

Ontario Tories' budget: Cuts to public services, tax handouts for big business

By Roger Jordan
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Ontario's right-wing populist Progressive Conservative government tabled its first budget Thursday, laying out plans for savage austerity through their first-term in office and beyond.

Finance Minister Vic Fedeli's main initiatives over the next twelve months will be slashing spending for post-secondary education and social services, and providing the first tranche of a multi-billion dollar tax handout to the corporate elite.

However, over time far and away the biggest cuts in dollar terms will come from the healthcare and education systems, whose budgets the Conservatives have committed to slash in real dollar terms for years to come. And this in a province whose per capita spending on public services, including healthcare, is already the lowest in the country.

The Conservative budget includes cuts of 1 percent annually to post-secondary education. These are to be enforced by replacing the current grant system, largely tied to student enrollment numbers, with funding based on "performance indicators." This shift will be used to further tailor the university and college curriculum to the needs of big business, and to corporatize the administration of the province's post-secondary institutions. The budget calls for fully 60 percent of provincial government funding for universities and colleges to be allocated according to the new "performance indicators" by 2023.

Over the next three years, funding for childcare and social services is to be slashed by \$1 billion per annum, by "streamlining administration" and cutting money for social assistance. Justice Department spending is to be reduced by 2 percent, above all through the gutting of legal aid and victim support programs, changes which will overwhelmingly affect the poor.

The claim of virtually the entire corporate media that the budget contains "no major cuts" is a fraud, aimed at

concealing that Ford's right-wing populist government is engaged in a vast transfer of wealth from the working class into the pockets of the super-rich.

Even in those few areas where Fedeli did not announce spending cuts, the "increases" will result in major and ever-growing real dollar reductions when inflation and population growth are taken into account. For example, the government is "raising" healthcare spending by 2.05 percent in the coming fiscal year; yet hospitals have calculated that they would require annual increases of 3.4 percent just to maintain the current spending levels—levels that, as the overcrowded hospital emergency rooms and waiting lists attest, are already woefully inadequate.

Similarly, education will see a budget "increase" of a miserly 1.2 percent annually over the next three years, under conditions in which student numbers are rising. As part of its drive to reduce education spending, the Ford government announced last month that it intends to hike the "average" class size in the province's high schools to 28 and eliminate thousands of teaching jobs.

Fedeli also announced a government initiative to look at ways to "constrain growth" in public sector work employee "compensation," code words for imposing wage and benefit cuts on more than a million public and para-public workers.

While the Ford government is slashing social spending, imperiling the public services on which working people depend, it is lavishing multi-billion dollar gifts on big business. Fedeli unveiled a \$3.8 billion tax credit program that will allow business to accelerate their write-down of capital investments. Although Fedeli did not announce the cut in the corporate tax from 11.5 to 10.5 percent the Tories promised in their election manifesto, big business still expects this to follow sooner rather than later. "We have been lagging significantly in terms of productivity measures vis-à-vis our global competitors—this is an important step," Ontario Chamber of Commerce

president Rocco Rossi said of the capital investment tax break. “We’d like to see, eventually, that corporate tax rate come down.”

The budget represents the latest in a long line of anti-worker measures adopted by Ford since he took office last June. These include canceling a hike in the minimum wage, slashing welfare, gutting the Ontario Student Assistance Program, reducing overtime pay and adopting anti-strike laws targeting York University teaching assistants and Ontario Power Generation workers.

Thursday’s budget made clear it is only an initial down payment on years of austerity. The Tories aim to balance the budget, which is currently in deficit by over \$11.7 billion, by 2023. Additionally, Fedeli intends to develop a debt reduction strategy that would compel all future governments to dedicate a percentage of government revenues each year to paying down Ontario’s provincial debt, which stands at around \$340 billion.

The response of the trade unions and the NDP politicians to the Ford government’s cost-cutting, pro-corporate budget was thoroughly hypocritical. Ontario Federation of Labour (OFL) president Chris Buckley, whose organization has yet to organize a single significant demonstration—never mind a strike—against the Ford government, cynically complained that the Tories are putting “profits before people.” Ford’s plans to hand over billions to the corporate elite while putting public services on austerity rations, would, Buckley blustered, have “dire consequences” for the province.

If Buckley and the other OFL and Unifor bureaucrats really believe the consequences will be so “dire,” why are they doing everything they can to suppress working class opposition to the Ford government, which has already erupted in rallies in defence of public education, and student walkouts at high schools and universities? If they genuinely think that Ford’s cuts will “put the lives of Ontarians at risk in our healthcare sector,” as Buckley further claimed, why is the OFL content to wait over three years to elect a “progressive” government, i.e., a pro-big business administration led by the right-wing Liberals or NDP, in June 2022?

To ask these questions is to answer them. The reality is that the OFL and its constituent unions are not opposed to enforcing vicious austerity, as their backing for 15 years of Liberal Party rule in Ontario, from 2003 to last June, amply demonstrates. They merely want to be in on the action, through their participation in government consultations, advisory committees, and so on—initiatives

which the Liberals used to give their program of budget cutting and privatization a “progressive” cover, but which the Tories view as unnecessary overhead and a drag on the ruthless pursuit of their class war agenda.

Perhaps even more deceitful than Buckley was the intervention by Ontario Public Service Employees Union (OPSEU) President Warren “Smokey” Thomas, who published an open letter in a number of newspapers on the eve of the budget entitled, “We can afford to do better and we must demand it.” Without proposing a single initiative that workers could take to oppose Ford, Thomas railed against the Tories and Liberals for being “cozy with millionaires and billionaires, but attacking workers’ rights and decent wages. They’re making secret deals with corporate giants, but slashing our public services. They’ve wasted billions on privatization schemes like P3 infrastructure projects and the Hydro One sell-off, but refuse to invest in affordable housing and child care.”

Thomas’ sudden conversion to a would-be critic of the political establishment will fool nobody. Just a few months ago, he was ordering OPSEU members not to strike or protest because “we don’t even know what the Conservatives are going to do,” and because he had held “numerous meetings” with government ministers.

Thomas now feels compelled to change his message because he, like Buckley and the entire union bureaucracy, fears that the emerging opposition to the Ford government could rapidly escape the bureaucracy’s control, and emerge as a direct political challenge to the Tory government and the austerity agenda of the entire Canadian capitalist elite. This prospect has only increased with the spending cuts and tax handouts for big business in this week’s budget. Under these conditions, Thomas is seeking to posture as a “left” critic of the Ford government’s anti-working class agenda so as to ensure the unions can keep a lid on workers’ anger, and direct it behind a bogus campaign for a pro-austerity, pro-corporate “progressive” government in 2022.

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