

Canada's Conservatives pledge more austerity and war

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Canada's Conservative government tabled its pre-election budget Tuesday. It is a blueprint for the continued dismantling of public services, redistribution of wealth to the most privileged sections of society, and expansion of the military and national-security apparatus.

The budget had two main audiences: Canada's ruling big-business elite and the more privileged and reactionary sections of the middle class.

To the former, its principal constituency, the Conservatives pledged that there would be no let-up in its austerity drive and the intertwined push for ever-lower taxation of big business, the rich and super-rich. With its boasts of "strong leadership" and a "low tax plan for jobs, growth and security," the budget also constituted an implicit pledge that once the elections are over, Stephen Harper's nine-year-old government will press forward with unpopular "structural reforms." Since winning a parliamentary majority in the 2011 federal election, the Conservatives have raised the retirement age to 67, slashed Employment Insurance eligibility and benefits, imposed a health-care financing "accord" that cuts tens of billions from Medicare, and effectively outlawed strikes in the federal public sector and federally administered industries.

The Conservatives' right-wing electoral base of small businessmen and professionals, meanwhile, was rewarded with further tax cuts and tax shelters. The budget cuts the tax rate on small business to 9 percent over the next four years, in 0.5 percent increments, and it almost doubles the amount Canadians can place in Tax-Free Savings Accounts (TFSA) annually to \$10,000. The budget also reaffirms last November's introduction of income splitting for couples with children, a measure, like the expansion of TFSA, that is heavily skewed in favor of those with high incomes.

The Conservatives are making much of the fact that Canada is the first G-7 country to balance its annual budget since the 2008 financial crisis.

This purported "achievement" has come entirely at the expense of working people. While slashing the general corporate tax rate to 11 percent, among the lowest of any

industrialized country, the Conservatives have slashed more than \$14 billion per year from federal "discretionary" spending, eliminating close to 30,000 federal public service jobs and slashing services, from meat and railway inspection to Canada Parks.

As a result, federal spending as a share of the total economy is now the lowest it has been since the early 1950s, a period that predates the development, under pressure from the working class, of the welfare state.

That said, due to the rapidly deteriorating economic situation, the Conservatives have had to employ a series of accounting tricks and last-minute maneuvers to meet their long-announced goal of eliminating an annual budget deficit by the 2015-16 fiscal year. These include reducing the budget's contingency fund from \$3 billion to just \$1 billion, selling the government's shares in General Motors, once again pinching money from the Employment Insurance Fund, and backdating to last year new expenditures on veterans, among whom there has been a rash of suicides and a surge in mental and physical health problems.

In a report released last week, the Parliamentary Budget Officer warned that the collapse in oil prices and consequent slump in Canada's economic growth mean that the federal government is again threatened with a "structural" budget deficit.

The deepening world economic crisis has undoubtedly disrupted the Conservatives' electoral agenda. While some in cabinet urged the government to respond with steep cuts in this year's budget, Harper calculated that such action would too blatantly contradict the Conservatives' electoral narrative, which paints them as prudent managers who have succeeded in sheltering Canadians from the worst of the world economic storm over the past seven years.

In the medium to long term, however, the emergence of a "structural deficit" will not be unwelcome news for Harper and his Conservatives. Their ever-expanding tax-cutting drive has had a double purpose: to redistribute wealth upwards; and to create perpetual fiscal pressure for further social spending cuts. Nicknamed "starving the beast," this

strategy, borrowed from the US Republican right, is aimed at providing a pretext for dismantling public services and, by systematically starving them of funds, creating a growing constituency in the middle class for privatization, especially of health care.

Tuesday's budget did announce some new federal spending, but virtually none of it before the 2017-18 fiscal year. Moreover, new outlays on the military and national security apparatus dwarf all others.

Having exploited last October's killings of two soldiers by disturbed individuals to introduce legislation that vastly increases the state's coercive powers, the government is now hiking expenditure on "antiterrorism" measures, all told more than half-a-billion over the next 5 years.

Beginning in 2017 the government will increase base funding of the military by 3 percent per year, instead of the current 2 percent, resulting in a \$12 billion increase over 10 years.

This is in addition to the \$360 million the government is allotting this year to pay for Canada's leading role in the new US-led war in Iraq and Syria and the more than \$7 million in new money being set aside to pay for the Canadian Armed Forces' Ukraine training mission.

With the overwhelming support of the corporate elite, the Harper government has deeply implicated Canada in all three of the major military-strategic offensives currently being mounted by the US—in the Middle East and against Russia and China. However, during the past year it has come under sharp criticism from the corporate media for curtailing military spending as part of its austerity program, after rapidly expanding it in its first five years in office. By 2011 Canada was spending more on the military in real (i.e., inflation-adjusted) terms than at any time since the end of World War II.

The budget contained two other politically significant announcements.

Finance Minister Joe Oliver said the government will bank \$900 million in savings this year and hundreds of millions more in coming years as a result of cuts to federal employees' sick-leave benefits. While claiming that the Conservatives are open to "good-faith" bargaining, Oliver declared that the government would impose its concession demands by fiat should the unions not submit to them voluntarily.

The government will increase spending on public transit infrastructure beginning in two years. But this money will only be available for projects that are Public-Private Partnerships (PPPs), i.e., are organized to enrich private investors.

Predictably, the opposition parties decried the budget. NDP and Liberal spokesmen made the obvious points that

more austerity will only drive unemployment, now officially at 6.8 percent, higher and that the well-to-do will reap the lion's share of the "savings" from the Tories' tax measures. But they also made clear that, were they to come to power, they would leave in place the vast majority of the social spending and tax cuts implemented by the Harper government and its Liberal predecessors.

Liberal leader Justin Trudeau vaunted the Liberals' fiscal record, a reference to the massive cuts made by the Chretien-Martin government between 1995 and 1997—cuts which are still held up as a model for capitalist governments around the world. "It's a well-established fact," said Trudeau, "Liberals balance budgets. Conservatives have been running deficits." Trudeau went on to pledge a Liberal government would deliver a "fiscally responsible," "balanced budget."

The trade union-supported NDP is similarly committed to a "balanced budget." It has vowed to introduce no increases in personal income taxes—even on the 1 percent, whose net incomes have swelled thanks to years of personal income and capital gains tax cuts—and only modestly increase corporate taxation.

There is massive anger in the working class against the dismantling of public services and the assault on pensions, jobless benefits, and other worker rights. But this opposition is systematically suppressed by the pro-capitalist unions. For decades, they have imposed wage cuts and other concessions, and when they can't prevent the eruption of strikes, they isolate them and use the imposition or threat of anti-strike legislation to force a return to work. This goes hand in hand with the unions' efforts to politically smother the working class by harnessing it the pro-austerity Liberals and NDP and, in Quebec, the Parti Quebecois.

The unions have declared that their main objective is the replacement of Harper's Conservatives in next October's election by a "progressive" government, that is, by a Liberal or Liberal-NDP coalition. Such a government would employ vague "left" phrases and gestures, the better to implement the ruling elite's agenda of austerity at home and imperialist aggression and war abroad.



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