Are Spending Cuts and Privatization the Answer for BC?

by Donna Vogel

March 2000
ISBN 0-88627-219-X

Canadian Centre for Policy Alternatives—BC Office
1400–207 West Hastings St • Vancouver • BC • V6B 1H7
Tel: 604-801-5121 • Fax: 604-801-5121 • email: ccpabc@intouch.bc.ca • www.policyalternatives.ca

Are Spending Cuts and Privatization the Answer for BC?

by Donna Vogel

ISBN # 0-88627-219-X March 2000

About the Author

Donna Vogel is a researcher with the Canadian Centre for Policy Alternatives—BC Office. Her ares of specialization at the Centre are the public sector and public services in BC. She holds a Ph.D. in sociology from the University of British Columbia.

Acknowledgements

A number of people provided valuable assistance, advice, and feedback on this project. The author wishes to thank Soren Bech, Pam Bush, Marcy Cohen, Shannon Daub, Murray Dobbin, David Donaldson, Irene Jansen, Seth Klein, Marc Lee, Phillip Legg, Rebecca Maurer, Todd Scarth, Annie Schaefer, Ruth Scher, Lisa Shaw, and Harold Shuster. The contents, opinions, and any errors contained in this report are the full responsibility of the author.

Contents

Canadian Centre for Policy Alternatives—BC Office
1400–207 West Hastings St • Vancouver • BC • V6B 1H7
Tel: 604-801-5121 • Fax: 604-801-5121 • email: ccpabc@intouch.bc.ca • www.policyalternatives.ca

CAW 567

Executive Summary

Business interests in British Columbia, like their counterparts in the rest of Canada, are lobbying hard for tax "relief" for corporations and wealthy individuals. These kinds of tax cuts are regressive. They would primarily benefit those at the top of the income ladder. Tax cuts would also reduce the revenue needed by governments to fund the public programs and services that most people depend on, opening the door to various forms of privatization.

This report examines the concrete implications of reduced public spending, privatization of crown corporations, and contracting out for the quality and accessibility of public programs and services in BC. It draws on historical analysis of the public sector in BC, and numerous examples of the effects of government downsizing across Canada and in other Western nations.

The Major Findings

1. BC's public sector has already been downsized.

The massive public sector cuts and privatization initiatives that characterize today's Klein and Harris governments occurred in BC in the early 1980s under the Social Credit government's "restraint" programme.

2. Public sector downsizing is costly.

Underfunding of public programs and services costs jobs—in both the public and private sectors. Public sector spending cuts are costly in terms of lower quality service, reduced access to needed services, and higher out-of-pocket expenses for families. Budget cuts also open the door to privatization. Governments have frequently opted to sell off crown corporations and other public assets to pay down the public debt or reduce operating deficits. Governments have also tried to address the crises created by chronic underfunding in the public sector by contracting with for-profit firms. In both cases, the balance of evidence shows that privatization frequently leads to poorer quality service, loss of jobs and money from local communities, higher user fees and other kinds of private costs and, very frequently, higher costs to governments. Ultimately, privatization undermines the accessibility and accountability of those programs and services that are most important to people's lives.

Additional Findings

➜ A remarkable feature of the latest assault on the public sector in British Columbia is the stunning absence of detail regarding *how* the promised tax cuts and restructuring in government would actually be implemented. Rather than being engaged in a meaningful debate about a major restructuring of government, the public is merely being given a vague sense that the private sector is inherently "good," the public sector is inherently "bad," and the transfer of power and resources from one to the other is the "right" thing to do. From the point of view of the majority of BC's citizens, the evidence strongly challenges this view.

- ➜ Contrary to much of the popular rhetoric, BC's NDP government followed the national trend in cutting spending and public sector employment throughout most of the 1990s. Provincial spending in real per capita terms fell by $544 from 1991 to 1998.
- ➜ Spending in most areas other than education and health has been significantly reduced.
- ➜ Recent spending increases in health and education were an attempt to remedy some of the damage done by the Socreds, but they have not kept pace with inflation and population growth.
- ➜ BC's public sector employment rate, measured as the number of public employees per 1000 population, is the second lowest in Canada after Ontario, and is below the national average in all areas except education.
- ➜ The promised benefits of privatizing crown corporations do not, in most cases, materialize. Evidence from other jurisdictions shows that while selling off crowns may deliver hefty profits to a small number of corporate shareholders, it also removes important parts of our economy from public control and democratic accountability.
- ➜ Research on contracting out reveals numerous *dis*advantages associated with this piecemeal form of privatization. Many contracts do not save money. Those that manage to cut costs often do so by eliminating jobs, paying workers less, and cutting corners on quality and health and environmental standards.

Conclusion

Neoliberal policies of tax cuts and government downsizing have already done much damage in BC and elsewhere. If British Columbia continues to travel down a road marked by budget cuts and privatization, the families and communities of this province can expect to find themselves with more poverty and inequality, less access to needed goods and services, and less say in the decisions that affect their lives.

1. Introduction

For the past two decades Canadians have been told that we must "tighten our belts," "do more with less" and, generally speaking, become more self-reliant. Regardless of the particular slogan of the day, we have been subjected to an unrelenting attack by big business and neoliberal politicians on democratically elected governments and public institutions. Most recently, this attack has taken the form of a demand for tax cuts that, predictably, ignores the implications for communities and individuals of continuing to erode the ability of government to act in the public interest.

In British Columbia, tax cuts have been at the top of the agenda for business lobby groups as well as the provincial Liberal Party. Even the NDP has sought to highlight its "fiscal restraint" and tax cuts in recent years.

In their latest policy statements, the BC Liberals promise a "dramatic" cut in personal taxes—to the lowest level in Canada—combined with balanced budget legislation, deregulation, competition in the energy sector, and increasing "access" to crown land and resources.

The tax cut agenda has also been aggressively pursued by corporate interests in the province. In 1998, a business-sponsored coalition called the BC Business Summit published a report outlining the fiscal policy demands of the province's business leaders.[1] In addition to balanced budget and debt management legislation, the Summit recommended a tax reduction plan of $1.5 billion. In order to finance the tax cut, the Business Summit proposed $1 billion in cuts to government spending, privatization of crown corporations and public assets, and external contracting of public goods and services.

The crucial question that needs to be asked of these kinds of policy statements is this: "what impact would they have on the people and communities of this province?" In an attempt to encourage an open and informed public debate, this report focuses on the concrete implications of reduced public spending, privatization, and contracting out for the quality and accessibility of public programs and services in British Columbia.[2]

The privatization agenda is all too familiar. This report begins by placing the most recent attacks on the public sector in the broader context of neoliberalism—an economic and political ideology that has guided policy decisions for the past 20 years, with dire results.

The following sections of the report examine the consequences of the neoliberal agenda for the public sector and public services. The discussion is divided into three parts. In the first section, the impact of lower government spending is examined. The argument presented here is that BC's public sector is already quite lean and, therefore, further cuts in public expenditure will be directly felt by British Columbians in the form of limited and unequal access to important services and higher out-of-pocket expenses.

The next section addresses the issue of privatization of crown corporations, another key plank in the neoliberal platform. Public ownership has historically played a central role in the Canadian economy. When we are reminded of the benefits—to communities and all citizens—that have been gained through public ownership of key resources and industries, and examine the effects of privatization in other places, arguments for selling off public assets seem dubious at best. The evidence is clear that privatization delivers large profits to a small number of self-interested corporate shareholders while removing important parts of our economy from public control and democratic accountability.

