

Canada's NDP attacks Liberal deficit spending plan from the right

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Lifting yet another page from the ruling Conservatives' playbook, the trade union-backed New Democratic Party (NDP) is denouncing the Liberals' plan to finance infrastructure projects through deficit-spending as "fiscally irresponsible." The attack positions the NDP to the right of the Liberals on budget policy, one month before the October 19 federal election.

"Politicians that give up on balancing the budget are giving up on Canadians," declared NDP leader Thomas Mulcair in an op-ed column that was placed in such notorious rightwing dailies as the *National Post* and the *Toronto Sun*. "When you're in a hole," continued Mulcair, "the first thing you have to do is stop digging." The NDP leader then went on to promote the NDP as having "the best record of balanced budgets of any party in Canada"—that is, for having implemented social spending cuts and attacks on public sector workers whenever they have held office provincially over the past quarter century.

Mulcair's pledge to balance the budget, while leaving in place the tax cuts that successive federal Liberal and Conservative governments have lavished on big business and the rich, is now a key element in the NDP's attack on their big business Liberal rivals. "Unlike [Liberal leader] Justin Trudeau's reckless promise of multi-year deficits, the NDP will balance the budget," declared Mulcair in an election campaign speech in Vancouver on Sunday.

Under conditions where there is mounting popular anger over years of austerity, rampant social inequality and Canada's leading role in a series of US-led wars, Canada's social democrats are mounting their most right-wing campaign ever. Having become the Official Opposition after the 2011 election, the NDP is anxious to prove to big business that it can be trusted with the reins of national office.

The NDP is pitching itself as a "moderate," "fiscally responsible," "middle class" party that will deliver "good public administration." It has explicitly ruled out any increase in personal income tax rates, including on the top 1 percent of income-earners. Its principal "job creation" proposal—a further 2-percentage point cut in the tax rate for medium and small business—is also part of Prime Minister Stephen Harper's election platform.

Mulcair has proclaimed himself the "champion" of Canadian business interests, particularly the manufacturing industry, and pledged to "attract investment and help create export markets." The latter is a euphemism routinely invoked by social-democratic governments around the world for measures aimed at driving down corporate labour costs, including workers' wages.

Mulcair has gone to great lengths to remind the Canadian ruling class of the sweeping social spending cuts made by the Saskatchewan NDP government of Roy Romanow in the 1990s and the corporate and personal income tax cuts made by the subsequent provincial NDP administration of Lorne Calvert.

Former Saskatchewan Finance Minister and corporate executive Andrew Thomson now regularly appears alongside Mulcair to reinforce the NDP's pledge of "fiscal responsibility."

Thomson, who is being widely touted as the prospective finance minister in a federal NDP government, has repeatedly said that the NDP will not shy away from cuts. "As a former finance minister," Thomson told the CBC's *Power & Politics*, "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 proof of its "progressive" credentials, the NDP is widely promoting its promise to hike the tax rate on Canada's largest corporations. Mulcair has repeatedly declared that big business is the "only" group in Canada not paying its "fair share." This is largely hot air. Mulcair has vowed that under an NDP government, the tax rate for big business will not be higher than what it has been on average during the past decade of Conservative rule. In other words, the very most the NDP will raise the tax rate on Canada's banks and transnationals is by 1.5 percentage points.

The NDP is calling for a limited number of tepid "reforms." These include a \$15 per day childcare program; rolling back the retirement age from 67 to 65; restoring door-to-door delivery at Canada Post; and reversing some of the planned Conservative cuts to Medicare.

However, numerous political observers have pointed out that the NDP's commitment to a balanced budget will make it all but impossible to realize even these promises. In fact, Mulcair has already started hedging. The daycare program is now to be rolled out over a decade and the NDP will only scale back the Medicare cuts, slated to take effect beginning in 2017, incrementally.

Powerful sections of the Canadian ruling class have taken the measure of the NDP and concluded it poses no threat to their interests. The arch-conservative *National Post*, a shill for the most rapacious sections of Canadian big business, claimed, "Mulcair appears to have better recognized [than Trudeau] the changing realities and the need to establish his party's credibility as economic managers."

Trudeau, for his part, is exploiting the NDP's lurch still further right to try to cast himself as an opponent of austerity. "The choice in this election," claims Trudeau, "is clear. It's between jobs and growth or austerity and cuts—and Tom Mulcair just made the wrong choice."

The Liberals' attempt to cast themselves as opponents of austerity is preposterous. Until recently the Canadian elite's preferred party of government, the Liberals, carried out the greatest social spending cuts in Canadian history when they last held office.

Trudeau has campaigned in recent days alongside the principal architects of these cuts: former prime ministers Jean Chretien and Paul Martin. He has also been repeatedly joined at his election rallies by Ontario Premier Kathleen Wynne. In the name of eliminating the provincial budget deficit, Ontario's Liberal government has slashed social spending, partially privatized Ontario's largest electricity utility and used strike-breaking legislation to impose wage-cutting contracts on teachers.

When challenged, Trudeau has explicitly defended the Chretien-Martin cuts which ravaged public health care, post-secondary education, unemployment insurance and other major social welfare programs. Those cuts "were the right decisions for the time," said Trudeau. "Now," he added, "we have a very different situation, where for 10 years, even though we have a very good debt to GDP ratio, we can't seem to create growth."

The Liberal leader then went on to plug the deficit-spending plan his party unveiled late last month. It calls for the federal government to run modest deficits of up to \$10 billion per annum for the next three years, so as to kickstart a ten-year \$60 billion infrastructure program.

Important sections of big business in Canada and internationally are in support of using deficit-spending, especially since interest rates are at unprecedentedly low levels, to counteract the descent into another global slump and to build transport and other infrastructure with the aim of boosting economic productivity long-term.

Such a policy is entirely consistent with a continued drive to dismantle public services and attack workers' rights and

aggressively assert the predatory interests of Canadian imperialism on the world stage.

Trudeau has attacked the NDP for its proposal for a tiny increase in the taxes on the biggest corporations, saying a Liberal government would be looking to lower them.

He continues to denounce the NDP for having voted against Bill C-51, which gives Canada's security forces sweeping new powers. These include expanded powers of preventive arrest, virtually unlimited access to all government information on persons involved in national security investigations and, in the case of Canada's premier spy agency, the Canadian Security Intelligence Service, the right to break virtually any law when "disrupting" purported national security threats.

The Liberals are also attacking the Conservatives for having reduced military spending after increasing it by 2011 to the highest it had been in real terms since the end of World War II. Liberal defence critic Joyce Murray recently lamented, "due to the Conservatives' budget cuts, a wide assortment of much-needed equipment is not making its way into the hands of our troops, and they

are left trying to make do with outdated weaponry and tools."

The *Globe and Mail*, the traditional mouthpiece of Canada's financial elite and, until recently, a strong backer of the Harper Conservative government, has indicated that it is considering switching its allegiance to the Liberals. In an editorial on the Liberals' economic plan, the *Globe* noted that such prominent big business spokesmen as former US Treasury Secretary Larry Summers and former Bank of Canada Governor David Dodge, as well as the International Monetary Fund, have called for increased infrastructure spending.

The *Globe* dismissed Conservative and NDP claims the Liberal plan will "blow a hole in the fiscal house," but added that it was up to Trudeau to demonstrate the "money would be invested prudently"—that is, in projects that will facilitate getting goods to markets and otherwise boost business profits.



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