



Ted Chudleigh column

November
2008

Burlington Post

McGuinty's slippery slope

So far Dalton McGuinty's corporate welfare payouts have not worked out too well. Ontario has poured about \$1 billion into the hands of various automakers but jobs in the sector are drying up. More than 30,000 auto jobs have been driven out of Ontario.

Throwing money at troubled automakers isn't a plan. Such a practice discriminates against those companies which are well managed and making money by transferring the money those successful businesses pay in taxes into the hands of their unsuccessful competitors.

Now that international financial problems have added an extra layer of trouble on an already struggling manufacturing sector, the McGuinty Liberals must insure that any further help to the auto industry comes with significant strings attached.

The government must protect the taxpayer. So, the bailout must be loans only. In order to loan money there needs to be a high probability of getting it back. So any planned loan must include a requirement that the automakers totally overhaul their existing business models. Superficial reform will not cut it. The companies must effect change across their product lines, in their retailing and by reducing existing legacy costs and current labour costs. I'm not suggesting the government control the automakers, but benchmarks are necessary if government bailouts are going to be considered. A detailed plan is required that ensures government oversight of tax dollars and lets the auto industry itself lay out a future course. Reform of the industry will make it stronger and ensure the jobs that remain will have a solid future.

Without these changes taxpayers money will be at significant risk as the companies involved likely will not survive. Even with those changes their survival is in doubt.

Under the McGuinty Liberals our Ontario is on the welfare roll of Confederation as a have-not province that now receives equalization payments. Liberal plans, such as they are, do not work. And thanks to those plans neither do increasing numbers of Ontarians.

Short term thinking will not work. The auto sector has been a major part of Ontario's economic success for decades but longevity alone will not guarantee future success. The government must create the economic conditions necessary to allow business to thrive.

The Premier must make the hard decision and stand firm on the requirement that the auto sector undertakes major reform if they want taxpayer assistance.

The economic downturn we are seeing is part of a major shift in the economy. Debt is finally catching up to all those companies and individuals who have been living on borrowed dimes.

Any bailout at this point is going to embolden virtually every business sector to come to the taxpayers with their hands out. Governments cannot continue to print money without bringing on large annual inflation rates and worse, a complete devaluation of the currency. At best that would bring huge instability to our markets and hold back any economic recovery. At worst – well I hope you have a wheelbarrow to carry your money.

Government is at the top of a very slippery slope. If we reach the bottom it will be a long hard slog to get back to the top again.