Third, a review of the logic behind and results of contracting out raises a number of problems. Rather than saving public dollars and delivering better service, research on contracting out reveals numerous *dis*advantages associated with this more hidden form of privatization. Many contracts do not save money. Those that do manage to provide goods or services at lower costs often do so by cutting jobs, paying workers less, and cutting corners on quality as well as health and environmental standards.

Ultimately, we need to be very clear about who stands to benefit and who stands to lose from this latest attack on the public sector and public services in British Columbia. The concluding section of this report poses a series of questions that will help us to evaluate future proposals to restructure the public sector in British Columbia.

2. Old Wine, New Bottles: Neoliberalism in Contemporary BC

Perhaps the most striking feature of the latest assault on the public sector in British Columbia is the stunning absence of detail regarding *how* the promised tax cuts and restructuring in government would actually be implemented.

The BC Business Summit, which has recommended $1.5 billion in tax cuts, with 2/3 financed by downsizing the provincial government, provides no clear indication of where they would cut $1 billion from, or of the likely consequences of such a significant cutback. Nor does the Summit tell us which of our crown corporations, land, and other physical assets the business lobby would be willing to sell off for the sake of lower taxes. The same lack of planning is true of the Summit's proposal on contracting out.

The Business Summit, like other organizations pressing the right-wing agenda, is fond of presenting its policy proposals as if they were self-evident, inevitable, and undoubtedly beneficial for "everyone" in society. The provincial Liberal Party makes equally vague statements about tax cuts, eliminating business regulations, and granting greater private access to crown land and resources, without providing concrete plans for implementation.

These empty promises are remarkably careless. **Rather than being engaged in a meaningful debate about a major restructuring of government, the public is merely being given a vague sense that the private sector is inherently "good," the public sector is inherently "bad," and the transfer of power and resources from one to the other is the "right" thing to do.**

This is the same message we have been hearing ever since *neoliberalism* emerged as the dominant economic and political ideology.[3]

Backed by the world's largest corporations, prominent economists, right-wing think tanks, and business lobby groups, neoliberalism began as the corporate sector's response to a global economic recession in the early 1970s. Faced with declining growth rates and profits, corporate interests launched a widespread offensive against the post-World War II gains of the welfare state. Universal social programs, unemployment benefits, training programs for workers, and so on, were redefined as "overly generous" signs of a "bloated" public sector. Underneath this rhetoric of public sector "waste" and "mismanagement" was a campaign to erode the power of workers and democratic institutions in favour of private corporations.

Neoliberalism—the new right, neoconservatism, or the corporate agenda, as the doctrine is variously called—was the dominant force behind the elections of Margaret Thatcher in 1979 and Ronald Reagan in 1980. In Canada, neoliberalism was embraced to varying degrees by the federal Conservatives, and then by the Liberal Party of Canada. In the 1980s, the Social Credit government of British Columbia and the Conservative government of Saskatchewan were among the first to implement neoliberal policies at the provincial level. In the 1990s, the provincial Conservative governments of Ralph Klein in Alberta and Mike Harris in Ontario, and the Liberal government of Frank McKenna in New Brunswick, have all positioned themselves as leaders of the neoliberal "revolution."

When business lobby groups or corporate-backed political parties try to convince us that we must accept the erosion of our public institutions and programs as somehow necessary or inevitable, we need to keep their broader agenda in mind. Rather than uncritically accepting neoliberal arguments as "objective" or the "truth," British Columbians need to be aware of the real implications of budget cutting, privatization, and contracting out.

3. Cutting the Provincial Budget: Where is the "Fat"?

In this and the following sections, we examine the privatization proposals advanced by the BC Business Summit—a recent and close-to-home example of neoliberalism in practice.

We begin with the Summit's proposal to cut government spending.[4] Having found themselves with a $1 billion shortfall in government revenue as a result of their tax reduction package, the economists working for the Business Summit pulled out their calculators and determined that this was equivalent to 5 per cent of total government expenditures in the 1998-99 fiscal year. Since they could not tolerate deficits under any circumstances, the report's authors had to recommend a 5 per cent reduction in government spending.

Such a cut would be of little concern because, as business leader Jim Pattison told them, any organization can eliminate at least 15 per cent from its budget by simply "trimming the fat." If this sounds too good to be true, that is because it is. **The public sector in British Columbia is already quite lean and additional cuts cannot be sustained without having an immediate negative effect on the quality and accessibility of the programs and services that most British Columbians depend upon.**

The Business Summit and other right-wing commentators like to claim that BC has escaped the severe cuts in spending imposed by the governments of Alberta and Ontario, for example. However, a brief glance back in time to the era of Social Credit "restraint" reminds us that British Columbia was, in fact, among the first provinces in Canada to put neoliberal ideas into practice. Indeed, the public sector in British Columbia is currently the second "leanest" in the country. Referring to another round of cuts as "relatively modest" shows a deliberate and self-serving historical amnesia on the part of the right in this province.

Social Credit "Restraint": Been There, Done That

Generally speaking, the development of the welfare state in British Columbia closely mirrored that of other provinces. During the period from 1945 to 1982, social programs like health, education, and social assistance grew to become the primary policy areas of the provincial government.

In 1983, the re-election of the Social Credit Party under Bill Bennett marked an abrupt change in the evolution of BC's public sector. Under the Bennett regime, the province entered a new era of drastic downsizing in the public sector. As professor Michael Prince recalls, **"while other administrations in the country had been trying restraint measures since the mid-1970s, the BC government's actions were more radical and severe."**[5]

The Social Credit "restraint" program was foreshadowed in 1982 by legislation limiting public sector wage increases and the announcement of plans to reduce the size of the provincial public service by 25 per cent.[6] Public sector employment dropped by 2,600 positions or 6 per cent during the 1982-83 fiscal year. The 1982 budget also forced deep cuts on the province's school boards and post-secondary institutions, and put limits on hospital budgets.

Following the 1983 election, the Social Credit government introduced a budgetary and legislative package that slashed spending for social welfare and education, restricted funding for health care, eliminated consumer and human rights protection, and launched a full-scale attack on public sector bargaining rights.[7]

- The 1983 budget called for a 15 per cent reduction in full-time public sector staff—from 47,000 to 40,000—with further cuts scheduled for the following year.

- Staff at the Ministry of the Attorney General was cut by 20 per cent, or about 1,100 employees.

- Mandatory budget and staff cuts were imposed on the province's schools, colleges, and universities. Approximately 1,000 jobs were lost in the public school system, while the operating budget for the post-secondary sector was reduced by 10 per cent.

- Several social service programs and agencies devoted to the protection of citizens' rights—including the provincial Rentalsman (a public agency that mediated landlord-tenant disputes and enforced controls on rental increases) and the Human Rights Commission—were privatized or eliminated entirely.

- Employment in the Ministry of Health declined by 27 per cent. Under pressure to become more "efficient," hospitals closed about 1,200 acute care beds. "Restraint" was also felt in community-based health care services and preventative programs. Funding to community clinics in Vancouver and Victoria, for instance, was cut by 30 per cent.

