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CANADIAN CENTRE FOR POLICY ALTERNATIVES – MANITOBA

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Manitoba's 2016 Speech from the Throne: Austerity Darkens Manitoba's Door

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If the new provincial government had shown a certain amount of restraint up until now, it seemed much more willing to show its hand in Monday's Throne Speech. A few strong messages emerged: public-sector workers are in for a rough ride; there's going to be a strong push towards privatization on several levels; and there's nothing concrete for Manitoba's northern communities.

It all adds up to a strong austerity agenda.

Before any details were revealed, a false picture of the province's financial situation was drawn. It was painted with broad strokes to be sure, splattered with words like "fix" and "repair".

But it just isn't clear what needs to be fixed. Our economy grew in every year between 2000 and 2015, with the exception of the Great Recession when GDP shrank the least of all provinces. Why would the government claim that it is "returning" the province to economic growth when our economy never stopped growing, often at a rate greater than the national average?

It also bears repeating that our debt is at a reasonable level when measured against our GDP (at just over 32 per cent), especially when considering the cost of the 2011 flood, which was well over one billion dollars. And also bearing repetition is the fact that so much of the deficit spending was on flood mitigation and infrastructure that was essential to business, and which allowed for job creation and training opportunities that fueled the economy at a time when businesses were not investing.

The economic scare tactics are nothing new; most conservatively fiscal governments use them. There is ample impetus for this sort of messaging from global rating agencies like S &P, who downgraded Manitoba's credit rating earlier this year over concerns about our ability to obtain fiscal balance.

S & P represents very conservative bond holders who are only concerned about the level of return on their investments. They are not swayed by arguments about responsible investment that will deliver high societal dividends in the future, and because they control how much interest we pay, they hold society hostage.

Conservatively-fiscal governments make willing hostages insofar as it gives them an excuse to cut spending. The possibility of increasing revenues to balance the books is never discussed, and for good reason. One of austerity's goals is to reduce taxes. In its efforts to appease corporate Canada, even the NDP – arguably an unwilling hostage - had cumulatively cut over a billion dollars in taxes by the end of its term.

Still, we can expect more cuts: the Throne Speech is clear in its goal to reduce taxes even more.

Reducing revenues through tax cuts gives fiscal conservatives an excuse

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to cut spending. Premier Pallister has promised to do this by a number of means, including bringing in legislation to "cap" public sector wages. The proposed legislation does not bode well for most public sector workers whose collective agreements will be expiring under this government.

The NDP also took action to curb public-sector wages. For example, in 2010 it negotiated a non-layoff clause with MGEU in return for a two-year wage freeze, and the University of Winnipeg Faculty Association was forced to accept a mandated two per cent increase. But these efforts to control wages are qualitatively very different from the blunt instrument of legislation, especially when considered with the recent passing of legislation to eliminate card check and the promise to get rid of project labour agreements.

Another of austerity's goals is to give the private sector access to public assets. The private sector is eager to enter into Public Private Partnerships (P3s) for a variety of projects in different areas. Despite the reams of research explaining the problems with P3s, the Progressive Conservatives have promised to repeal the P3 legislation brought in by the NDP.

Although there are weaknesses in the regulations that support the legislation (now there's something that the new government could and should could fix), The Public-Private Partnerships Transparency and Accountability Act was the only legislation in Canada that at least pushed governments to – as per the Bill introducing the legislation, "enhance the transparency and public accountability of the decision-making process followed by a public sector entity that uses the P3 procurement method for a major capital project". The question that needs to be asked is why this government feels it necessary to remove legislation dedicated to increasing transparency and accountability. What exactly does it want to hide? This move is hardly in keeping with the Throne Speech's promise to "pursue an open, transparent government deserving of the enduring trust of our citizens".

Social Impact Bonds (SIBs), P3's equivalent in the social sector were also highlighted. Once again, there have been alarm bells sounded around SIBs, but a government hidebound by its faith in the free market will choose not to listen, potentially leaving our most marginalized without the programs they need. Furthermore, SIBs have been shown to increase costs through their complex legal and multi-layered contractual requirements.

Finally, despite proclamations on the importance of the North and reference to working with existing resource sectors (which have not benefited northern communities), not one concrete idea was offered. No mention of the Port of Churchill; no mention of Omnitrax. Perhaps these issues will be covered in the promised Northern Economic Development Strategy. Will the strategy embrace the sort of comprehensive community led development that First Nations are calling for, or will it embrace more of the same outsider, short-term, boom and bust development that has plagued the North for decades? We will have to wait until the 2017 budget to see.

Until then, the one thing we know for sure is that austerity has officially darkened our door.

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References available upon request.

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