

## The deficit the Harper government refuses to recognize

Written by Joan Russow  
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By [Duncan Cameron](#) [2] [Rabble](#)

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[http://rabble.ca/print/columnists/2015/02/deficit-harper-government-refuses-to-recognize|](http://rabble.ca/print/columnists/2015/02/deficit-harper-government-refuses-to-recognize)

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Premiers gathered in Ottawa last week to talk about pressing needs for Canadian infrastructure investment. As the [Council of the Federation meeting](#) [8], chaired by PEI Premier Robert Ghiz, began to address the infrastructure deficit, Federal Finance Minister Joe Oliver emailed a media statement: ".. some premiers appear oblivious to the consequences of the current global instability and the dramatic decline in the price of oil."

In effect Oliver was saying two things. He was acknowledging that the Canadian economy is weakening, and proclaiming this precluded Ottawa making additional money available to meet infrastructure deficits identified by the premiers.

It is no great secret that the Canadian economy is performing poorly -- by just about any measure. The fall in the Canadian dollar from near par with the U.S. dollar to 80 U.S. cents is the most dramatic indication of economic weakness. A falling dollar reduces purchasing power for all Canadians. A weak loonie makes purchasing imported foodstuffs or consumer goods more expensive.

What Oliver does not want to recognize is that spending on public infrastructure is a good way of strengthening a weak Canadian economy. It did not matter that other leaders judged these projects essential to building healthy provincial economies.

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This coming week the mayors of 22 large Canadian cities will be meeting in Toronto. The message of the importance of infrastructure investment will be top of the agenda, just as it was for the premiers.

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Calgary mayor Naheed Nenshi (recipient of the [2014 World Mayor Award](#) [9

) anticipated the Oliver e-mail outburst. When asked by the Globe about falling crude oil prices being used to curtail government spending on cities. "I suspect that might happen. Its a big mistake" Nenshi replied. The Calgary mayor pointed out that following the financial meltdown in 2007, subsequent stimulus spending put the economy back on track.

Looking at the overall economic picture, the Finance Minister wants Canadians to believe that a balanced federal budget is the measure of economic success. This has been an [objective](#) [10] of the Harper government in 2015, an election year. Joe Oliver explains that a balanced budget allows the government to provide additional tax "relief for Canadian families."

What the Finance Minister has not been explaining to people is how the government is cooking the books to achieve its balanced budget target. One tactic has been reducing current transfers for -- you guessed it -- infrastructure spending.

CCPA economist David Macdonald [showed](#) [11] how the 2013 Federal budget singled out infrastructure spending for austerity treatment.

What the government did was announce an overall increase for upcoming years infrastructure spending, and then pushed 75 per cent of the increases into the never-never land of 2020 and after, while reducing immediate spending on infrastructure spending for cities by \$1 billion for 2014-15.

Another point the Harper Conservative government would rather not debate or discuss is the findings of the Ontario Auditor General Bonnie Lysyk about the massive costs incurred by

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choosing private public partnership schemes (P3s) for infrastructure spending instead of using open bidding for public procurement. CUPE economist Toby Sanger has [explained](#) [12] how the Ontario financial report arrived at a staggering \$8 billion in extra costs, public money wasted, by pushing P3 projects instead of building through the Ontario public sector.

The promised spending on infrastructure by the Harper Conservatives includes a P3 screen for projects of over \$100 million. Any project over that amount must be done by the inefficient, more expensive, higher probability of corrupt practices P3 method that has been [discredited](#) [13] by study after study, particularly in the U.K. which has wide experience with the process, that does not work.

Canada elects political figures in municipal, provincial, and federal jurisdictions, yet the Harper Cons prefer not to have the financial needs of the three levels of government discussed together in an open forum. Indeed the Prime Minister prefers not to meet with premiers or mayors, except occasionally with favorites, one-on-one.

It is ironic that a government with such a dismal record at recognizing the usefulness of urban transit, transportation, water, and wastewater projects -- particularly at a time of economic slowdown and low interest rates -- would want to talk about itself as a good economic manager.

A great amount of time, opportunity, and money has been wasted waiting for the Harper Cons to get up to speed with other levels of government on physical infrastructure needs that are easily identified. In the meantime, the much-needed agreement over social infrastructure spending on First Nations programmes, child care spaces, social housing, national environmental sanctuaries and parks, amateur sport, culture and recreation facilities, and the like awaits a government with a different mentality, ready to initiate a new direction for Canada.

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