These measures sparked a series of strikes and lockouts, as well as street protests drawing tens of thousands of trade unionists, anti-poverty activists, women's groups, and many others under the umbrella of "Operation Solidarity" and, later, the "Solidarity Coalition."

In 1984 "restraint" proceeded with an across-the-board cut in ministerial expenditures, completion of the 25 per cent reduction in government employment, and a new funding system designed to pull staffing and services in the province's school districts down to 1976 levels. In addition, the province withheld a portion of the federal transfer payment for post-secondary education, forcing further cutbacks in that sector. Welfare rates were also reduced and several assistance programs were eliminated altogether.[8]

True to their neoliberal ideology, the Socreds also embraced policies of privatization and deregulation.[9] A range of public services—from licensing and forest management to child care—were transferred to the private sector, while regulations related to economic development and resource management were eased. Finally, the entire Social Credit austerity program was complemented by a commitment to lower provincial taxes on business.

Ironically, overall spending increased throughout this period. In fact, "restraint" was not so much about *reducing* the overall cost of the public sector as it was about *redefining* the role of government to facilitate economic growth via free enterprise, while eroding the established ways of addressing market failures and redistributing the benefits of growth.

What they took away from public services the Socreds spent on "megaprojects" like Vancouver's rapid transit system ("Skytrain") and Expo '86, and on the public construction of bridges and highways. This was, however, of little concern to the politicians of the day. The new infrastructure spending was seen as a temporary response to the economic recession, while cuts in public employment and social spending were meant to permanently alter the balance between public and private, and between business and labour in BC.

Social Credit was returned to government in 1986 under the leadership of Bill Vander Zalm. From 1986 until 1991, the provincial government eased some of the spending restrictions, but continued down a neoliberal path of privatization and contracting out.

During his first year as premier, Vander Zalm announced a sweeping privatization program. While not all of his plans were enacted, the program was, nevertheless, far reaching in its effects. Under Vander Zalm's leadership, the Social Credit government contracted out provincial highways maintenance, privatized the provincial environmental testing laboratory, contracted out maintenance and interpretive services at all road-accessible provincial parks, privatized the province's forestry nurseries and implemented further staff cuts at the Ministry of Forests (staff was reduced by one half—from 5,000 to 2,500—between 1983 and 1989), and sold BC Hydro's natural gas distribution system.[10]

What did the people of British Columbia get in return for their "participation" in Social Credit's experiment with neoliberalism? As economists Robert Allen and Gideon Rosenbluth remind us, despite repeated claims that "restraint" would be good for "average" British Columbians, the actual results were anything but for the majority of citizens.[11] Economic growth and productivity lagged behind the rest of the country, real wages declined, and inequality increased. Unemployment remained in the double digits until 1989. Middle income earners saw their share of total income decline by as much as 8.2 percent, while the richest 10 per cent experienced a gain of 6.6 percent.

Social Credit "restraint" policies clearly fell far short of their claims—an important point to keep in

mind when we think about more recent arguments made by the business lobby in British Columbia.

The Size of the Public Sector Today

One claim that we hear over and over is that provincial government spending is "out of control?" Is there any truth to this statement? **The evidence shows that, whether we look at government spending in relation to the provincial gross domestic product (GDP), or in terms of the number of public sector employees per capita—two standard measures of the size of the public sector—the answer to this question is no.**

Provincial spending in real per capita terms—that is, total government expenditure divided by the BC population and adjusted for inflation—has been on the decline throughout much of the 1990s.

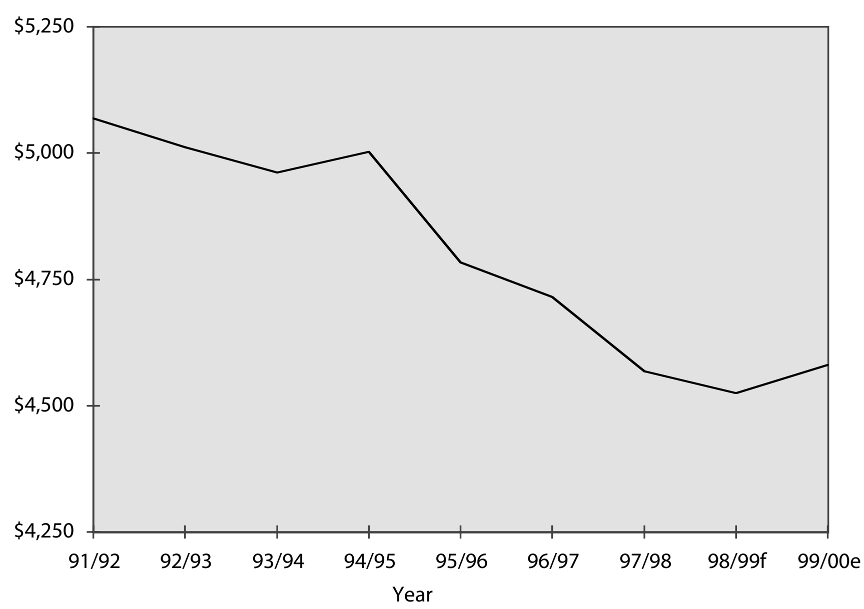
What about the size of the provincial public sector in relation to the total population? Here we find that, despite rapid population growth throughout the 1990s, BC's public sector has, in fact, been shrinking.

Public sector employment includes a variety of publicly-funded activities. The majority (55 percent) of all public employees provide education, health care, and social assistance services directly to households. Public administration, consisting of federal, provincial, and municipal levels of government, accounts for 28 per cent of public sector employment. The remaining 17 percent of public sector employees are primarily found in crown corporations, transportation, and construction and maintenance of public buildings and roads.[12]

From 1993 to 1998, BC's population grew by 12.1 per cent. The number of public sector employees declined by 0.2 per cent over the same period. Taking a longer view, we find that, over the 10 year period from 1988 to 1998, growth in the number of public sector employees—up 19.8 per cent—fell far behind that of BC's population (up 28.8 per cent).[13]

How does the size of the public sector in BC compare with the rest of the country? Statistics Canada research on public sector employment shows that, while governments at all levels across the country have cut staff, the public sector employment rate in British Columbia is the second lowest in the country after Ontario, and below the national average in all areas except education. Indeed, BC's public sector employment rate has remained below the national average every year since 1981 and, over most of that period, has been the lowest in the country.

Figure 1: Real Government Expenditures Per Capita (1991 dollars)



Source: BC Ministry of Finance and Corporate Relations, consolidated revenue fund.

What have been the effects of the downsizing that has already occurred in BC's public sector? Contrary to much of the neoliberal rhetoric, public sector cutbacks do not occur without consequence.

