

Ontario legislature to debate call for Greek-style austerity

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With the Ontario legislature resuming sitting this past week, debate among the province's three official parties has begun on a report tabled by "independent" analyst Don Drummond earlier this month that proposed sweeping, Greek-style austerity measures.

Drummond, a former assistant deputy minister in the federal finance department and recently retired chief economist for the Toronto-Dominion Bank, was commissioned by the Liberal government of Dalton McGuinty to present ways and means to slash the province's \$16 billion annual deficit and balance the books by 2018.

Drummond was instructed by McGuinty to limit his austerity recommendations to cost savings and to forego any examination of a tax structure that heavily favours corporations and the rich. It has been estimated that if the Liberals imposed taxes on those earning half a million dollars or more comparable to those levied as late as 1980 on those making an equivalent amount, \$10 billion per year could be added to the government coffers.

Making a spurious comparison between Ontario's financial situation and that of Spain and Greece, Drummond declared, "Ontario faces more severe economic and fiscal challenges than Ontarians realize. Our message will strike many as profoundly gloomy. It is one that Ontarians have not heard, certainly not in the recent election campaign, but one this commission believes it must deliver". The "economies" that Drummond goes on to recommend would, he states, be "unprecedented in the post-war period in Canada."

Tabling 362 cost-cutting recommendations in his 543 page report, Drummond targeted virtually every aspect of government spending. Among the highlights were calls for:

#An overall, 16.2 percent real-dollar cut in program spending for every man, woman and child in the province

to be phased in over the next five years. It has been estimated that such a cut would result in the loss of a quarter of a million jobs by 2018, driving the provincial unemployment rate over 11 percent.

#A 2.5 percent limit on annual increases in health-care spending, which—when inflation, population increases and the aging of the population are taken into account—will result in \$4 billion in cuts per annum; hospital closures and the privatization of more health services and an increase in drug costs for seniors

#A 1 percent annual growth cap in spending on elementary and secondary education and the ending of the full-day kindergarten program; increased class sizes; elimination of 70 percent of the 14,000 non-teaching positions in the education system; repeal of college tuition rebates; reduced pensions for teachers (and civil service workers).

#A 0.5 percent annual cap on increases in provincial expenditure on social services, under conditions of chronic unemployment and growing poverty.

#An across-the-board, 2.4 percent per year cut in spending by all other government departments.

#User fees for scores of services, including school-busing; erection of road tolls; steep increases in electricity and water rates.

#Privatization of government-owned lands and buildings

The cuts proposed by Drummond are four times larger than those implemented by the hated Conservative government of Premier Mike Harris during its first term (1995-1999). Opposition to Harris' "Common Sense Revolution" mobilized hundreds of thousands of Ontario workers in a series of one-day strikes against government policy that threatened the viability of the Harris regime. Only the treachery of the labour bureaucracy in demobilizing the worker offensive saved the government.

In responding to the report, McGuinty commended

Drummond for providing “a helpful road map” for deficit reduction. “We can debate the way we get there,” said the premier, “but I am not open to a debate about our destination. We absolutely must eliminate our deficit and balance our budget by 2017-18”.

The Liberals will bring in their next budget in early spring. For McGuinty almost everything is in play. He has ruled out only one of Drummond’s 362 recommendations –the elimination of full-day kindergarten.

In initial polling following the tabling of the report, Ontarians have indicated strong disagreement with the proposed draconian cuts to education and health services, which constitute the lion’s share of provincial government expenditures. This opposition is in the face of a veritable stream of commentary from broadcast and print media outlets promoting the need for sweeping cuts. Moreover, all three parties in the Ontario legislature are now claiming that there is no alternative to a painful austerity program.

As Drummond himself noted in his report, during the campaign for last October’s provincial election the three parties had a tacit agreement to avoid any mention of the demands being made by the banks and big business for the next Ontario government to implement an all-encompassing austerity program. The by-passing of the election (and the electorate’s wishes) and the use of Drummond to “take the point” in preparing the public for austerity parallels the undemocratic installation of “technocratic” governments in Italy and Greece to push through brutal austerity packages.

Speaking in the legislature this week, Conservative leader Tim Hudak welcomed Drummond’s report and called on McGuinty to move quickly on its implementation. Andrea Horwath, leader of the social democratic NDP, said that “there is no doubt everyone needs to feel a bit of pain when dealing with the deficit.” She urged McGuinty to suspend a planned further reduction of the corporate tax rate from 11.5 to 10 percent next year as the price for her support of the upcoming budget in the minority parliament.

This “demand”—paltry as it is—is so much smoke and mirrors. McGuinty has already intimated that the next round of corporate tax cuts may well be delayed so as to provide him with a modicum of political cover when announcing draconian budget cuts that target the public and social services upon which working people depend.

The attack on living standards in Ontario is part of a country-wide (and indeed, international) assault by big business on the working class. In Toronto, Canada’s

largest city, the right-wing regime of Mayor Rob Ford has rammed through budget cuts, layoffs, across-the-board user fees and privatizations in its first year in office.

Federally, the federal Conservative government of Stephen Harper has served notice that the 2012-13 budget, which is to be tabled in late March, will institute sweeping social spending cuts. Harper has recently made it known that these cuts will go far beyond the Conservatives’ initial target of a \$4 billion annual reduction in federal discretionary spending. Government spokesmen are now suggesting that the cuts will be closer to \$8 billion per year. So as to spare the military and criminal justice system, many other programs and departments will have their budgets slashed by 10 percent or more. According to one reputable analysis, even a \$4 billion annual spending cut would translate into the loss of more than 50,000 federal public-sector jobs within three years.

The government is also planning to raise the age eligibility requirement for Old Age Security (OAS), a benefit paid to all low-and middle-income seniors, from 65 to 67. And, in the name of “fairness”—most private sector workers don’t have a pension plan—the Conservatives have signaled that they will also cut federal public sector workers’ pensions.

The class war agenda of Harper, McGuinty and Ford will be bitterly opposed by the working class. But if working people are to impose their own solution to the socio-economic crisis—a solution at the expense of big business, not jobs, pensions and public services—they must break politically and organizationally from the pro-capitalist trade unions and NDP and fight for a workers’ government committed to implementing a socialist program.



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