

Labour Day 2010: Austerity, Public Services and the Labour Movement

By [Prof. Greg Albo](#) and [Prof. Bryan Evans](#)

Global Research, September 06, 2010

socialistproject.ca 6 September 2010

Region: [Canada](#)

Theme: [Global Economy](#), [Poverty & Social Inequality](#)

This Labour Day, like the last two, is dominated by the ongoing global economic crisis. Since 2008 Canada's workers, working families, and the communities in which we make our lives, have endured a period of deep economic insecurity the likes of which we have not seen since the Great Depression. The crisis began in the financial sector, amongst bankers, brokers, lawyers, and financial engineers of all sorts when the credit bubbles supporting the casino economy of derivatives, collateralized debt obligations, credit default swaps and other financial instruments began to deflate. What was revealed was not just the speculation and fraud these instruments enabled, but also the overaccumulation in key sectors such as housing, automobiles, electronics and others. It also has shown some of the limits of more than thirty years of the neoliberal politics of leaving key political and economic decisions to the markets and corporations to do what is best for business.



```
//kempkes union-art.com' );
```

```
} else {
```

```
document.write(' ');
```

```
}
```

```
//]]
```

[kempkes union-art.com](http://kempkes-union-art.com)

What began as a crisis in the bowels of the world of finance has been shifted into the public sector and now though the various 'exits of austerity' governments have been imposing onto the shoulders of workers, and particularly poor workers, who had nothing to do with that crisis. Canada is not alone in this. From California to Latvia workers are seeing their incomes and pensions cut not for a year but permanently. Young workers, migrant workers, female workers are all being told, yet again, that they will have to work for much less and in much greater fear of job loss as a matter of the realities of modern working life. Equal access to health care, rewarding education, decent pensions, adequate housing – keys to the quality of individual livelihoods – are evaporating. Good, stable jobs are being replaced by short-term contracts and the further growth of precarious work.

Turning Back the Clock

For the leaders of the major corporations, the crisis also represents a potential 'golden' opportunity. The opportunity lies with the huge potential profits to be made from the de-unionization of the workforce, the privatization of public services, the decline in corporate and progressive income taxes, and the short-circuiting of collective bargaining. There's

money to be made from private health care, education, electricity production, cheap but quality labour and more. Politically, it's a great opportunity to turn the clock back to a time when they were not taxed on those profits, when there were few taxes on the wealthy to help pay for public health care, when only those who preached free enterprise could afford to buy the requisite education to be eligible to enter quality jobs and careers, when workers would accept what they were given and ask for nothing more.

With this year's spring budgets, the governments of Stephen Harper and Dalton McGuinty made it clear that workers should prepare for a future of austerity. The International Monetary Fund and other neoliberal institutions have been suggesting that two decades of austerity is not out of line. Federal Finance Minister Jim Flaherty has suggested, unsurprisingly, not much different. And provincial and territorial treasuries across Canada are moving in the same direction, with city, regional and Aboriginal governments all following in step.

Austerity and Public Sector Wage Freezes in Ontario

In Ontario, Finance Minister Dwight Duncan has essentially proposed seven years of cuts to those very public services that have enabled a decent life for many – a society of partial inclusion, as some have called it. The Ontario Budget makes no attempt to hide that by 2017 what is spent on public services will be no more than what was spent during Mike Harris' [Common Sense Revolution](#). What will be different is that Ontario will be home to nearly a million more people, meaning those expenditures are being spread ever more thinly across Ontario.

What is at stake today is not just a two year wage freeze for public sector workers, but rather a transformation in how Ontario workers and working class families will live and what we can expect for ourselves and future generations. It is not about recovery. It is not about waiting a couple of years before we go back to what was.

This moment is about the winding down and permanent disabling of the legal rights and public services, put in place in the 1940s, and the union and working peoples' struggles that help bring a measure of social justice and equality to Ontario.