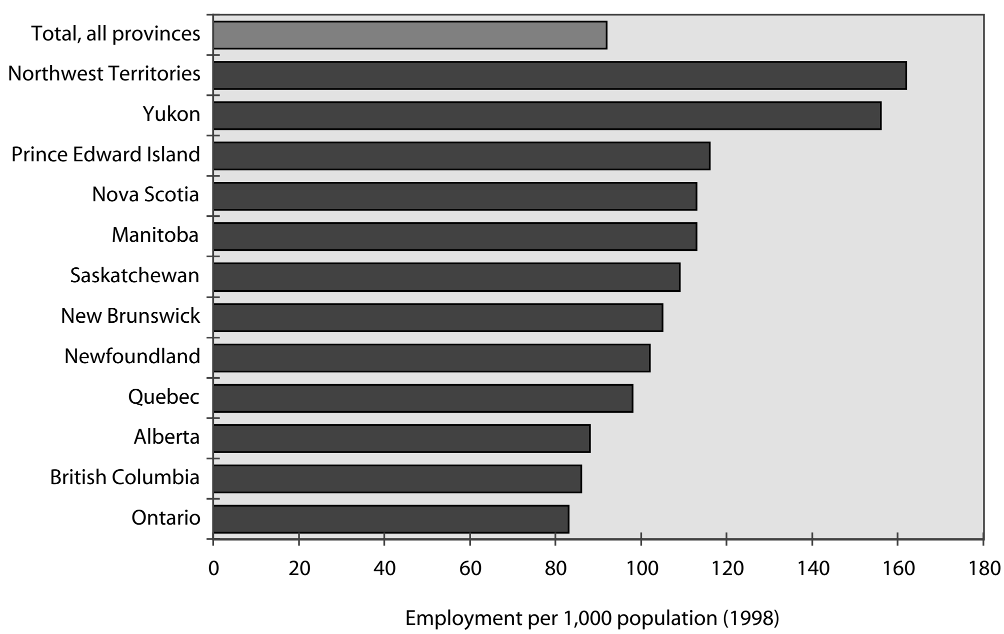
For one thing, we now have a smaller number of public employees trying to serve a much larger population. This has a direct impact on the services we need. Rising workloads, work-related stress, and inadequate resources make it more difficult for public employees to carry out their responsibilities and more difficult for the public service to retain qualified and experienced people.

BC's Auditor General George Morfitt recently warned that the quality of the province's public service is at risk due to high rates of employee turnover and inadequate training.[14] With 21 per cent of public employees eligible for retirement in the next five years, Morfitt also cautioned that the ability of "public servants to deliver consistently high quality service" is in serious jeopardy.

Spending in the public sector has also been inadequate to meet the needs of the growing population, and has been significantly reduced in most areas outside of health and education. The increases in provincial spending for health care and education that occurred in the 1990s were merely band-aid measures needed to make up for severe underfunding during the Social Credit years and reductions in federal transfer payments. And even with the recent increases, funding and employment levels in the health and education sectors have still failed to keep pace with population growth in the province. Reports of stress and strain in both sectors are frequent—making a strong case for *increased* funding levels.

Block funding for the province's public schools has increased in dollar terms but, once inflation is taken into account, we find that real, per-pupil operating funding has declined by $281 or 4.5 per cent since 1990-91.[15] This decline has taken place during a time when more and more students need specialized education services, when more students have English as their second language, and when teachers are facing pressures to revise curriculum and methods.

Figure 2: Public Sector Employment per 1,000 population (1998)



Source: BC Stats

Note: Public Sector Employment includes employment in federal, provincial, and local government ministries, agencies and crown corporations, as well as employment in publicly operated or funded health, social services and educational institutions.

Strain is also evident in BC's health care system. Like the situation in education, when both inflation and population growth are taken into account, per capita health care spending has declined over recent years. This has caused increasing workloads, stress, and injury rates for health care workers.[16]

Another area where BC has fallen short is in investment in health care infrastructure. Almost nothing has been spent on new buildings and equipment. The current shortage in long term care beds—a problem that is felt right through to the province's emergency wards—is only one sign of a system that is in desperate need of innovation and adequate resources.

If there is no "excess" to cut in health and education, which account for fully two-thirds of the provincial budget, the situation outside these two sectors is even more critical. Both spending and jobs have been significantly reduced in most other areas over recent years.

These cutbacks have hurt the most vulnerable in our society. Support for social assistance has been substantially reduced. In 1996, the province cut benefits for social assistance recipients—already at levels well below Statistics Canada's Low Income Cut-Off (or "poverty line")—by 8 per cent.

In her 1998 Annual Report, Child, Youth and Family Advocate Joyce Preston highlighted the fact that there are significant barriers to service for children and youth in need across BC.[17] The advocate was particularly concerned about inadequate early intervention services and funding, inadequate services to youth aged 15 to 18, and seriously inadequate services to children in government care. For the third year in a row, Preston called on the Ministry of Children and Families to "address the funding needs for essential services to children and youth. This means developing a needs-based budget...Children in need have waited too long and suffered too much."

The situation in the Ministries of Environment and Forests, and Forest Renewal BC also shows the strain of underfunding. Since 1996/7, staff in these areas has been cut by 19 per cent, or more than 900 positions.

In a recent survey of its members in the Ministry of Environment, the BC Government and Service Employee's Union found a great deal of concern about the ministry's ability to fulfill its obligation to safeguard the environment. Fully 86 per cent of survey respondents noted that many important programs—including habitat and wildlife protection, water management, watershed restoration, pollution prevention, and industrial inspections—have been either eliminated or eroded to the point of ineffectiveness.

Equally worrisome was the opinion of ministry staff that *none* of the activities of the Ministry were being performed well.[18] A recent report by the Forest Practices Board confirmed the employees' warnings in its finding that the involvement of the Ministry of Environment, Lands and Parks in enforcing the Forest Practices Code has been minimal, in large part the result of inadequate staff and resources.[19] Given the problems already evident in the system, we clearly can not expect our environment and the province's natural resources to be managed in the public interest if even deeper cuts to staff and resources are imposed?

The Costs of Further Cuts

If BC's public sector is already lean and showing signs of stress and strain, what would more cuts mean? In this section, we take a concrete look at what further cuts to the public sector would mean to the citizens and communities of this province. We begin with an examination of the provincial budget.

Total government spending was estimated at $21 billion for the 1999/2000 fiscal year. Of that, almost $17 billion, or just over 80 per cent, was comprised of social spending on health ($8 billion), education ($6 billion), and social assistance ($3 billion). Health and education alone accounted for $14 billion or two thirds of the total budget. The remaining one third of the operating budget is spent on the protection of persons and property ($1 billion), transportation ($0.6 billion), natural resources and economic development ($0.85 billion), other expenses ($0.37 billion), general government ($0.26 billion), and debt servicing ($0.94 billion).

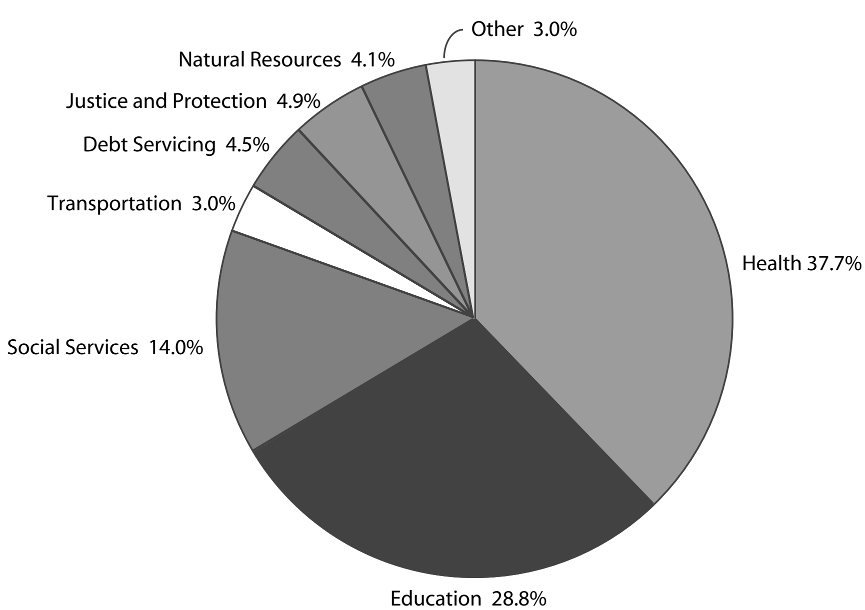
How might we implement a budget cut of as much as $1 billion? As noted above, spending on health and education has not kept up with population growth over the past decade, and stresses in those sectors are apparent. Clearly, more adequate funding and staff levels are required to maintain high quality and accessible public education and health care.

