The Canadian Government has studiously ignored the lessons of the recent global economic crisis and adopted a “business as usual” approach. Committed to a quick return to the dominant ideology of the past two decades – more market, less government – it has refused to undertake the structural reforms necessary to stabilize the economy and promote human development within Canada and its economic partners. Deficit reduction is being achieved by further cuts to social spending. While stock markets and Gross Domestic Product (GDP) are recovering, further backsliding is expected in equality and development levels at home and abroad.


3 Armine Yalnizyan, calculated from Statistics Canada data from the Survey of Labour and Income Dynamics.


ports, that were scaled back fiercely in the 1990s, were never restored. Consequently of the 1.5 million Canadians unemployed today, less than half receive jobless benefits. Household debt has risen to record highs – by the third quarter of 2009 households on average owed CAD1.45 for every dollar of disposable income.6

Canadian women, as a group, were already poorer and less economically secure than their male counterparts before the crisis. Women account for 60% of minimum wage workers, and about 40% of employed women work in precarious jobs that are generally poorly paid with little or no job security or benefits such as pensions. Women also continue to have decreasing social protection, that were scaled back fiercely in the 1990s, and unequal access to employment insurance benefits; in 2008, 39% of unemployed women and 45% of unemployed men were receiving benefits, down from 83% of unemployed women and 85% of unemployed men in the late 1980s.7 In 2009, the federal Government introduced permanent personal and corporate income tax cuts worth CAD 20 billion (USD 19.6 billion) over the next five years. Meanwhile, the Government has ended statutory pay equity provisions, and cuts in public service provision – including education and health – will likely increase the burden of unpaid and invisible work done mainly by women.

On the international stage Prime Minister Harper stated that he would “champion” the issue of maternal health at the G-8 summit hosted by Canada in June 2010. Yet, abortion and contraception, two fundamental rights for women, are not included in the plan. Nor has there been movement to improve access to childcare at home, though Canadian women have one of the highest employment rates in the world.8 While women work in precarious jobs that are generally poorly paid and less economically secure than their male counterparts, women also continue to have decreasing social protection, and unequal access to employment insurance benefits; in 2008, 39% of unemployed women and 45% of unemployed men were receiving benefits, down from 83% of unemployed women and 85% of unemployed men in the late 1980s. In 2009, the federal Government introduced permanent personal and corporate income tax cuts worth CAD 20 billion (USD 19.6 billion) over the next five years. Meanwhile, the Government has ended statutory pay equity provisions, and cuts in public service provision – including education and health – will likely increase the burden of unpaid and invisible work done mainly by women.

Canada’s development agenda

The Canadian Government has expressed antipathy towards structural reform of global economic governance such as strengthened regulations, taxation on currency and other financial transactions, and greater accountability to democratic institutions. The most recent budget reinforced trade liberalization and Foreign Direct Investment (FDI) as core tenets of Canada’s development agenda. Over the past decade, it has become a net direct investor abroad, with out-bound FDI more than doubling from USD 270 billion to USD 591 billion.9 This phenomenon has been driven in large part by financial services and natural resources firms. The finance and insurance industry accounted for 65% of the outbound funds, with most of the money flowing to existing foreign subsidiaries in the US. The natural resources sector received 16% of the funds, but because of the exploitative nature of the sector these investments have had little development impact; rather they have led to conflicts with local populations in several countries including Ecuador, Guatemala and Mexico.

Although Canada is on track to fulfill its 2005 G-8 pledge at Gleneagles to double aid to Africa this year, it is currently among the least generous donors (16th among 22 nations), with only 0.33% of Gross National Income (GNI) going to aid. Budget 2010 has “capped” Canada’s Official Development Assistance (ODA) at 2010-2011 levels, which will reduce its percentage contribution to an estimated 0.28% in 2014-2015. That will make it 18th out of 22. The current Government has also shifted its aid focus from Africa to middle-income countries in Latin America, where the country has a stronger trade and investment agenda. This leaves it with an even weaker platform for the urgently needed efforts to reach the Millennium Development Goals (MDGs) by 2015.10

Budget 2010 also underscored a shifting approach to foreign policy. In 2005-2006 the Government spent roughly USD 3.48 on the Department of Defence for every dollar spent on ODA; by 2019-2020 it envisions spending USD 4.3 on defence for every dollar spent on ODA. Canada has also moved away from its longstanding approach to policy regarding Palestine and Israel, refusing to oppose Israel’s wars in Lebanon and Gaza and regularly voting against UN resolutions critical of Israel. This new policy thrust jeopardizes its reputation as a fair and balanced player in international development.

The Government has also actively adopted policies that contravene the human rights of citizens of foreign nations as well as Canadians. In the name of security it has adopted counter-terrorism laws and practices that fuel discrimination, encourage torture, or allow unlawful detention and unfair trials. The decision to end the current session of Parliament just in time to halt an investigation into the torture of detainees in Afghanistan has also fuelled anger and frustration.

Parliament passed the Better Aid bill in 2008 with the aim of promoting transparency and accountability in aid practices. Yet, the Government has recently been accused of undermining several development and aid organizations that do not follow its new policy direction, most notably with regard to the Middle East.12 For example, the well-regarded ecumenical agency KAIROS had its federal funding slashed without notice after 30 years, while ardently pro-Israel Conservative party faithful were appointed to lead the Board of the Government-mandated agency Rights and Democracy. The most recent budget makes clear that this is the new norm, stating “funding provided to organizations is tied to furthering government priorities.”13

Conclusion

The Government has studiously ignored the lessons of the recent global economic crisis and refused to undertake the structural reforms necessary to stabilize the economy and promote human development among Canadians and the citizens of the world. In spite of pledges to provide help for those most economically vulnerable during the crisis, both stimulus spending and core budgetary measures have failed to provide the necessary supports to achieve this. Deficit reduction is being used as a cover to further reduce social spending. While stock markets, corporate profits, and GDP rebound from the massive global financial meltdown, it is expected that full recovery for the privileged will be accompanied by further backsliding in equality and development levels at home and abroad.