Free and democratic collective bargaining gave Ontario's workers the foundation necessary to advance not just economic security but also dignity as democratic citizens engaged in political struggle as well. That right is being challenged through the McGuinty government's veiled threats that unions agree to cuts in wages, pensions and working conditions or else face stiffer restraints. The 'or else' means there may well be legislative intervention to impose austerity on public sector workers as we have seen so often from wage controls in the 1970s through to the [Social Contract](#) in 1993. It already means there will be direct cuts to budgets and public sector managers are being left to cope with layoffs, contracting-out and service cuts as best as they can.

Who Pays?

This is the path chosen by the McGuinty (and Harper) government(s). And it resembles the path chosen by other governments across Canada, the United States, Greece, Britain, Spain, and more. The difference is in the details. What is astonishing is the rather deafening silence from the governments of other options – the McGuinty Liberals (and Harper Conservatives) are too busy restoring the banking sector and protecting the ruling classes from new tax

burdens. There has been an explicit rejection that corporate income tax cuts and personal income tax cuts, introduced by Mike Harris and sustained and deepened by McGuinty's government, be reversed. In real terms, this means, if allowed to proceed unchallenged, that increasingly profitable corporations and their well compensated executives and managers, are 'off the hook.' It is workers – both public and private – who are to pay for the crisis and to do so for a very long time.

The story that is being spun by Canadian governments and business elites is that this is a crisis of spendthrift governments and privileged workers and not of the bankers, the financial system and the recklessness of neoliberal policies. These arguments must be confronted.

This moment in history and working class struggle may well be a watershed. As the capitalist classes attempt to dump the costs of the greatest financial disaster in history into the public sector and have workers pay for it, there will be no going back to a more comfortable period of collective bargaining and welfare state advance.

Radical Response

For workers across Canada, and indeed everywhere, a radical response will be needed to the challenge that the turn to austerity raises. By 'radical' we mean a response that challenges and confronts the very foundations of ruling class power that privileges corporate freedom to exploit the planet and its people unto death over the freedom of working class people to have full, meaningful and dignified lives. This is a profoundly democratic proposition. Struggles about occupational health and safety, for example, are ultimately about who controls the workplace. Struggles over austerity and who pays for the economic crisis are struggles over who controls the state and who controls production. A radical response is about raising fundamental questions about who controls our lives.

Concretely this radical response of working people is a challenge to a system that enables and rewards and encourages systemic fraud, over-consumption of resources, the degradation of the environment, the erosion of public spaces and the increasing exploitation of workplaces.

A radical response must present a different vision – a vision shaped by meeting human needs. Some of these needs are social and health services, affordable housing, daycare, recreation, culture, education, and public transit – the elements necessary to a full and dignified life with provision for all. Change of this type does not come from above. And all of us as workers – alongside the other struggles we engage with against racism, colonialism, sexism and much else – can bring this world into being.

It is necessary, however, to take a sober look at our own limitations and constraints. Our unions and much of the leadership have lost faith in the capacity of workers to imagine and struggle for a different world. In doing so, they have too often been helping manage the decline of working class living standards and freedoms, rather than leading in re-creating our union movement and helping forge a new socialist politics.

In countries like Greece, Spain, Portugal, Iceland and Britain, social democratic parties – all still holding the support of union leaderships – have been leading the charge for austerity, defending capitalism and insisting workers bear the cost of 'adjustment' to the new economic times. Where the New Democratic Party holds provincial power in Canada, there is

no evidence of an alternative to austerity being mapped out. Social democracy has all but completely abandoned redistributive politics for social liberalism. These parties and the labourist ideological hold they maintain over union leaderships are clearly major obstacles to an anti-neoliberal political alternative emerging.