At present, no one is proposing that we reduce spending in these areas. And, although it is doubtful that health and education would be entirely spared in an attempt to reduce overall public expenditures by $1 billion, if we took this claim at face value we find that what is actually being proposed is a cut of 14 per cent in the remaining one-third of the budget—hardly a modest amount, and even more worrisome given the severe cutbacks that have already occurred in these areas. Simply put, there is little "fat" to cut.

What could we expect as a result of further cuts in public spending? In its analysis of the Business Summit proposals, **the Conference Board of Canada estimates that the dampening effect of reduced government spending will drive GDP down, cause a loss of 13,000 jobs and, ultimately, increase the size of the provincial deficit.**[20] Evidence from other provinces also suggests that people will no longer have access to needed services and must try to meet their needs through the private sector. If they cannot meet their needs in the marketplace, they have to take on additional responsibilities themselves, or simply do without.

Figure 3: Government Spending, 1999/00

Source: Budget '99



A recent report by Statistics Canada on household expenditures confirms that Canadians have been paying more in out-of-pocket expenses as a result of public sector downsizing.[21] **On average, Canadian households spent 15 per cent more on out-of-pocket health care costs in 1997 than they did in 1996. The increase was even greater for low income families.** For those in the bottom fifth of the income ladder, private health care spending rose by 23 per cent, nearly twice as much as for the richest fifth, whose out-of-pocket health care expenses grew by 12 per cent. Private spending on heath care was highest in Alberta (where the cuts have been deepest) at $1,800 and lowest in British Columbia (where the province has tried to make up for cuts in federal transfer payments) at $1,300.

Statistics Canada attributes the rise in private health costs to cutbacks in the public health services provided by governments focused on eliminating their deficits and reducing taxes. In other words, **as public spending on health care diminishes, people are forced to pay more in the private sector for health insurance, hospital user fees, private health clinics, non-covered drugs, residential care facilities, and non-listed or de-listed services.**

Spending on education has climbed even more steeply—by 19 per cent between 1996 and 1997—to an average of $659 per Canadian household. Much of the rising cost of education is attributed to increases in tuition fees, themselves a product of cuts in public spending on education. University students in Alberta, where the government has sharply reduced education spending, pay about $800 more per year in tuition than their counterparts in BC, where tuition fees have been frozen for several years.[22]

The Klein government in Alberta implemented deep cuts in public spending in the 1990s. As documented in a recent CCPA study comparing economic and social conditions in BC and Alberta, those cuts have seriously undermined the quality of public services in Alberta. They have also directly contributed to a rise in private expenditures and new user fees for services that were once equally provided to all Albertans.[23] The study found that, in the space of ten years, public services in Alberta have gone from the best funded in Canada to among the worst. In reality, the so-called "Alberta advantage" of lower taxes only applies to the wealthiest of residents. For most, private spending on services such as health care and post-secondary education wipes out any tax savings they may have enjoyed.

Public sector cutbacks have also resulted in growing income inequality in Alberta. Earnings and wages of workers in Alberta are well below those in BC, while the gaps between the income of workers and corporate profits, between hourly-paid workers and salaried workers, and between the earnings of women and men are more pronounced than in any other Canadian province.

In Ontario, another province in which neoliberal policies hold sway, massive spending cuts have had grave consequences. Despite Premier Mike Harris' claims that Medicare funding would not be touched, Ontario's budget for health care has been sharply reduced. According to a recent report prepared by the Ontario Federation of Labour, a total of 35 hospitals were slated for closure, a user fee for prescription drugs was imposed on seniors, and funding for a wide variety of community and preventative programs was cut. [24] Ontario's 1999 Auditor General's Report cited the following disturbing irony: at $4 billion, Ontario's plan for hospital restructuring is proving to be almost twice as costly as estimated while, at the same time, seven out of ten cancer patients are not getting the radiation therapy they require.[25]

In education, Ontario has imposed deep cuts on public schools, colleges and universities. The short-fall in funding for post-secondary institutions is being made up by steep increases in tuition fees. Employment throughout the public sector has been drastically reduced. Finally, the Harris government's much criticized restructuring of social welfare has not only cut support for individuals and families who require assistance, but also places welfare recipients in direct competition with low income workers for jobs through a policy of forced workfare.[26]

These examples represent only a fraction of the damage that has been caused in communities across Canada by years of under-investment in the public sector. **In British Columbia, further reductions in social spending will be directly felt in terms of the quality, quantity, and accessibility of public programs and services.** For the few who can afford to pay for these essential services in the private sector, cuts in government spending are of little concern. But most British Columbians should be very concerned indeed about the implications of such a policy. Ultimately, cuts to the public sector create a crisis situation that opens the door to privatization, a process that allows corporate interests to replace the public interest at the heart of essential social institutions.

4. Selling the Crowns: A Lose, Lose, Lose Solution to Trumped Up Problems

This section addresses the issue of privatization of crown corporations, another key plank in the neoliberal platform. The crucial thing to keep in mind for this discussion is that, as a policy instrument, public ownership has both a long history and a sound logic. Public enterprise and collective ownership of land, resources, and infrastructure have been used extensively in all market economies to pursue a variety of social and economic goals. Because all citizens benefited equally from access to basic services, government ownership is seen as a way to protect the public interest from profit-motivated corporations and individuals. Historically, Canadian citizens have collectively owned land and public facilities such as highways, schools, ports, airports, parks, government buildings and other assets.

Public ownership has been used to counter the failure of the market to adequately meet basic human needs, as in the provision of accessible health care and affordable housing. Public ownership and, more specifically, public enterprise, have also played a key role in ensuring a degree of local control over economic development and resources. The establishment of public enterprise in the natural resource sector has helped to ensure that the wealth generated by a region's resources is distributed fairly, and that resources are responsibly managed for future generations.

Crown corporations have also been established to equalize the costs of energy, transportation, and communication infrastructure among all those who need and benefit from them, and to guarantee access by all businesses and residents at the lowest possible cost.

Crown enterprise is unique in the sense that it collectivizes the risks associated with innovation, making it a key stimulus for economic development. **Some crown corporations are profitable, providing an additional source of revenue for public programs and services but, unlike private enterprise, making money is not the primary objective.** Collectively, we have decided to subsidize certain services through public enterprises. In this sense, the crowns are no different than health care and education, for example. Above all, as Canadian expert Herschel Hardin writes, public enterprise is "community-centred."

