

Canada's Economic Recovery: Stimulus Spending or Political Pork?

*By Glen McGregor**

The crumbling hockey arena in west Ottawa had gone neglected by one city government after another.

The antiquated ice-making system in the 40-year-old Merivale Arena was inefficient and made for sloppy skating. The ceiling sagged, and the changing rooms next to the dusty old vending machines were shabby and small.

But starting in 2009, the arena underwent a massive renovation, funded as a small part of Canada's attempt to jump start its economy.

Like other Western nations, Canada has channeled enormous amounts of public money into capital projects in an effort to stimulate the economy and gird against the global economic downturn over the last two years.

That has put the Merivale Arena and thousands of other projects across the country at the receiving end of an unprecedented wave of spending from the federal government.

Behind Canada's Economic Action Plan

The money from this new action plan flowed through so many different programs that calculating the total amount is subjective, but the government credibly put the figure at Can\$62 billion (US\$61 billion) over the past two years.

The enthusiastic promotion of these projects — each one is accompanied by a sign next to the construction, crediting the federal government — has stirred allegations that they are intended to stimulate the governing party's electoral fortunes as much as the economy.

The spending, opposition parties charge, is not just Keynesian economics in action, but good, old-fashioned pork barreling. They point to the use of federal money to fund dubious sounding initiatives, such as the Can\$177,000 (US\$173,400) earmarked for a "wine therapy" spa.

The money was provided to help a small company in the Gaspé region, in the province of Quebec, to buy beauty equipment and

swimming pool accessories to develop a tourist attraction, but the new age name attracted the ridicule of opposition politicians.

The largest of the spending programs is directed at Canada's decaying infrastructure. Billions flowed to repave roads, replace water mains and renovate bridges — all worthy and mostly needed projects, if not particularly sexy.

But more attractive, from a political perspective, was a highly-visible recreational infrastructure fund that poured money to new bike paths, skate parks and swimming pools, many in specific suburban middle-class neighborhoods that play a pivotal role in deciding Canadian elections.

The government has been slow to release a complete accounting of this spending. But the data that are available suggest there might be some merit to the pork-barreling charge, at least involving recreation projects.

An analysis of funding data shows that electoral districts held by Conservative Members of Parliament (MPs) received an average of 38 percent more money than those held by their chief political rival, the Liberal Party.

While the overall stimulus spending tends to balance out from one district to another, the distribution of politically-attractive recreational projects appears skewed to the governing party.

Districts held by members of the governing party on average received about Can\$1.7 million (US\$1.6 million) each, but those held by the Liberals took in an average of Can\$1.2 million (US\$1.17 million) from the recreation fund.

The district that is home to the Merivale Arena renovation is held by prominent cabinet minister John Baird, whose portfolio included responsibility for infrastructure spending. He showed up for a 2009 press conference to announce Can\$900,000 (US\$882,000) in federal funding while wearing a Team Canada hockey jersey — Canada's equivalent of waving a national flag.

Across town, in the electoral district that historically voted Liberal more than any other in the country, not a single project was funded through the recreation program.

The government, however, insists that the stimulus money was awarded fairly. Most projects were approved based on funding agreements made in concert with provincial and municipal governments of differing political stripes.

Conservative districts may have won more rinks and swimming pools, but that's because the party's roots are in rural areas, while

the Liberals dominate in cities that already have built-up recreation facilities, the government contends

Pork, Policy and Parliamentarians: So Is It Pork or Just Good Policy?

To find the response to this question, the Parliamentary Budget Officer (PBO) began to look into the government's infrastructure spending. Canada's parliamentary system lacks the built-in checks-and-balances approach to the governing of the United States, and oversight often falls to a group of independent officials such as the PBO or the Auditor-General to investigate.

But when the PBO tried to obtain the records to scrutinize the infrastructure spending, it met a series of roadblocks from the government.

At one point, government officials employed the old trick of burying opponents in paper. Rather than provide investigators with a spreadsheet in electronic form that could be analyzed, government officials printed out the listings of the thousands projects on paper and sent over several bankers boxes full of documents.

To critics, the tactic was emblematic of Prime Minister Stephen Harper's antipathy toward parliamentary officers who are responsible for keeping the government in check.

