

Canada's NDP pledges balanced budget, signals support for bigger military

Roger Jordan
27 August 2015

In the wake of Monday's stock market collapse, New Democratic Party (NDP) leader Thomas Mulcair has reaffirmed his party's pledge to deliver balanced budgets, while maintaining the tax cuts that Liberal and Conservative governments have lavished on big business and the rich over the past 15 years.

In a campaign stop in Hamilton, Ontario Tuesday, Mulcair once again criticized the Conservatives for failing to balance the books since 2008. "Our first budget will be a balanced budget," he proclaimed. In response to reporters' questions, the head of the trade union-supported NDP repeatedly rejected the idea of running even a small budget deficit, despite the headwinds battering Canada's economy.

Mulcair's unwavering commitment to a "balanced budget" is aimed at reassuring big business that a NDP government will faithfully uphold their interests. It should be taken by working people as a warning that in response to the deepening capitalist crisis Canada's social democrats will implement brutal austerity measures, cutting billions from social spending. Indeed, the unstated implication of Mulcair's refrain about the inability of the Conservatives to balance the budget is that the tens of billions in cuts they have made since 2010 have not gone far enough.

Among financial analysts there is a growing consensus that the budget for the current year will be in deficit due to a slowing economy—Canada's economy contracted in the first six months of 2015—and sharp declines in oil and other commodities' prices. Last month, the Parliamentary Budget Office (PBO) suggested that the government will run a \$1 billion budget deficit rather than the \$1.4 billion surplus promised by Finance Minister Joe Oliver in April's budget. Since the PBO report, oil and commodity prices have continued to fall, leading to further cuts in Canadian economic growth estimates, and world financial markets have been roiled by the economic slowdown in China.

Toronto's TSX stock exchange fell by over five percent Monday morning. Energy and mining stocks were especially hard-hit due to fears anemic growth in China will further reduce both the volume and value of resource exports. Speculation is mounting that the Bank of Canada will cut its base interest rate for the third time this year at its next policy meeting September 9.

Prime Minister Harper responded to this week's stock market turmoil by publicizing a discussion he had with Bank of Canada Governor Stephen Poloz on Monday afternoon. This unusual step was calculated to reassure the markets that his government will do everything in its power to defend the interests and wealth of the

financial elite. In the fall of 2008, Harper, with the support of the other major parties, arranged for the government-owned Canada Mortgage and Housing Corporation to take over tens of billions in mortgages so as to boost the position of Canada's privately-owned banks.

On Tuesday, Harper sought to turn the market volatility to his advantage, citing it as proof of the need for spending "discipline" and low taxes. He attacked the Liberals and NDP on the grounds that they are proposing significant tax hikes and high levels of government spending.

This is a transparent lie. The NDP, as Mulcair reaffirmed Tuesday, is committed not only to a balanced budget and no personal tax increases. In the name of job creation, it intends to cut the tax rates for small and medium-sized businesses from 11 to nine percent.

Mulcair has previously claimed that eliminating the Conservatives' income-splitting measure, a tax change which mainly benefits high-income couples, will help balance the budget. But on Wednesday he acknowledged that this will be insufficient and that other changes—read spending cuts—will be needed. "We're going to have a fully-costed program. Everybody will get to see what the NDP plan is every step of the way," he said in London, Ontario.

Andrew Thomson, who is being touted as the likely finance minister in a federal NDP government, revealed more about the implications of the party's balanced budget commitment in an interview with CBC's "Power in Politics." "As a former (Saskatchewan) finance minister," said Thomson, "I know that budgeting, first and foremost, is about priorities — and you move the things that are most important to Canadian people to the top of that budget, and you work your way down to the rest of the list." Asked if this meant eliminating spending in some areas, he responded, "I think that's inevitable."

As for the NDP's promise to increase the tax rate for large companies, it is fast disappearing, or to be more precise, is proving to be little more than rhetorical. Mulcair has steadfastly avoided giving specifics, but at the beginning of August he remarked that any increase would be "slight" and "gradual." More recently he said that the NDP will keep the corporate tax rate below the average rate during the past decade of Conservative government. Since the average corporate tax rate under Harper's tenure has been 17.5 percent, and the current federal rate stands at 15 percent, observers assume that the tax rise under a Mulcair-led government

would be in the order of one percent. This is a drop in the bucket, which will do little to boost government revenues.

