

# Canadian Labour Congress was ready to support Conservative austerity budget

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Canadian Labour Congress (CLC) President Ken Georgetti was forced to backtrack last Wednesday on favorable comments he had made in response to the austerity budget that Conservative Finance Minister Jim Flaherty had presented to parliament the day before.

The head of the country's principal labor federation, Georgetti initially called on the social-democratic New Democratic Party (NDP) to support the budget and thereby sustain Stephen Harper's minority government in office for months to come.

The fate of the budget, the sixth delivered by the Conservatives since they came to office in February 2006, is now in limbo, since Stephen Harper's minority government was defeated by the three opposition parties—the Liberals, New Democrats, and Bloc Québécois—on a non-confidence motion last Friday. (See: "Canada's Conservatives lose confidence vote, triggering May election")

The budget was meant to herald a new age of austerity and underline the Conservatives' commitment to cutting the taxes, and boosting the wealth, of big business.

The budget, which the Conservatives have pledged to re-introduce without modification if they are returned to power in the May 2 federal election, completed the phasing out of the economic stimulus measures the federal government implemented in 2009 and 2010 in the face of the severest crisis of global capitalism since the Great Depression.

While refusing to specify what programs will be cut, the Conservatives pledged to balance the budget by fiscal year 2015-16 and to reduce federal spending as a proportion of GNP to a near post-World War II low of 12.9 percent within five years.

The budget established a new mechanism to impose across-the-board cuts in discretionary spending. All federal departments have been ordered to develop plans for reducing their spending by between 5 and 10 percent with a view to imposing an overall 5 percent spending cut beginning in 2012.

The budget was predicated on a further round of corporate tax cuts—part of a plan that when fully implemented next year will reduce the corporate tax rate to just 15 percent. The budget also mandated that public private partnerships (PPP) be actively considered for all future major infrastructure projects.

Because the opposition parties chose to defeat the government on a non-confidence motion that cited the Conservatives for "contempt of parliament" for failing to heed the House of Commons' demands for proper cost estimates on the raft of

Conservative "law and order" measures and the F-35 fighter purchase, the budget never came to a vote. Nonetheless, Georgetti's flip-flop over the budget sheds further light on the right-wing orientation of the CLC, which corrals some 3.2 million workers under its bureaucratic umbrella.

Despite Harper's steps to impose further austerity on the working class, Georgetti, in the CLC president's traditional response to the budget, told a television reporter on March 22 that he would be advising his political ally, New Democratic Party leader Jack Layton, to accept the government's proposals: "Well, I'd say to Jack there's enough in this budget that we want to look at it seriously in the labour movement. We would think that that would be [acceptable]. If we were at a negotiating table, we'd take that offer."

Georgetti attempted to justify his call for the NDP to prop up the right-wing government of Prime Minister Stephen Harper by praising several paltry provisions within the budget. "I am pleased," said the CLC president, "with announcements in the budget about extending work sharing programs, EI [Employment Insurance] pilot projects, support for laid-off workers, and improving wage protection for laid-off workers."

Georgetti reserved his highest praise for Harper's provision of a paltry \$300 million to increase the supplementary pensions of the country's poorest seniors.

Such is the plight of seniors in Canada that almost one-third of that demographic—1.3 million of the elderly—are eligible for the Guaranteed Income Supplement (GIS) provided to those with an income of less than \$16,000 per year. Under the Conservatives' budget the poorest of GIS recipients, some 300,000, would receive a meager "top up" of about \$50 a month.

While characterizing the GIS increase as "modest," Georgetti nonetheless gushed, "This is a win for every senior living in Canada and we're proud to have played a significant role in that campaign on their behalf."

Social advocates for the elderly, however, were not so impressed. They pointed out that even using CLC figures, the \$300 million of new money allocated by the government was almost four times below the minimum requirement to lift the most destitute seniors out of extreme poverty. Even the moderate Canadian Association of Retired Persons denounced the GIS "top up" as entirely inadequate.

The day after the budget had been tabled Conservative House Leader John Baird and Finance Minister Flaherty gleefully quoted

Georgetti's statements to portray their government as attentive to the needs of Canadians and anyone opposed to the budget as seriously out of step with public desires.