In the wake of a corruption scandal within the Liberal Party, Harper won his first term as prime minister in 2006 by promising a cleaner and more accountable government. Indeed, his government had created the position of Parliament budget officer.

But by the time Harper had led the Conservatives to a second minority government in 2008, the party was in conflict with the watchdogs. The Conservatives took the official who oversees elections, Chief Electoral Officer Marc Mayrand, to court to challenge a ruling on election finance. They publicly accused him of bias in favor of the opposition.

Then the head of the Canadian Nuclear Safety Commission, Linda Keen, was fired for refusing to fast-track the re-opening of a facility that produced isotopes used in medical imaging tests. Keen, who was appointed by cabinet order and served "at the pleasure" of the prime minister, was removed from the job of president of the regulatory body.

And when Canadian diplomat Richard Colvin publicly questioned the Canadian military's handling of prisoners in Afghanistan in sworn parliamentary testimony, members of the government denounced him as misinformed and a dupe of the Taliban.

While Prime Minister Harper at least must contend with the scrutiny of parliamentary watchdogs, the 308 MPs who sit in the House of Commons continue to run their offices with virtually no public oversight.

The furor in the United Kingdom over Westminster MP expenses — the moats and swimming pool repairs — reverberated in Canada's parliament, too, with calls for Canadian MPs to open their expense books to see what they might have been hiding.

Each MP has an office budget that he or she is free to spend largely at pleasure, with the only scrutiny provided by a secretive all-party committee of fellow MPs called the Board of Internal Economy. Canada's open-records law stops at the door of Parliament Buildings and does not apply to MPs, so there is no legal requirement for disclosure of spending statements. The public must trust that the rules of parliament, called "standing orders," to protect their tax dollars.

The Board conducts its business in private and, even when there is an allegation of wrongdoing, and does not report on its inquiries publicly. The spending of taxpayers' dollars by MPs is a Can\$170 million Canadian (US\$167 million) black box, with no way for the public to see exactly where the money goes.

Sometimes, however, details can leak out that give insight into the conduct of MP spending.

Wanted: Public Scrutiny of MPs

Consider, for example, Judy Sgro, who had served as minister of immigration in the previous Liberal government. Though her party was voted out of office, she was reelected and continued to serve her Toronto-area district as an MP.

Since 2001, Sgro had lived in a condominium she purchased in a bland looking apartment building in downtown Ottawa, not far from Parliament Hill. Many MPs rent part-time accommodation in a strip of condominiums along the avenue named after Wilfrid Laurier, one of the country's most beloved former prime ministers.

Property records show Sgro had made an unusual transaction that appeared to breach the rules set out by the Board of Internal Economy. Five years after she bought the condo for Can\$138,000 (US\$135,000), she transferred ownership of it to her three adult children and began paying them Can\$22,000 (US\$21,500) a year in rent using her MP's housing allowance.

She would later claim she misunderstood the rules prohibiting MPs from conducting business with their immediate family members.

She promised to correct the error and the Board of Internal Economy has closed the file.

There are signs that the MPs' days of acting without scrutiny are nearing an end. The government was embarrassed by a scandal involving a former Conservative MP who was married to a cabinet minister. News reports advanced allegations that the former MP was using his wife's credentials to promote his career as a lobbyist. (The Royal Canadian Mounted Police looked into the allegations and chose not to lay charges.) His wife was forced to resign from Cabinet and left the Conservative Party and now serves as an independent MP.

In response to the scandal, the government broadened the requirements for lobbyists to report their contacts with government officials. Previously, lobbyists had to publicly report contacts with cabinet ministers and senior public servants. The definition of public-office holder was expanded to include contacts between lobbyists and all elected MPs.

Moreover, the Board of Internal Economy has agreed to partially open its books to the Auditor-General Sheila Fraser, who has the legal power to compel the release of documents unavailable to the Parliamentary Budget Office.

She will look at the financial management of the House of Commons but will examine only a sampling of records and will not conduct the kind of detailed inquiry that might uncover dubious apartment rentals or digging of moats.

More illuminating, perhaps, will be the Auditor-General's analysis of stimulus spending, which could reveal whether the largest spending initiative in Canada's history was sound economic policy, a giant slice of political pork, or a little bit of both.

**Glen McGregor is a national affairs reporter with the Ottawa Citizen, a daily newspaper in Canada's capital city.*