



Speaking Notes

**For Oral Presentation to the
Standing Committee on
Finance and Economic Affairs
Pre-Budget Consultations**

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My name is Irene Harris. I am Secretary-Treasurer of the Ontario Federation of Labour. In my pre-budget submissions to you today, some of the things I will talk to you about are:

- what the international monetary fund is saying about fiscal stimulus;
- how big our deficit in Ontario should be; and
- what kinds of funding and risk sharing can best provide security for Ontarians in retirement.

Some pretty dry stuff.

The **issues** are dry, but their impact is anything but.

Their impact is the story of hundreds of thousands – millions – of Ontarians behind all the big numbers, the charts, and the graphs.

It's my job, and my wish to talk to you about what the crisis in the economy is doing to communities, families, **your** constituents, and **our** members. As an elected officer of Ontario's central labour body, I am here today to represent:

- workers who were among the 66,000 who lost their jobs in Ontario last month and who are facing great uncertainty about their future;
- workers who immigrated to this province with great hopes for their future and for their children's future are facing this crisis without extended family, savings and with a social safety net in tatters;
- public sector workers who will face unprecedented demands on the crucial services they provide to our communities, and who are already stretched far too thin after years of underfunding and understaffing; and
- workers who have just retired, and face an uncertain future because either they **don't** have pension plans and the value of their own savings and investments have been greatly diminished or they **do** have pension plans which are now significantly underfunded.

The circumstances in this province are extraordinary. We are being battered by an economic crisis that is unlike anything seen in many decades, and that is not of our making.

If we can look for any silver lining – and we must – the course of the action we take can be as historic as the crisis itself. Government responses will determine how long and how severe this economic downturn will be. Inaction, timid and partial measures will lengthen the recession and deepen and extend the suffering.

Ontario's upcoming budget is critical - not only for its response to the recession, but for the path it sets us on when we come out of the recession. It should be a path to a more sustainable future; a greener economy; and for a rebuilt public and social infrastructure.

I'm not an economist. But I knew we were in deep trouble when all the Bay Street economists changed their no-deficit tune. What had been an article of faith over the past 10 years had been abandoned in less than three months. In those three months we have seen the TSX lose 40 percent of its value; sovereign governments fail, and U.S. consumption move into a free fall.

However, this is just a partial victory for common sense. While the debate has moved away from whether governments should **ever** run deficits, it has moved to what size the deficit should be. Some will tell you that while government shouldn't make things worse by reducing spending or raising taxes, they shouldn't do anything to make things better either.

There is an international consensus that governments must take strong action. The G-20 group of nations, the European Union, and others share this view. The International Monetary Fund said governments should introduce spending programs in the range of 2 percent of GDP.

For Ontario, this means a stimulus of about \$12 billion. Other national governments like Britain and China are providing fiscal stimulus that is more than 5 percent of GDP. President-Elect Obama has a vision for where the economy needs to be heading in the future, and what government can do to help it get there.

What do we have here in Canada? I ask that all of us take a moment now and remember the people I spoke about at the beginning of my remarks.

What are we doing for the people who are losing their jobs, whose pensions and savings are insufficient, and whose present and future are insecure?

Tragically, we have witnessed a historic vacuum of leadership from federal government. Worse than doing nothing, it has put forward wrong-headed economic policies and partisanship at a time when we desperately need leadership and a partner for Ontario.

We need the Ontario government to take bold action - to rebuild our economy, and to prepare Ontario for the recovery. We need to invest in people, maintain our manufacturing base, and move our economy to a greener, more sustainable future.

As a representative for 700,000 Ontarians and their families, I respectfully suggest that this budget should:

1. Maintain all current and planned spending on government services. Cutting back on public services when people need them the most will not serve Ontarians, and will not help the economy;
2. Make a substantial down payment on the government's poverty reduction strategy through new investments in affordable housing and increased benefits for low-income Ontarians;
 - a. Ontarians who are living on social assistance cannot be told that they have to wait even longer to be able to live in dignity. While the government is working through a transformation of the system, we need immediate increases. These increases will be immediately recycled into local communities and will help to move us out of recession;
 - b. Increased investment in affordable housing is good for the economy. It fosters skills development and creates high quality jobs. Moreover, if done wisely, investments in social housing can greatly increase environmental efficiencies, moving us toward crucial long-term conservation goals;
3. Speed up planned infrastructure investments to take up expected slack in construction activity. Communities across Ontario have infrastructure projects that are ready to proceed. Priority should be placed on climate-change related infrastructure that will increase the sustainability of our communities and our economy.
 - a. These projects will retain our skilled construction workforce, and will have a positive impact on the economy in the short-term. It will support economic activities directly, through these projects' needs for

local supplies; and through the money that workers on these projects will be spending in their communities.

- b. In the longer-term we will have increased the productive capacity of our economy, moved to a more sustainable economy, and have made these investments at a very reasonable cost given the slack in the economy;
 - c. With the difficulties in credit markets, the government should use this opportunity to set aside its P3 financing policy for public infrastructure investments;
 - d. This investment strategy should include a green retrofit program for buildings in municipalities, universities schools and hospitals as well as Ontario government buildings to increase their energy efficiency;
 - e. All infrastructure and housing spending should include buy Canadian rules.
4. We need to keep the lights on in Ontario's manufacturing base. The credit crisis, and the bottom falling out of US demand, has threatened Ontario businesses that *will* be profitable after the recovery. There is a need to identify who these viable businesses are; and identify strategies to keep these productive capacity in the province. Closing plants and shipping equipment to China is not the desired response to short-term problems, no matter how large they are. Ontario should establish a Jobs Commissioner, who has the flexibility needed to determine what kinds of assistance might be required and desirable. And, has the ability to strengthen adjustment assistance for workers who will lose their jobs.
5. The financial crisis has made clear what the labour movement has been saying for years. Saving for retirement is something that we should not be doing on our. While the rewards can be large in boom times, the risks are far too large in bad times. We need strong regulation to enhance security for those with defined benefit pension plans, and we need to expand pension plan coverage and security for those without.
6. Finally, we need a partner in the federal government; we need a partner that will work for fairer trade deals, to make sure that the two-thirds of unemployed Ontarians ineligible for Employment

Insurance benefits get access, and to partner in the important rebuilding process that we are embarking on.

Thank you for your time.

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