In the Ontario context, the Liberals represent a variation on this theme. McGuinty wants to avoid a confrontation with workers and we all fear a sharp turn to the right that will bring the Conservatives to power. Since the premiership of Bob Rae, the NDP has been a marginal force. The McGuinty Liberals understand the political calculation being made here. Trade union leaders are being told there is no alternative except the one they fear more – the return to power of the Conservatives under the leadership of Tim Hudak (who has been leading a campaign this summer across Ontario resembling nothing so much as the [‘Tea Party’](#) protests of the hard right in the USA).

Since 2003, the Ontario Liberals have built something of the old ‘Lib-Lab’ alliance with several key unions thereby filling the electoral vacuum left by the New Democrats. But if the Liberals have avoided a hard turn to austerity over concerns about the depth of the recession (much like the Obama Administration nationally in the U.S.), they are still moving to have the cost of the crisis paid for by cuts in welfare spending to the poor, wage restraint by public sector workers and cuts in government services, while easing the tax burden on corporations and the wealthiest sectors of society.

The Ontario government has been holding preliminary talks on restraint with a wide number of unions with public employees. To date, most unions have walked away from the talks, and voiced opposition to the wage restraint. But it is not so clear that the unions will mobilize opposition to the wage restraint or the cuts to government services, and build toward the strikes that will be necessary to break the budgetary proposals to have workers and the poor pay for the crisis. It would be foolish to rule out a deal emerging between a number of unions and the McGuinty government, a deal which would consolidate the new ‘Lib-Lab’ alliance and forge a business unionist orientation that will not easily be broken.

Accommodate Decline or Political Struggle?

For unions in Canada and Ontario, this is a defining moment. They can either bargain a deal to accommodate decline or begin to develop an opposition to how austerity is being imposed by ‘class struggle from above’ on workers across the central states of capitalism and now in Ontario and Canada. Unions have a strategic role to play in building workers’ capacities to organize resistance. But to fully exploit that potential will require a massive change in the ideological and organizing practices that have consolidated in Canadian unions over the last decade.

The McGuinty government will not and cannot do anything but manage the decline of working class living standards. He will defend business interests against any redistributive politics. The Liberals differ from the Harper (and Hudak) Conservatives only in that they seek to manage the decline incrementally. For workers, there is no alternative but militant resistance to growing tax cuts on profitable corporations, the impoverishment of public sector work through privatization, and interventions in free collective bargaining.

On Labour Day we celebrate the historical struggles of Canada’s unions and working people to build a socially just political order. We also reflect on the struggles we as workers are now confronting in Canada, and the limits of our current organizational capacities. This Labour

Day it is the economic crisis and the battle over public sector austerity that is on every worker's mind. We have already been facing enormous demands for concessions on wages, workplace controls and pensions in both the private and public sectors. We know more concession demands are coming.

This could well be as important a period of political struggle as any that the Canadian labour movement has faced. It will require breaking through the political and organizing impasse that has plagued the movement for a decade, and retrieval of some of the boldness that characterized the union movement's opposition to neoliberalism in the past. It will also require socialists in Canada to shake off their own political complacency and backwardness and begin to build the new political organizations and capacities necessary to redefine contemporary socialism. Canada (with the partial exception of Quebec) is now more barren of innovative socialist politics than even the United States. Without a sense of urgency to move on both these fronts of struggle, the coming period could indeed get very ugly. The developing authoritarian face of neoliberalism was only too vividly shown on the streets of Toronto this past June. That, too, should be on the minds of union activists and workers this Labour Day. •

Greg Albo teaches political economy at York University and Bryan Evans teaches political science at Ryerson University.

The original source of this article is socialistproject.ca

Copyright © [Prof. Greg Albo](#) and [Prof. Bryan Evans](#), socialistproject.ca, 2010

[Comment on Global Research Articles on our Facebook page](#)

[Become a Member of Global Research](#)

Articles by: [Prof. Greg Albo](#)
and [Prof. Bryan Evans](#)

Disclaimer: The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: publications@globalresearch.ca
www.globalresearch.ca contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: publications@globalresearch.ca