> Different forces can touch such [public] enterprise: the impulse to do things in a better way for the community; to build something in one's country or region; to show what one's people can do; to develop indigenous entrepreneurship and innovation; to eliminate gouging of the public by exploitative companies; to keep alive or resuscitate a vital industry and give it the technological and capital base to contend; to meet an important strategic need; to create enterprise sensitive to workers, the environment and other elements of one's community.[27]

As we might well expect, neoliberals are hostile to crown enterprise because they see it as yet another unwelcome governmental intrusion into the competitive market. In Britain, Margaret Thatcher's Conservatives pioneered the notion that governments should "get out of business." Many of Thatcher's key strategists traveled around the world extolling the virtues of privatization, providing advice on how to "sell" privatization to a public that was generally pleased with the performance of their crown corporations.

In Canada as in Britain, neoliberals argued that transferring government ownership and activity to the private sector would: (1) extend the benefits of share ownership to the people—so-called "shareholders' democracy"; (2) lower costs by increasing efficiency; and (3) reduce the government debt through the sale proceeds. **An examination of the available evidence reveals, however, that what neoliberals were really after was expanded opportunities for corporations—often foreign—to make money and avoid local community control or accountability.**

In many cases, the privatization process starts with an initial public share offering that gives individuals the "opportunity" to purchase shares in enterprises they already own as citizens, often at artificially low prices. Individuals then quickly sell their shares at a profit to large private investors who end up with control of the enterprise. In the end, this transfer of control from governments to corporate investors often means rising costs and deteriorating service for consumers and taxpayers. In Thatcher's Britain, for instance, $50 billion worth of public assets were dumped on the market, usually at a fraction of their real value. As Canadian journalist Walter Stewart reports, beyond a marginal amount of profit-taking by individuals who jumped at the chance to play the investment game, the results were less than stellar.[28]

Soon after the sale of British Telecom, opinion polls reported that 63 per cent of respondents believed services had either become worse or failed to improve. When British gas was privatized the price at the pumps soared to the highest level in the Western world. Perhaps the most colossal of failures was the privatization of British water supply systems. Following the transfer to private firms, Britons were forced to contend with huge increases in rates, decreases in service, deterioration of infrastructure, and chronic violation of environmental protection laws. And, "[w]hile the company executives were drawing down the usual large salaries, more and more of their customers who couldn't pay the fee were cut off. The British papers reported stories of parents carting the kids to public washrooms to give them a bath."[29]

In the 1980s, Saskatchewan's Conservative government borrowed both Thatcher's tactics and her personal advisors. Premier Grant Devine claimed that privatization would help to reduce government debt—which had been non-existent before his party came to power—facilitate "public participation" in the economy, bring about greater economic efficiency, and develop a new entrepreneurial culture to counter the strong collectivist tradition in the province. In the end, however, unloading income-earning assets at a discount price enriched only a small group of private shareholders without bringing the promised improvements to the government's books. Based on this record, Saskatchewan professors James Pitsula and Ken Rasmussen conclude that, far from encouraging broader public participation, "privatization led to the loss of ownership and control of significant portions of the Saskatchewan economy to central Canadian and foreign interests."[30]

Similar results have followed the privatization of federal assets. Walter Stewart reports that shares of Canadian National doubled after the company was privatized and are currently worth more than three times their original price.[31] That price was, as he points out, made possible only by the fact that the government wrote off (i.e., absorbed) $900 million of CN's debt just before the sale in 1995. The federal government gained $2.1 billion from the sale, although at the time CN's assets were valued at $6.1 billion. A year after it was privatized, the company went from a loss of $1.09 billion to a profit of $142 million. As Stewart explains, this increase was

> not a miracle of private management, but of debt erasure; it was an act of government. A lot of people, but not the people of Canada, made huge profits. Canadian National is now 70 per cent American-owned, and doing very well indeed. So the effect of this privatization was to take $900 million from the Canadian taxpayer and make a lot of Americans rich.[32]

In New Zealand, Jane Kelsey has conducted extensive research into the consequences of "aggressive" privatization. In a complete debunking of the "shareholders' democracy" myth, she finds that the real purpose of privatization has been to transfer economic *and* political power into the hands of private corporations seeking maximum profits. Moreover, she argues that, "with no effective protection of consumer interests or guaranteed rights of access, private sector owners have become able to determine the quantity, quality and price of New Zealanders' access to basic goods and services, and hence their quality of life."[33]

This attack on accountability and quality of life includes the downgrading of employment conditions for workers. Often, one of the first things that happens in a privatization is that whatever union was protecting workers rights is cast off. Indeed, a primary motivation behind the neoliberal attack on government is a desire to diminish the power of public sector unions. This is because, in many cases, the only "efficiency" gains made by the transfer of a public function to the private sector come in the form of lower wages and benefits for workers. The privatization of the Alberta Liquor Control Board, for example, resulted in the loss of more than 1,000 full-time public sector jobs, while those workers who managed to find jobs with private liquor stores saw their incomes decline by 20 to 40 per cent and, in most cases, their benefits reduced to nothing.[34]

Privatizing crown corporations hurts citizens as taxpayers, as consumers, and as workers. Generally speaking, public enterprise has provided a very good return on investment—measured in cash revenues and dividends. Public enterprise has also helped to achieve important social policy objectives such as justice, equal access, and environmental sustainability.

The drive for privatization originates with private corporations who see an untapped opportunity to make a profit, and from neoliberal ideologues who want to reduce the role of government in society at any cost.

Privatization's boosters understand how difficult it is to convince people to hand over their crown corporations and public services to the private sector. This observation leads directly to the third policy initiative favoured by business leaders in BC—contracting out. Contracting out involves the transfer of jobs from government to private companies. Less alarming, perhaps, than the outright sale of public assets, contracting out, nevertheless, raises some very serious concerns—particularly with respect to working conditions, the quality and cost of service, and public accountability.

5. Contracting Out: The Privatization of Government Services

When contracting out, governments solicit bids from private companies for the provision of goods or services that were once supplied by public employees "in house." Contracting out has been especially prevalent in education and health care, where the public remains highly resistant to for-profit service delivery. In these sectors, corporations have targeted services with less visibility or where the impact of privatization on quality is less apparent—cleaning, food services, and information technology, for example.

Proponents of contracting out typically claim that competition among private firms encourages greater efficiency and, therefore, means lower costs for taxpayers and consumers. However, the available evidence suggests that the promised cost savings are more apparent than real. In many cases, private contracts do not save money at all and, even when they do, the savings are more than outweighed by new costs in terms of the loss of good jobs, lower quality of service, and lack of public accountability.

The public sector has historically been a source of relatively stable, well-paying jobs for workers in Canada. Women and other equality-seeking groups, in particular, have benefited from the expansion of the various programs and services of the Canadian welfare state. The primary targets of contracting out are the clerical, health care, social service, education, and cleaning jobs in which women have found stable employment with decent wages and benefits. Women make up 60 per cent of the public sector workforce in Canada and 59 per cent in British Columbia. In contrast, women comprise 45 per cent of the private sector workforce in Canada and 46 per cent in BC.[35]

Contracting out turns the clock backwards in terms of redressing the historic social disadvantages faced by women. Not only do women make up the majority of the public sector workforce, they also depend more on the goods and services that governments provide. When the costs of caring for elderly relatives rise, when hospitals release patients earlier after surgery, when the food in hospitals becomes so intolerable that patients' families must bring them food from home, women's unpaid workload increases.