In the weeks prior to the budget, the NDP, with the CLC's support, had offered to sustain the Conservative government—arguably the most right-wing federal government since the Great Depression—in office in exchange for a series of modest social spending increases, abandoning in the process their oft-stated opposition to corporate tax cuts. Harper met with Layton and both he and Flaherty claimed to share some of the NDP's concerns. With the Conservatives' poll numbers relatively unchanged from the last election because large swathes of the population remain hostile to their big business policies and are wary of Harper's long association with the neo-conservative right, the prime minister clearly perceived it to be to his advantage to be seen to be courted by the "left" NDP.

But, as was to be expected, when the Conservatives came to write their budget, they gave short shrift to the NDP's five budgetary proposals.

Unlike Georgetti, Layton termed the budget as inadequate within minutes of it being tabled in parliament on March 22. But in so doing, the NDP leader once again served notice that the social democrats were ready to prop up the Harper government if only the prime minister negotiated some modest budget amendments.

Georgetti, who preferred that Layton and the NDP swallow the Conservatives' budget whole and keep Harper in office, was hoist on his own petard when Flaherty tartly rejected any changes to the budget, saying the Conservatives don't believe in drafting a budget through "collective-bargaining." Layton was then forced to announce that the NDP would join with the Liberals and *indépendantiste* Bloc Québécois to bring down the government.

Thus some 24 hours after giving his thumbs-up to the Conservative budget, Georgetti angrily reproached Harper's ministers for portraying his statements of the previous day as providing an "unqualified endorsement" of the budget. Employing his most fluent "bureaucratese," the CLC president stated, "While we have supported certain measures in the budget, we in no way have given unqualified support for the budget as a whole."

As for his call for Layton to "take the offer," vote for the budget, and sustain the Harper government in power, Georgetti maintained a studied silence. He made no retraction, nor gave any explanation. Clearly the CLC president hopes this political outrage will simply disappear into oblivion.

Behind the CLC's prostration before Harper—who currently holds a considerable lead in the opinion polls—is the labour bureaucrats' fear that the Conservatives may finally be able to bamboozle their way into a parliamentary majority. Such an outcome would further confine the labour bureaucracy to the political sidelines, while compelling it to even more openly smother working-class dissent.

Why—under conditions of global economic crisis, rising poverty and increasing economic insecurity, side by side with the continuing engorgement of the rich—a right-wing government, unabashed in its promotion of big business, can entertain the possibility of securing a majority victory is a question that the union bureaucracy will not raise, let alone address.

The answer most definitely lies in the wrecking operation carried out by the trade union bureaucracy and the social democrats of the NDP.

The organizations through which workers long sought to assert their interests have for decades suppressed the class struggle. The unions have been transformed into little more than appendages of big business, as attested by the proliferation of labor-management committees and the sharp decline in strike activity. Whenever the NDP has held office in the past quarter century, most notoriously in Ontario in the first half of the 1990s, it has come into headlong conflict with the working class, imposing social spending cuts and attacking worker rights.

Since the eruption of the world financial crisis in September 2008, the unions, with the NDP in lockstep, have lurched still further right. The Canadian Auto Workers (CAW) joined with Washington and the federal Conservative and Ontario Liberal governments to tell workers at the Big Three that the only way to avoid losing their jobs was to accept massive wage and benefit cuts. The United Steelworkers (USW) facilitated Vale Inco's unprecedented scabbing campaign in Sudbury by enforcing anti-worker court injunctions and allowing USW-organized office and technical workers to do the strikers' work.

With the full support of the CLC, the NDP in December 2008 sought to forge a federal coalition government with the Liberals committed to implementing billions of dollars in corporate tax cuts and waging war in Afghanistan. And the social democrats' and union bureaucrats' fondest hope remains that as a result of the current election the NDP will hold the balance-of-power in a minority parliament, placing it in a position to prop up or join a Liberal-led government.

Alienated from a political system that is indifferent and hostile to their needs and concerns, workers and young people in ever-growing numbers have chosen not to participate in parliamentary elections. At less than 59 percent, voter turnout in the last federal election was the lowest in modern Canadian history.

Meanwhile, under conditions where the working class has been prevented from advancing its own solution to the crisis of capitalism, right-wing forces like Harper and Toronto Mayor Rob Ford have been able to tap into the mounting anxiety and frustration of sections of the middle class and more backward workers with reactionary attacks on the poor, immigrants and other oppressed layers and hypocritical anti-tax rage.

Georgetti's and Layton's readiness to collaborate work with Harper and Liberal leader Michael Ignatieff only underscores that the growing opposition of the working class to economic insecurity, social inequality, reaction and war will find genuine articulation only outside of, and in opposition to, the unions and the NDP—through the development of an independent movement of the working class armed with a socialist program.



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