business. The CSLS report cautioned, however, that "public opposition to such a shift would be a substantial concern to policymakers."

What has particularly enraged British Columbians is that Campbell and the Liberals brazenly lied about the HST. "A

harmonized good and services tax is not something that is contemplated in the BC Liberal election platform," the Liberals declared repeatedly during the spring 2009 election campaign. But just weeks after winning re-election, they announced that they were implementing the HST.

Exploiting a political vacuum created by the passivity and ever rightward shift of the trade unions and the social-democratic New Democratic Party (NDP), Vander Zalm and Delaney have spearheaded a petition campaign opposing the HST under the province's *Recall and Initiative Act*. This campaign has won unprecedented public support, with thousands of canvassers, including many sitting NDP Members of the Legislative Assembly (MLAs) and union officials, signing up more than 620,000 voters, in a province with a total population of just 4.5 million.

On May 28, Vander Zalm announced that in less than two-thirds of the legally-allotted 90 days his "Fight HST campaign" had collected signatures from more than 10 percent of the voters in all 85 BC electoral constituencies. This is the legal benchmark to force the government to either hold a vote in the BC legislature on whether to repeal the HST or to submit it to a province-wide referendum.

With the Liberals vowing to retain the HST, Vander Zalm has announced that his anti-HST campaign will morph, come the late fall, into a campaign to collect sufficient signatures to recall selected Liberal MLAs, possible beginning with Premier Campbell himself.

The anti-HST campaign has become a lightning rod for popular anger with the Liberal government and indeed the entire political establishment. But workers must beware. The NDP and the unions, having repeatedly suppressed militant strike struggles that challenged the Campbell government's pro-big business agenda, have ceded leadership of the opposition to the HST to Vander Zalm and his Fight HST.

Not only has this provided Vander Zalm and other "free enterprise" right-wingers with a choice political vehicle to posture as defenders of working people. It has resulted in the opposition to the HST being separated from opposition to the big business agenda of the Campbell government as whole, including the austerity program it announced in its spring budget—a program that is already translating into education and

health care cuts.

Last September, when Vander Zalm was attempting to launch his Fight HST campaign, he invited BC NDP leader Carole James to share a platform with him at an anti-HST rally in Vancouver. Although James says that what first prompted her to get into electoral politics was opposition to cuts to the province's education budget that had been ordered by Vander Zalm, she readily accepted the invitation.

The spectacle of the leader of BC's official opposition serving as the warm-up speaker for Vander Zalm, a discredited right-wing has-been, caused Vaughn Palmer, the *Vancouver Sun*'s principal commentator on provincial politics, to take notice. James, observed Palmer, is "the one who is supposed to be building a government in readiness. She's the one who wants to be the next premier. If anyone is going to stage a high-profile rally against a much-hated tax, it should be Carole James. Instead, she's playing second banana to someone whose greatest contribution to the office of premier may well have been his decision to resign from it."

Over the past nine months, the NDP has continued to play "second banana." According to the *Globe and Mail*, more than half of the BC NDP legislative caucus have formally registered to collect signatures for the anti-HST petition. And the BC NDP website promises to provide those who sign its "anti-HST pledge" with details as to where to sign "Vander Zalm's initiative petition."

In 1989 BC's unions threatened to mount a general strike to defeat antiunion legislation proposed by Vander Zalm's Socred government. Today Vander Zalm boasts of union donations for Fight HST, including from the Canadian Union of Public Employees and various building trades unions.

Fight HST's web site is shameless in promoting Vander Zalm's political rehabilitation. His name is ubiquitous. The "About" page begins with a photo of Vander Zalm, then urges people to "join me" [Vander Zalm] in opposing the HST and "saving British Columbia." This is followed by a potted biography of Vander Zalm that touts him as a gentle "Gardener Politician," whose claim to fame as a government Minister was "eliminating debt," and bringing "spending in line." It skims over Vander Zalm's resignation after he was accused of using the premier's office to advance his business interests, but does say he was "found not guilty" of all charges.

Vander Zalm's opposition to the HST has nothing to do with that of the working class. He is seeking to whip up a right-wing anti-tax movement that can be used to press for further cuts in public and social services and other pro-big business policies.

He and Delaney have circulated a letter to business groups in BC that seeks to reassure them that the goals of the HST—a broadening of the provincial sales tax to include services and the shifting of the tax burden from businesses to consumers—can be accomplished without ceding control over the province's taxation system to Ottawa.

It has been suggested that the NDP is allowing Vander Zalm

to lead the anti-HST campaign because it knows that the tax, which is due to come into force on July 1, cannot be repealed without creating a financial mess and because it calculates the growth of a right-wing opposition to the Liberals will benefit the NDP electorally.

Certainly, the NDP is desperate to convince big business that it is a moderate, fiscally responsible party. "New Democrats," declares party leader Carole James, "will keep our economy growing with competitive business taxes, balanced budgets and long-term investments in world-class infrastructure." Thus James begins with the same basic assumptions regarding "economic growth" as the CSLS Report, and arrives at the report's same conclusion—the need for "competitive business taxes."

The NDP's opposition to the big business-friendly HST is essentially toothless. It is calling on Liberal MLAs to do the right thing and, "...join with the people of British Columbia, and say no to the HST." James has also indicated that if the HST petition fails to convince the government to change course—all but a certainty—then the tax will be around until at least 2015. "If we're elected," James recently told the *Vancouver Sun*, "we'll serve notice to the federal government at the first opportunity and say we'll do everything up to and including getting rid of the HST." But any changes would happen only after 2015, since according to James, "We're locked in for five years."

The NDP, like trade union-supported social democratic parties the world over, has stampeded to the right over the past quarter-century. It has repudiated its traditional reformist program and when in office imposed capitalist austerity, slashing social spending, implementing workfare, breaking strikes, and cutting corporate taxes.

Its readiness to make common cause with an ultra right-winger like Vander Zalm underscores that it and its union allies are the principal obstacle to the development of a genuine working class opposition to the Campbell Liberal government and Canada's big business elite as a whole.



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