Private firms generally pay their workers less, and offer them less job security and fewer benefits. In fact, providing lower pay and benefits for workers is often the only reason why private sector companies have been able to cut costs on the delivery of public services. As we have already seen, this was the case with the privatization of liquor stores in Alberta. It was also apparent in the expansion of contracting in BC during the Social Credit years.

Throughout the "restraint" years and the rest of the 1980s, BC's Social Credit government contracted out a number of core activities to private firms and a growing reserve of "self-employed" former government workers. According to a 1993 commission on the public sector, the end result was not so much a *reduction* as a *restructuring* of the public service.[36] One effect was the creation of a "shadow workforce" of public employees whose jobs are much the same as regular employees—except that they do not enjoy the same pay and benefits.

The case of home care workers in Manitoba provides yet another example of government attempting to cut costs by undermining wages and working conditions. In Manitoba, community care workers went on strike when they learned that they had been "de-unionized" in the course of privatization.

Manitoba's Continuing Care program, the first of its kind in Canada, was a model of cost efficiency and quality care. When the government announced in 1996 that it planned to contract-out one quarter of Winnipeg's personal care workforce, the Premier and health officials were hard pressed to give the people of Manitoba a good reason. Claims about savings varied from $10 million to no savings but reduced costs in the future.

How could a private, for-profit company provide this important health service at lower cost? As researcher Evelyn Shapiro notes, the only possible way that a profit could be made from home care without charging the government more or reducing the quality of service was to "lower the wages of workers already earning low wages and...employ more part-time workers to reduce fringe-benefit expenditures—practices already prevalent among private health care companies in Manitoba and elsewhere."[37]

By transferring home care jobs from the public to the private sector, the Manitoba treasury board estimated that 3,000 workers could be laid off and wages could be cut by as much as 60 per cent. Faced with widespread public support for the striking workers and the excellent service provided by the public home care system, *and* after a one-year trial revealed that the home care contract with the American Olsten corporation actually cost more money, the government was forced to reconsider.

Lower wages and benefits do not just affect individual workers, but have a negative ripple effect throughout entire communities. Because private contractors pay lower wages, the local economy loses when workers have less money to spend. The spread of low wages also tends to pull down income levels and living standards for the whole community. When governments sanction cheap labour practices and low wages in their contracts with the private sector, they legitimize cheap labour practices and poor working conditions in the rest of the economy. The spread of low wage jobs also forces workers to lower their wage expectations as they compete for jobs.

Because they are in business to make a profit, private contractors have an incentive to cut labour and other costs, raise fees, or both. There is ample evidence to confirm that contracting out results in poorer services, higher user fees for consumers, and/or higher costs to governments.

The Public School Board in Edmonton undertook a 17 month study of 10 schools to find out whether there might be any real savings in privatizing janitorial services. The study compared 5 schools that retained school board staff with 5 schools that contracted out custodial services to private firms. The study found that the contractors charged an average of 10 per cent more than in-house custodial staff. The contractors also paid their employees less and provided minimum worker benefits—resulting in high staff turnover and poor service. Finally, the study found that "the private companies were concerned only with cleaning schools and not with maintaining a safe, secure, healthy and stable environment for students and teachers".[38]

Surrey's contracting out record provides a close-to-home illustration of the problems associated with this practice. Under a new senior management group, The City of Surrey introduced "entrepreneurial" management models and methods that favoured contracting out and outsourcing of core municipal services over the direct employment of a public service workforce. While those pushing for the restructuring of civic government assumed that contracting would result in cost savings, an external analysis found little evidence to support such claims.[39] In fact, based on an analysis of 23 different contracted cases in three large departments, the study found that contracting out frequently resulted in a decline in the quality of civic services and, in many cases, an *increase* in costs to municipal taxpayers.

Perhaps even more worrying, the study also found that, in most instances, the City did not collect adequate data on what the actual cost of in-house service delivery was, making the decision to contract-out an irresponsible leap of faith. Examples of contracting deficiencies and issues cited in the study include:

• Garbage Collection	20.3% average annual cost increase from 1990 to 1996 once contracted out (far outstripping population growth and inflation); inability of the city to engage in recycling because of five year contract.
• Engineering Services	privatized services 16% to 78% more costly than in-house services.
• Litter Collection	90% above in-house cost due to inefficiency and higher labour cost of contracted service.
• Janitorial Services	Low and inappropriate standards and poor contract performance.

The Surrey study also found that City managers consistently failed to factor in the costs of contract development, supervision, administration, and the correction of problems with contracted work, all of which would have made contracting out an even less attractive option. Finally, the study concluded that work procedures, performance, and health and safety standards were lower for contracted services than for services provided in-house by civic employees in-house.

In a number of instances cost overruns, poor quality, and mismanagement have resulted in the return of contracted services to the public sector. "Contracting in" and "backsourcing" are becoming new buzzwords in both the private and public sectors.

A recent experiment in contracting out the recruitment, training and scheduling of casual nursing staff at the Queen Elizabeth II Health Sciences Centre in Halifax—the first of its kind in Canada—is a case in point.[40] The 1997 attempt to transfer the management of casual nurses from the hospital's nurse managers to a for-profit, private sector company, Health Staff Incorporated, was quickly discontinued because it failed to meet the casual nurse staffing needs of Halifax's largest hospital, putting patient care in jeopardy. Nor did an estimated $1/2 million in savings for the hospital materialize. Even before the one year pilot project was completed, it was announced that the QEII was bringing the management of its casual nursing pool back in-house.

A later attempt by administrators to contract out part of the hospital's food services failed to even make it off the ground. After soliciting quotes from private companies for the off-site production of sandwiches, the Director of Food and Nutrition Services announced that, "the most cost-effective way to provide quality sandwiches to our patients and other customers is to maintain production on site, by Food and Nutrition Services employees."[41]

Finally, the question of accountability looms large in the analysis of contracting out. It is very difficult for governments to ensure that public policy objectives and service delivery standards are being met through private contracts. Governments are accountable to everyone who is entitled to vote in democratic elections. To whom are private companies responsible? Only their owners or shareholders. This means that, while taxpayers continue to pay for the services through government contracts, they no longer have a say in they are delivered.

Of great concern when it comes to accountability is the contracting out of health care information, currently being actively pursued by federal and provincial governments. Information technology and service companies see health data as a money-making resource. Many of these companies are being contracted to directly manage public health databases or to supply equipment and software for those systems.

Placing health information in the hands of private, for-profit corporations not only threatens Canadians' privacy, but also threatens the future of the public health care system. A recent analysis of corporate involvement in health information warns that:

> Increasingly, health data are used to diminish the public sector and advance a two-tier market model for health care. Through "public-private partnerships"...and countless regional and local projects, corporations are influencing the very standards which determine diagnosis and treatment decisions as well as overall resource allocations. Through these direct and indirect avenues, the private sector is implanting the business model on health care.[42]

The cases cited above are not isolated. Study after study has found that contracting out eliminates good jobs, removes business from local economies, lowers standards and increases costs, and diminishes public accountability. British Columbians need to understand that profits, not the public interest, is at the centre of the corporate and right-wing push for more contracting out.

6. Conclusion

When business lobby groups and right-wing politicians demand tax cuts, what they are really after is *less* government—less public spending, less crown ownership, less collective action in the public interest—and *more* opportunities for corporations to make money and expand their influence over our lives.

