

Why people watching their budgets are also watching Mulcair ^[1]

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EXCERPTS

The federal election is more than two months away. Yet it's already apparent why the NDP has a decent chance of winning it, with issues that turn on household economics.

In a nutshell, NDP leader Thomas Mulcair will run on crowd-pleasing pocketbook issues, including increased CPP payouts to seniors on fixed incomes, affordable daycare, a pay raise for tens of thousands of minimum-wage workers, and a rollback of the seniors' pension eligibility age to 65, from the 67 years of age imposed by PM Stephen Harper.

Apart from copious attack ads, the Harper playbook isn't ideally suited to a 2015 election. Many of its policy points lack voter relevance, and some will put him on the defensive. Harper is at his most effective, sadly, when on the offensive, slugging his adversaries — bait that a statesmanlike like Mulcair seldom takes.

Harper is also touting his record of economic stewardship. That could be a tough sell.

Canada's national debt has increased 27 per cent on Harper's free-spending watch, or \$131 billion. At 6.8 per cent, the jobless rate remains higher than before the Great Recession (it was 6.0 per cent in 2007). And after five consecutive months of negative GDP growth, Canada might be heading into a recession (six months would make it an official recession).

Harper claims Canada is outperforming its G-7 peers in terms of long-term economic vigour. But in the past two years, the U.S. and the U.K. have outperformed Canada in GDP growth and job creation. The International Monetary Fund (IMF) forecasts Canada's future economic growth rate at 1.5 per cent per year, trailing that of the U.S., Germany, Britain and even Spain, which is currently enduring a severe recession.

Harper is also already trotting out more of his "boutique" tax cuts, which have the ring of genuine help. But they actually affect very few Canadians, in part because Canada's 4.4 million people living in poverty do not have enough income to benefit from tax breaks.

Past examples of this Tory political "narrowcasting" — appealing to niches of the electorate rather than all voters — are the Harper tax breaks on the purchase of children's hockey equipment.

Harper was at it again Sunday, Day One of the longest, costliest campaign in modern Canadian history. (The \$375 million tab for Elections Canada alone would pay for 2.5 million affordable housing units.) Harper kicked off the Tory campaign with a pledge of tax breaks for businesses that hire tradespeople.

That is the microscopic approach to job creation long favoured by this government, and a dubious one that in this case would waste \$60 million. A tax break won't be the deciding factor for a business owner contemplating an investment in the wages, benefits and training costs of a new hire. But this trivial policy plank does give Harper a talking point with his small-business constituency, extolling the hugely exaggerated role of small business in job creation.

Justin Trudeau, sixth leader in the past 12 years of an underfunded Liberal Party, will struggle to break out of his appearance as the me-too candidate. Trudeau mimics Mulcair in pledging to roll back the retirement eligibility age to 65, and in faulting Harper's record on job creation.

Minimum-wage increases were once a contentious issue. But today, Mulcair is aligned with popular and business sentiment in calling for them.

In a milestone decision in late July, New York State raised its minimum wage for fast-food workers to \$15 (U.S.) an hour by 2018, a stunning 71 per cent increase.

Britain and Germany have recently raised their minimum wages; and Barack Obama and U.S. presidential candidate Hillary Clinton each support minimum-wage hikes. Premier Rachel Notley has committed to raising the Alberta minimum wage to \$15 (Cdn.) by 2018.

Major U.S. cities also have been raising their minimum wages, among them Los Angeles, Chicago, San Francisco, Seattle and Washington, D.C. So have many large employers, including Wal-Mart Stores Inc., Target Corp., McDonald's Corp., The Gap Inc. and retailer TJX Cos. (owner of Winners, Marshalls and HomeSense).

For several years, dating from even before the Occupy movement of 2011, public sentiment has been shifting toward fairness for the working poor, twinned with a growing contempt for the wealthiest 1 per cent.

In retailing, food service, tourism and other non-union low-wage ghettos, an increase in the minimum wage is the only pay raise the working poor will ever see. It's worth repeating that most poor people go to work each day.

The chief argument against minimum-wage hikes is that the extra cost kills unskilled, entry-level jobs.

But that assertion, which countless studies have cast doubt on, is offset by improved employee morale and resulting efficiency gains. Higher pay also translates into a drop in costly employee turnover and in "shrinkage" (employee and customer theft).

And while rich people often don't know what to do with a tax-cut windfall, or even notice they've received one, low-income households spend every additional dollar on postponed basic necessities. And that boosts consumer spending across the entire economy.

Mulcair arguably emerged from the shadow of his popular predecessor, Jack Layton, last September when he committed the NDP to restoring the minimum wage for federal government employees, and setting that wage at \$15 (Cdn).

"It is unacceptable that in a country as rich as Canada people can work full time and still live in poverty," Mulcair said at the time.

While that step would affect only federal workers and employees of federally regulated industries, increases in the federal minimum wage would put upward pressure on the lowest wages elsewhere in the economy. That not only would boost consumer spending, it would also reduce the growth rate of social-support funding to alleviate the hardships of poverty.

As noted earlier in this space, a recent poll by Global TV found that 74 per cent of Canadians support a higher minimum wage. And a majority — 52 per cent — favour a \$15 minimum wage.

The NDP platform heading into the federal election also calls for tougher measures to curb global warming, restoring the thorough environmental assessment process for new energy projects that Harper has gutted, and an industrial strategy that promotes alternative-energy technologies and other high-pay job-creating 21st-century industries.

But those aren't the issues by which the NDP will command attention, if it succeeds in doing so against an exceptionally combative incumbent PM.

More effective will be the NDP's commitment raise Canada Pension Plan payouts beyond the current maximum of \$12,000 a year, yet another populist measure. The Harper government has flatly refused to increase CPP assistance to fixed-income Canadians.

Harper's dismissal of the issue prompted Ontario Premier Kathleen Wynne to promote a new Ontario Retirement Pension Plan (ORPP) to top up inadequate CPP payouts. Wynne now says that the bureaucratic expense of creating an ORPP can be avoided if a future PM strengthens the CPP, which would be a break for Ontario taxpayers.

The NDP is also committed to creating 1 million \$15-a-day daycare spaces across the country over the next decade. In a GTA that is growing by the size of Calgary every seven years, daycare spaces are both scarce and expensive. Annual daycare costs for just one child can run to \$14,000 a year.

Affordable daycare, long a mainstay of European life, is an overdue reform. It was pioneered years ago in Quebec, where Mulcair was, of course, a popular provincial cabinet minister. Before Paul Martin's government was toppled, the then-PM had promised to roll out the Quebec daycare model across Canada. That's not a radical notion. It's similar to Lester Pearson's landmark achievement in making Saskatchewan's pioneering Medicare system a coast-to-coast reality.

It's Mulcair's social-policy initiatives that likely account for most of the recent NDP gains in the polls. Affordable daycare, decent pay, and better CPP benefits that kick in at 65 rather than 67 are among the close-to-home issues to which voters most powerfully relate.

Mulcair's first year in his current post was marked by a scattergun approach to issues. But the NDP has steadily gained traction since he made affordable daycare, a decent living wage, gridlock-busting urban infrastructure funding and enhanced CPP benefits the centrepieces of his party's platform.

One of my friends behind the counter at my local Tim Hortons (many of whose minimum-wage employees work two jobs) would like to have a second child. But with daycare expenses of \$12,000 a year, she and her husband cannot afford to do so.

That makes the minimum wage a genuine "family values" issue, since their current miserably low level is an impediment to family formation.

My friend is not the only denizen of "Tim's Nation," supposedly part of the Harper political base, who is paying a lot of attention to Mulcair these days.

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