The NDP's platform is so far to the right that the big business Liberals, who served as the Canadian bourgeoisie's preferred party of government for much of the 20th century, are posturing as a "left" alternative to the social democrats.

Liberal leader Justin Trudeau attacked Mulcair Tuesday for his determination to balance the budget at all costs. "Why," asked Trudeau, "does he want to take billions of dollars out of the economy in a recession, and what public investments will he be cutting to do that?" Trudeau then demagogically added, "The choice in this election is... between jobs and growth or austerity and cuts—and Tom Mulcair just made the wrong choice."

Trudeau's repeated references to "growth" instead of budget cuts reflect broader policy differences within the ruling class internationally over how best to respond to the global capitalist crisis. In the US and Europe, those big business politicians who have claimed to pursue "growth" have proven to be just as hostile to the interests of the working class as those openly advocating austerity policies. "Pro-growth" governments have focused on boosting big business through tax cuts and increased subsidies, infrastructure investments, anti-worker labour market "reforms" and increases in regressive consumption taxes. Such "growth" policies have been funded by quantitative easing by the central banks, producing a bonanza for the financial elite.

Trudeau's portrayal of the Liberals as a party on the side of workers and opposed to austerity is thoroughly dishonest—although firmly in the tradition of the Liberals, who have repeatedly denounced right-wing Conservative policies in election campaigns only to implement them when in office. Fittingly, Trudeau issued his criticism of Mulcair while former Finance Minister and Prime Minister Paul Martin stood by his side. Under Martin, the Liberals in the mid-1990s imposed the greatest social spending cuts in Canadian history, ravaging health care, education and vital social services, including unemployment insurance and welfare.

The Liberals continue to hold up the record of the Martin-Chretien governments as proof that they, not the Conservatives, are the true party of "fiscal responsibility." Like Mulcair, Trudeau never misses an opportunity to assail Harper and the Conservatives from the right for racking up successive deficits after inheriting a budget surplus from the Liberals. Moreover, Trudeau has made clear that a Liberal government will quickly balance the books, with the only difference from Mulcair and his NDP being that the Liberals refuses to commit to do so in their first year in office.

The NDP, having largely convinced the ruling elite of its right-wing economic credentials, now appears to be preparing to open a new front in the election campaign by attacking the Conservatives for failing to spend enough on the military. In fact, under Harper, Canada's military spending has soared. In 2011, before the Conservatives imposed some cuts as part of its cross-the-board austerity program, Canada was spending more on its military in real, inflation-adjusted terms than at any time since the end of the Second World War.

During a press conference Tuesday, Mulcair chided the Harper government for failing to complete a series of procurement projects to modernize the Canadian Armed Forces. He further

stated that Canada's current military spending, the equivalent of one percent of GDP, is inadequate.

His comments came the same day as *Globe and Mail* columnist Lawrence Martin published a piece that predicted that the NDP would make support for the military a major issue in the coming weeks. Citing anonymous senior advisers within the party, Martin suggested that Mulcair could urge more resources for the military. "You might well imagine," one adviser told Martin, "Tom coming out in September and saying Harper has driven down defence spending to one per cent of GDP. We're going to raise it to 1.2 per cent. We have a military that's being allowed to rust out and we're going to fix it."

Martin pointed to a number of potential flashpoints around the world which supposedly make increased military spending necessary, such as "Russian sabre-rattling" and "ISIS savagery."

Such a proposal would be fully in line with the NDP's enthusiastic embrace of Canadian imperialism. Since NATO's 1999 bombardment of Yugoslavia, the party has backed one Canadian military intervention after another, including the Afghanistan war, Canada's role in the 2004 toppling of Haiti's elected president, the US-led 2011 regime change war in Libya and the current deployment of Canadian troops, planes and ships on Russia's borders. Although the NDP voted against the extension of Canada's participation in the current US-led Mideast until next April, the counter-proposal it made to parliament would have seen Canadian troops deployed to help supply weapons to the Iraqi army and Iraqi-based Kurdish militia and for "humanitarian" purposes.

This author also recommends:

Canada's NDP leader applauds Thatcher's legacy
[21 August 2015]

Canada's NDP defends leader's talks on joining Harper government
[8 July 2015]



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact