

Why did Rae bail out aerospace one day and sink universities the next?

by Doug Saunders

The cavernous de Havilland airplane factory is only a few blocks away from York University. If you ride the 106 bus, you pass it every day.

And if you passed it last Wednesday, you would have seen a small party going on, a bunch of people in coveralls cheering. A very rare sort of party, this, in the depths of a recession.

De Havilland, you see, had just been bought by Bombardier, a large Canadian corporation (it had previously been owned by Boeing, who then dumped it). Now, people don't usually cheer when their employer gets taken over. But in the case of de Havilland, getting taken over meant quite a bit of job security for the workers.

Why? Because Bob Rae said the Ontario government would give Bombardier almost \$300 million to get them to take over de Havilland — and the federal government threw in an equal amount.

That \$300 million handout will keep the shop running for some time, even if it loses money. Hell, \$300 million would keep anyone running for some time. Like York University, for instance. It just so happens York's annual budget is somewhere near \$300 million.

But York isn't getting any gifts from the government. The day after the de Havilland celebration, Bob Rae announced how much money the province would give its universities this year (universities are mainly funded by provincial government transfer payments).

It was the lowest increase ever — one per cent, or about two extra million dollars for York. And York's expenditures will likely rise by some \$10 to \$15 million next year — and universities aren't allowed to run huge deficits — so the school's in a mess.

So how can Rae deliver such good tidings one day and such nasty ones the next? Why does a floundering airplane company get

megabucks while an increasingly reputable university gets a cut?

Rae will give you several answers here. And all of them are see-through.

Reason one: it will, they say, save jobs. De Havilland employs 3,700 people, any of whom could have lost their job if the company hadn't been bailed out.

But that falls apart quickly. First off, many of those jobs will still be lost. When a big company takes over, you can be certain they'll do some 'restructuring' and fire a whole bunch of workers to keep costs down.

Besides, if he's working on the general premise of keeping jobs, why didn't Rae support the universities? As a direct result of that tiny one per cent increase, some 1,500 jobs will be lost, according to the Council of

profits if the economy improves a lot. And that's a big if.

Really, if Rae wants a bigger slice of international competitiveness, he's not going to gain much by giving Bombardier \$300 million to buy de Havilland. He'll get something, sure — although it's doubtful how much new research and development, how much expansion, will be part of that (and those are the real ingredients of competitiveness). De Havilland may very well keep on churning out those little Dash-8 airplanes like sausages, while tipping their hats to Queen's Park for lining Bombardier's pockets.

If Rae really wanted that \$300 million to contribute to competitiveness, or to create jobs, he would have sunk it into post-secondary education. That's where his money would snowball. It would contribute to creating a highly skilled and literate population, instead of rusting out in the engines of some rather dubious industry.

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Let's not kid ourselves: Rae's de Havilland bailout has little to do with jobs, or with competitiveness. Mostly it has to do with that old Ontario game of propping up the fat cats.

Ontario Universities. (And that's just universities. There's also colleges, hospitals and municipalities, all of which got slashed to shreds in Rae's austerity announcement.)

So we'll check out reason two: this thing they call "international competitiveness." Aerospace is a big, multinational business, the argument goes, and governments should throw lots of money into it because it'll do wonders for your balance of trade.

But this also falls apart. Aerospace is indeed lucrative — but it's dominated by an oligopoly of multinational gigacorporations. De Havilland has a tiny niche, and a rather vulnerable one at that, which could make some modest

ness. Mostly, it has to do with that old Ontario government game of propping up the fat cats when they get in trouble. The Tories did it, the Grits did it, and now even the NDP does it.

And that would be just fine, if the government got anything back from its dinosaur-fossilizing investment. But with virtually no tax on big corporations — and with no guarantees of ethical corporate behaviour — Queen's Park (and the rest of us) won't likely see the money again.

If Rae really wanted a return on his money, he wouldn't have flown it off into the corporate stratosphere. Instead, he would have driven it up the street and sent it to school.

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