

# Canada's parliament approves coronavirus bailout for corporations and austerity for workers

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In response to the coronavirus pandemic and the unprecedented economic collapse it has precipitated, Canada's Parliament, meeting in special session this week, unanimously adopted the COVID-19 Emergency Response Act.

The omnibus legislation creates two new laws—the Canada Emergency Response Benefit Act and the Public Health Events of National Concern Payments Act—and amends more than a dozen others.

The corporate media, the Liberal government, and all four opposition parties, including the social-democratic NDP, have sought to focus working people's attention on a \$107 billion package of measures that supposedly constitute the crux of the Canadian federal state's response to the pandemic, and that are authorized by the COVID-19 Emergency Response Act.

These measures certainly warrant close scrutiny.

They include some \$1 billion, or about \$27 for each of Canada's 37 million residents, to fight the pandemic.

This is a derisory sum. As of late Friday afternoon, COVID-19 had already killed 55 people, a total that exceeds 1 percent of the 4,757 confirmed coronavirus cases in Canada.

Moreover, doctors, nurses, and other medical professionals in hospitals across the country are warning of shortages of crucial supplies, from masks to ventilators, and that Canada's health system, ravaged by decades of austerity, has no "surge capacity." Earlier this week it came to light that the health authority in Saskatchewan, which, with a population of just 1.1 million is one of the country's smaller provinces, has estimated that 9,000 to 15,000 people will die if the province's health care system is overwhelmed by a surge in COVID-19 cases.

As for the federal government's economic relief measures, much if not the lion's share, whether in the form of emergency loans or tax deferrals, will go to big business, the rich, and super rich.

Working people, meanwhile, are being given rations. A minority of laid-off workers will be able to access Employment Insurance benefits, equal to 55 percent of their regular pay, up to a maximum of \$573 per week. But a large majority of those who have lost their income due to the current crisis—including gig economy and other short-term contract workers, the self-

employed, and those who are sick, quarantined or have to look after parents or children impacted by the pandemic and pandemic-forced closures—are to receive just \$2,000 a month for a maximum of four months under the newly-created Canada Emergency Response Benefit (CERB).

The CERB application system will not even be set up until at least the second week of April. Underscoring the gravity of the crisis facing working people, the government says that it anticipates that four million people—or 20 percent of the total Canadian labour force—will apply for the CERB in its first two weeks.

To be sure, working people who have had the rug pulled out from under them by the sudden seizing up of the economy are preoccupied with how they are going to keep food on the table and a roof over their heads.

But the media and political establishment's focus on the \$107 billion relief package serves to obscure what has been the real focus of the Trudeau government and other key institutions of the Canadian state—providing unlimited financial support to the banks and big business, so as to safeguard the wealth of the capitalist ruling elite.

The sums that have been mobilized to prop up the banks and corporate Canada are truly gargantuan: \$650 billion and counting. This includes: massive state purchases of business and mortgage debt from the banks, so as to clean up their balance sheets and shield them from losses; a vast array of schemes to provide emergency financial support to business; and the halving of the big banks' capitalization requirement.

During the 2008-9 global financial crisis, the government's Canada Mortgage Housing Corporation (CMHC) purchased \$69 billion worth of mortgages from the banks. Within just two weeks of the current crisis, the CMHC has gone from pledging to take \$50 billion worth of mortgages off the banks' hands to tripling that pledge to \$150 billion.

The Justin Trudeau-led Liberal government, the Bank of Canada, the CMHC, and other state agencies now funneling money to the banks justify their actions with the claim that they will encourage the banks to defer loan payments and extend credit to business and individuals.

The reality is the banks—with the government’s full knowledge and support—are already informing their clients they can defer payments, but that this will increase their debt-load and ultimately result in their owing them still more money.

In an incident that typifies the real relationship between the trade union-supported, ostensibly “progressive” Liberal government and the financial elite, Trudeau on Thursday made a show of appealing to the banks to offer relief on credit-card debt, which is subject to exorbitant 19 percent-plus interest rates. But after the banks pushed back, a spokesperson for the prime minister clarified that the government wasn’t calling on the banks to reduce credit-card interest rates.

From the outset, the response of the federal Liberal government and the various provincial governments to the coronavirus pandemic has entirely been determined by their role in enforcing the subordination of all socio-economic life to the pursuit of capitalist profit.

The two-month “window” created by China’s efforts to halt the spread of the virus was squandered. Only on March 10 did Trudeau and Deputy Prime Minister Chrystia Freeland even write the provinces to enquire about their medical resources for fighting the pandemic and any potential shortages. Later that same week, as it was rapidly becoming apparent that North America was becoming the center of the global COVID-19 pandemic, Ottawa issued its first tenders for vital medical supplies.

Opposed to mobilizing society’s resources to fight the pandemic because that would require impinging on the wealth of the capitalist elite, the government refuses to pour tens of billions into strengthening the health-care system and insists that the procurement of urgently needed medical supplies must be channeled through the capitalist market. According to an article in yesterday’s *Financial Post*, the government is currently haggling with two thousand for-profit firms about obtaining ventilators, masks and other essentials to fight the pandemic.

One other aspect of this week’s events in parliament merits comment. Under the original version of the COVID-19 Emergency Response Act, the minority Liberal government sought to arrogate unprecedented emergency financial powers that would have effectively allowed it to rule without meeting parliament again until December 2021.

When the opposition parties balked at this, Trudeau was obliged to publicly affirm the government’s commitment to democracy and parliament. But there is no question that in Canada, as in the US, and all the imperialist “democracies,” the intertwined health emergency, market collapse, and economic crisis are fueling a turn toward authoritarian forms of rule. Above all, the ruling elite fears an explosion of social opposition over their manifest failure to prepare for the pandemic and their efforts to make working people bear the social and economic costs of the catastrophe

Even necessary measures such as quarantines, absent the

independent intervention of the working class, can and will be used as pretexts for future attacks on democratic rights. Already, in the name of fighting the pandemic, the Ontario and Quebec governments have passed decrees enabling them to override health workers’ collective agreements at will, and deploy them essentially as a conscripted workforce.

Meanwhile, the Canadian Armed Forces, which had previously complained that its military preparedness was being dulled by its recent deployments in flood relief and other environmental emergencies, has said it is preparing for “a worst case” COVID-19 “scenario.”

The attempts of the Conservative Official Opposition, which led the opposition to what it called Trudeau’s “power grab,” to posture as a defender of democracy are farcical. At the height of the 2008 financial crisis, the Harper Conservative government shut down parliament in a constitutional coup to prevent it being voted out of office. Subsequently, it moved to criminalize all working-class opposition with a battery of anti-strike laws, and in 2015, with Liberal support, it vastly increased the powers of the security-intelligence agencies in what even the *Globe and Mail*, the traditional voice of the Bay Street financial elite, called a “police state” law.

The real thrust of the Conservatives’ objections was that they want to keep the Trudeau government on a tight financial leash, so as to ensure that the relief measures for working people, scant as they are, can be scaled back as soon as possible, and that the enormous debts resulting from the state bailout of big business will be paid for through massive social spending cuts, without even token tax increases for big business and the rich.

Under the final version of the COVID-19 Emergency Response Act, the government is authorized to spend and borrow sums without limit to counter the pandemic and its economic impact through September 30. But it cannot make tax changes, and all spending and borrowing must be subject to regular scrutiny by the House of Commons finance committee.



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