Ontario voters offered rival big-business austerity agendas

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Ontario Liberal Premier Kathleen Wynne announced last Friday that voters in Ontario, Canada's most populous province, will go to the polls in a provincial election Thursday, June 12.

An election became inevitable earlier in the day, when Ontario New Democratic Party (NDP) leader Andrea Horwath announced that her party was withdrawing its support for Wynne's minority Liberal government.

At the urging of the trade unions, the social-democratic NDP had sustained the Liberals in office since October 2011 and done so as they implemented a big-business agenda of corporate tax cuts and sweeping social spending cuts. This included a two-year Ontario public sector wage freeze that was enforced through legislation (Bill 115) that criminalized any and all job action by the province's public school teachers.

Much of the union officialdom was anxious for the NDP to continue propping up the Liberals. Both Ontario Federation of Labour President Sid Ryan and Jerry Dias, the head of Unifor, Canada's largest industrial union, lauded the 2014-15 budget the Liberals tabled in the legislature last Thursday and urged the NDP to ensure its passage.

Ryan described the budget as an "NDP budget," while Dias claimed that under the "leadership of Kathleen Wynne and Andrea Horwath, Ontario has the opportunity to rebuild and ensure all Ontarians can prosper."

If Horwath chose to spurn the unions' wishes, it was because she feared the NDP's close association with the Liberals would redound against it at the polls, with many voters rightly concluding that there is little that separates the two big business parties.

Significantly, even as she was announcing that the NDP would not support the Liberals' budget, Horwath made clear that she shared the union bureaucrats' and corporate media's characterization of the budget as "progressive" and a break with austerity.

Indeed, in explaining why her party wouldn't support the budget, Horwath echoed complaints from the Progressive Conservatives and the most right-wing sections of the media that the budget heralds a return to the days of "big government." "This budget is not a solid plan for the future," said Horwath, "It's a mad dash to escape the scandals by promising the moon and the stars."

That the Liberal budget could be lionized or denounced as "progressive"— *Toronto Star* Thomas Walkom columnist described it as the most progressive budget "in decades," while the neo-conservative *National Post* raged against its "class war attacks" on business and the rich—only underscores the extent to which the entire political establishment has lurched to the right.

The budget is in reality yet another dollop of austerity. The Liberal government intends to spend almost a billion less in 2014-15 than it forecast last year. Moreover, despite a growing shortfall in revenue due to anemic economic growth, the Liberals have reiterated their pledge to eliminate the more than $10 billion annual budget deficit by 2017. This will require cutting further billions from government spending.

Much is being made of the fact the Liberals have announced a small increase in social assistance benefits and, for the second year in a row, have slightly raised tax rates for the rich and super-rich.

After the social assistance benefit increases, those on social assistance will not only continue to live in dire poverty. In real terms their benefits will be less than those paid people on welfare in the mid-1990s, even after Conservative Premier Mike Harris had slashed benefits by more than 20 percent.

As for the income tax increases, they roll back only a tiny portion of the tax cuts lavished over the past fifteen years on the most privileged sections of society even as their before-tax incomes swelled.

Much of the new spending in the budget concerns measures to deal with the province's transportation-infrastructure urban-gridlock crisis. This crisis is especially acute in the Greater Toronto area, with big business spokesmen warning that gridlock is adversely impacting on the competitive position of what is the now the fifth largest urban agglomeration in North America. By dedicating some existing taxes, selling off government assets, and squeezing more profits from Crown corporations (i.e. increasing charges on consumers and imposing speedup on workers), the government plans to raise $2.9 billion per year for the next 10 years for public transport and highway construction.

There is also a new $2.5 billion ($250 million per year) fund to provide grants, loan guarantees, and other concessions to big business so as to "secure" investments in Ontario. Unifor, which has been lobbying for the government, to be more aggressive in offering concessions to automakers, especially welcomed this new "Jobs and Prosperity Fund."

The unions have also hailed the Liberals' plan, announced in the budget, to set up an Ontario Retirement Pension Plan. Ostensibly a government lifeline for the more than three million Ontario workers who have no company pension, the new plan will not cost the government one cent. Rather, it is to be financed by employers and workers, with the latter bearing half of the cost through a new 1.9 percent tax on their earnings.

Thus the end result of the union-supported Liberal plan will be to further reduce workers' take-home pay after years in which their real wages have stagnated if not fallen.

The Progressive Conservatives, the official opposition, have been pressing for an even more aggressive assault on public and social services and on the jobs and wages of the workers who administer them. They are also championing further tax cuts for big business and the well-to-do.

The Conservatives intend to dress this up as a "job agenda," seeking to tap into popular anger and frustration over the decline in Ontario's economy, especially manufacturing

Conservative leader Tim Hudak was until recently making the call for reactionary US-style anti-union "right to work" laws a centerpiece of his party's agenda. But he recently back-tracked, conceding that many employers do not see such legislation as a priority. In Canada, as around the world, the unions have increasingly integrated themselves into corporate management and many employers, including the Detroit Three automakers, now view them as crucial partners in imposing wage and job cuts.

The unions have effectively supported the Liberals since they came to power in 2003, using the prospect of a return to power of the Conservatives to try to intimidate workers into acquiescing before the "kinder, gentler" right-wing measures of the Liberals, including the brutal austerity measures imposed since 2011. The unions' opposition to the Liberal wage freeze was nominal. Ontario Secondary School Teachers' Federation (OSSTF) President Ken Coran claimed to be opposed to the Liberals' assault on teachers' wages and collective bargaining rights. But no sooner did he step down from his union post than he stood as the Liberal candidate in an August 2013 by-election.

The NDP, for its part, has moved still further right under Horwath's leadership. It has joined the other parties in promising to eliminate the deficit by 2017 and to maintain Ontario's corporate tax "advantage"—i.e. rates lower than those in neighbouring provinces and U.S. states.

While seldom mentioning social inequality and shunning attacks on big business, Horwath has mimicked Toronto's right-wing populist Rob Ford with stump-speech attacks on high paid government bureaucrats.

The *Globe Mail* ran an article last month which reported on the NDP's efforts to "become a serious contender for power" by "courting" big business. Horwath, said the *Globe*, has been meeting with "top players" in Toronto's finance industry and executives of major manufacturers like Chrysler. According to the *Globe*, Horwath has been assuring these leading representatives of Canadian big business that "she is willing to do whatever it takes to bring the province's books back to balance in four years–including cutting government spending and playing tough with public-sector unions."