



Let's make the economy work

On January 27, the Harper government will present the federal budget to Canadians, at a time when people have been hit hard by job losses and economic uncertainty.

The Conservatives delivered an Economic and Fiscal Update in November that failed to implement any measures to stimulate the economy or help laid-off workers. Instead, Harper announced cuts to program spending and equalization payments, as well as the sale of public assets. He attacked federal public sector workers' right to strike and to pay equity, some of which he was forced to rescind under mounting political pressure. The Conservatives also threatened to roll back previously negotiated wage increases for public sector workers.

In response, the opposition parties proposed to form a coalition government – representing the 62 per cent of people who didn't vote for the Conservatives in the last election. Harper reacted by requesting that the Governor General prorogue Parliament in early December and the doors have been locked ever since.

Canadians expect the government to protect them from poverty, especially when times are tough. In uncertain economic times, Canadians look to PSAC members, who are on the front lines helping people access Employment Insurance, making sure that seniors receive their pension cheques and ensuring that laid-off workers have access to retraining.

The Harper government has made its agenda clear – to barrel forward with program cuts at the public's expense. But there is an alternative. This issue of *Union Update* focuses on the priorities put forward by PSAC, the Canadian Labour Congress and the Canadian Centre for Policy Alternatives for the upcoming budget. Let's tell our MPs that it's time to make this budget – and economy – work for workers and their families.



Five things the Canadian government should do to address the economic crisis:

1. Fix the Employment Insurance system

When people lose their jobs, they need access to Employment Insurance (EI) and re-training programs to help them feed their families and find new work.

As it stands, only 40 per cent of unemployed people in Canada are able to access EI. The EI fund is



running a huge surplus and it should be used to improve access to benefits for unemployed workers.

The recent wave of layoffs and financial uncertainty has led to increased demand for Employment Insurance. Workers at Service

Canada have been deluged with requests and are going to great lengths to meet the needs of the public. The federal government needs to properly support the EI system – including staffing levels – for it to meet the urgent demand.

The antidote to Harper’s “poison pills”

The November Economic and Fiscal Update was more notable for the “poison pills” it contained than any plans for protecting Canadians during hard economic times. Here are the remedies that PSAC recommends to counteract the Conservatives’ original toxic plans.

The poison:

More program reviews that cut services without regard to impact

Penalize programs that haven’t spent their budgets and cut their base funding

Sell off public assets for a quick cash infusion at a time when markets are falling

Ignore workers’ rights and roll back negotiated wages in the name of economic uncertainty

Deny pay equity as a human right and make it virtually impossible for women in the federal public sector to achieve and maintain equal pay for work of equal value

Stop public funding for federal political parties

The antidote:

Review programs based on the needs of Canadians, including a full review of federal contracting-out practices

Ensure programs and services are fully funded in order to meet increasing demand during this economic downturn

Stop the deep discount sale of our public assets and invest in the greening of our federal buildings and institutions

Leave negotiated wage increases in place, particularly in an economy that depends on consumer spending, and permanently abandon any plans to suspend federal workers’ right to strike

Implement the recommendations of the 2004 Pay Equity Task Force for a proactive federal pay equity law

Maintain public funding and conduct any discussion about Parliamentary reform without the threat of a confidence vote

2. Support public services

Canadians rely on public services every day, but especially during an economic crisis. Universal health care and public education help soften the impact of job losses and prevent families from living in poverty. The federal government must maintain equalization and other transfers to provinces and cities for public infrastructure, public services and social programs.

Universal affordable child care and a commitment to pay equity would help close the gap between women and men. Together with a national pharmacare program, an investment in these social services would alleviate poverty even further, allowing more Canadians to pay their bills and take care of their families. Now’s the time to preserve and expand public services – the great equalizer.



3. Invest in infrastructure

Investments in roads and bridges, clean energy, safe drinking water, affordable housing and public transportation help create jobs and build healthy communities. The federal government needs to launch a major public investment program to create good jobs in infrastructure, manufacturing and public services, and link this program to a Made-in-Canada procurement policy. This also represents an unprecedented opportunity to invest in clean energy and retrofit existing buildings under green standards – benefitting both the economy and the environment. This would stimulate the economy, offset job losses and increase public assets.

Infometrica Limited has calculated that \$1 billion spent on infrastructure creates more than



Profiting from poverty?

According to the Canadian Centre for Policy Alternatives, Canada's best paid 100 CEOs received an average pay hike of 22 per cent in 2007. The same CEOs tallied one billion dollars in average total earnings for the year. And these are the people who think their companies should be paying lower Employment Insurance premiums and should be given a break on contributions to their workers' pension plans!

twice the number of jobs as the equivalent spent in tax cuts. Periods of economic downturn are excellent times for governments to invest in infrastructure, as financing and construction costs are much lower.

The federal government must remove the requirement for all infrastructure projects to consider public-private-partnerships (P3s). Given the fact that private corporations are having difficulty borrowing money and are looking to the federal government to provide secure funding for P3s, it seems even more ridiculous to promote costlier and less accountable P3 projects at this time.

4. Protect pensions

Pension plans and retirement savings have been hit hard by the economic crisis and the security of many Canadians is at risk. Some companies even want to cut defined benefit plans that employees paid into throughout their working lives. People with RRSPs and other private pensions that invested heavily in stock and financial markets have seen their investments lose much of their value.

We must expand public pensions and reduce our reliance on financial markets for economic security. The federal government must phase in a doubling of payouts from the Canada and



Quebec pension plans and immediately increase Old Age Security (OAS) benefits for all retirees. It's time to create a national pension insurance fund to ensure that workers' defined benefit pensions aren't at risk when employers go under or speculative bubbles go bust. The United States has a pension guarantee fund covering \$50,000 of pension income.

Let's encourage the creation of large, multi-employer, defined benefit pension plans which protect workers and don't force them to assume all of the financial risk.

5. Invest in Canadian industry

We need action from Ottawa now to protect the jobs and livelihoods of workers in manufacturing, mining and forest products industries. These key economic sectors lost 350,000 jobs even before the recent financial meltdown because of the high dollar, bad trade deals, a growing manufacturing trade deficit with Asia, and the lack of new investment in Canadian industry.

Many companies are losing export markets in the U.S. and around the world, and they can't get credit at a reasonable cost. We must build new knowledge-based and environmentally-sustainable

industries. This can't happen without a plan and Canada doesn't have one. The federal government must develop sector strategies for the forest products, auto, aerospace and cultural industries and involve the labour movement and communities in the planning. Canada must also provide government guaranteed lines of credit and/or injections of equity to companies and sectors facing a temporary crisis in return for job guarantees and a government say in corporate decisions.

It's time to rewrite trade deals to ensure that trade is more balanced and respects human rights, workers' rights, environmental and

other regulatory standards. Let's make trade work for people and not purely for corporate gain.

Time for action

"This economic crisis was caused by Wall Street and Bay Street. It shouldn't be foisted onto Main Street," says PSAC National President John Gordon. "Investing in quality public services and public infrastructure would assist in rebuilding the economy and help reduce poverty in Canada."

Visit psac-afpc.com for PSAC's response to the federal budget on January 27, along with more information on what you can do to stand up for quality public services and a strong economy.



On December 4, thousands of people -- including many PSAC members -- gathered on Parliament Hill to support a coalition government, urging politicians to Make Parliament Work and to address the economic crisis.