This attack on the public sector is not new. From Margaret Thatcher and Ronald Reagan to Ralph Klein and Mike Harris, we have heard the same arguments against the role of government over and over again.

Neoliberals want open competition in the "free" market to be the only determinant of society's winners and losers—whether these are businesses, people, animal or plant species, or natural habitats. Reducing taxes, lowering government spending on social programs, deregulation, privatization, and restrictions on collective rights are all favoured because they encourage competition for unequal rewards and resources.

This report challenges the neoliberal idea that the private sector is always the best option. It rejects the idea that the public sector is inherently wasteful and unnecessarily intrusive in the lives of individuals and in the operation of the "free" market. This is not to say that our public services could not be improved. Certainly they could be, but acknowledging this is a far cry from dismantling them piece by piece, as the proponents of spending cuts, privatization, and contracting out would have us do.

After more than two decades with neoliberalism, we have more than enough evidence to effectively challenge claims that we should, or have to, accept the further erosion of the public programs and services that we have built together, and that we continue to value and depend upon.

In this report, we have examined the concrete effects of neoliberal policies for communities and individuals in Canada and elsewhere. Contrary to claims that we have been lucky to have escaped the kinds of cutbacks seen in Alberta and Ontario over recent years, BC was one of the first provinces in Canada to put neoliberalism into practice—during the Social Credit "restraint" era of the early 1980s.

What did the people of BC get in exchange for their "participation" in the neoliberal experiment? Despite repeated claims that "restraint" would be good for "average"

British Columbians, the actual results were anything but positive for the vast majority of citizens. Economic growth and productivity lagged behind the rest of the country, real wages declined, and inequality increased. Middle income earners saw their share of total income decline, while the richest 20 per cent experienced the largest gains.

The public sector in BC is already very lean. Provincial spending in real per capita terms has declined throughout the 1990s. Despite rapid population growth in the province, public sector employment has also fallen during the past decade. Statistics Canada reports that BC's public sector employment rate per capita is the second lowest in Canada and below the national average in all areas except education. BC's public sector employment rate has remained below the national average every year since 1981 and, over most of that period, has been the lowest in the country.

Signs of stress in BC's public sector are readily apparent. And, we know from other jurisdictions the harmful effects of further reductions in government spending and public sector employment. The evidence from Alberta and Ontario clearly shows that most people have experienced reduced services and rising out-of-pocket expenses as a direct result of government cutbacks. Simply put, spending cuts cannot be implemented without limiting the quantity of services we all have equal access to, or imposing user fees that limit access to those who can afford to pay the extra cost.

An examination of evidence on privatizing crown corporations and assets shows similar results. While delivering hefty profits to private investors (often foreign corporations), privatization most often means cost increases and deteriorating service for consumers and taxpayers. This is because crown corporations have historically been set up in order to provide essential services at a low cost. Some crown corporations are profitable, providing an additional source of revenue for public programs. But making a profit is not the number one objective, as it is for private firms. Public enterprise and assets serve the public interest, not private gain.

Privatization takes the tax dollars we have invested in the public provision of essential goods and services and transfers them directly into the pockets of corporate shareholders. And in addition to giving up guaranteed access, we also forfeit our ability to exercise democratic control over fundamental areas of our lives.

The same kinds of issues arise when we look at the practice of contracting with private firms to provide public services. While it may be less visible and therefore less alarming, contracting out is a form of privatization. Study after study shows that contracting out is not a model of efficiency and cost reduction as claimed by the business lobby. Rather than saving the government money, in many cases contracting out merely gives our tax dollars to private service providers. From garbage collection to hospital food services, contracting out has resulted in downgraded pay and working conditions, losses to local economies, cost increases, lower quality of service, and the loss of public accountability.

Is this a road we want to keep traveling? Are there other, more positive and fruitful paths we might follow? British Columbians need to be wary of proposals calling for yet another round of public sector downsizing. Behind the rhetoric of concern for "everyone" is a well-practiced neoliberal strategy for minimizing the power and scope of democratically-elected governments in favour of private corporations seeking to maximize profits.

We need to be very clear about who stands to gain and who stands to lose from this latest attack on the public sector and public services in British Columbia. One way to keep the issues in focus and arrive at a sound evaluation is to ask a few simple and direct questions of current and future policy proposals. What objectives are being served? Who is supporting and who is opposing the policy? Have all the potential impacts been openly presented and widely discussed? Have feasible alternatives been considered? How will the policy affect the quality of public programs and services? How does it affect accessibility? Are the rights and interests of workers respected by the policy? Will public accountability be maintained?

There are always choices and alternatives in the process of making public policy. Policymaking is about ideals, needs and desires, and individual and collective interests. Public policies express values and distribute resources. They also affect the quality of life and future opportunities of individuals, families and communities. For these reasons, we all have a right and a responsibility to be informed and make decisions about public policy.

Endnotes

1. Business Summit, Dec. 1998
2. A recently published paper by CCPA-BC economist Marc Lee challenges the right's call for tax cuts.
3. Neoliberalism is distinguished from neoconservatism, although the two tend to work together. Neoconservatives share with neoliberals a faith in free market economics but also embrace profoundly conservative social values (e.g., patriarchal "family values," anti-feminism, Christian fundamentalism, etc.).
4. The Business Summit assumes that one third of its proposed tax cut can be financed by the revenues generated from economic growth. Therefore, "only" $1 billion in spending cuts is needed.
5. Prince, p. 254
6. Malcomson, p. 79-83
7. Redish et al., p. 121; Prince, p. 255-6
8. As Prince (p. 255) notes, "the Bennett government eliminated the Family Support Worker Program, the Provincial Inservice Resource Team, and Mental Retardation Coordinator positions as part of a major downsizing of the staff in the then Ministry of Human Resources."
9. Malcomson, p. 82
10. Persky, p. 135
11. Allen and Rosenbluth, p. 54-55
12. BC Stats, Labour Force Statistics, April 1999: 3
13. BC Stats, Labour Force Statistics, April 1999: 3
14. Auditor General of British Columbia, August 1999
15. BCTF, 1999
16. Klein and Walshe, p. 18
17. Office of the Child, Youth and Family Advocate, 1999
18. BCGEU, July 1999
19. In September, 1999, Joan Sawicki, BC's newly appointed Environment Minister acknowledged the crisis situation and announced an additional $5 million in funding to try to repair some of the damage caused by the previous year's cutbacks.
20. Conference Board of Canada, p. 3
21. Statistics Canada, Spending Patterns in Canada, 1997
22. Klein and Walshe, p. 20
23. Klein and Walshe, 1999
24. Ontario Federation of Labour, 1999
25. Auditor General of Ontario, 1999
26. Ontario Federation of Labour, 1999
27. Hardin, p. 110
28. Stewart, p. 260-1
29. Stewart, p. 260-1
30. Pitsula and Rasmussen, p. 283-4
31. Stewart, p. 254
32. Stewart, p. 254
33. Kelsey, p. 137
34. Laxer, et al., p. 20-21
35. Statistics Canada, Labour Force Survey, January, 2000
36. Korbin Commission, 1993
37. Shapiro, p. 1
38. Flower, 1997
39. Fairey, 1997
40. Nichol, 1998
41. Queen Elizabeth II, 1999
42. CUPE, 1998, p. 11

References

Allen, Robert C. and Gideon Rosenbluth (1992). "Provincial Performance: British Columbia," pp. 53-58 in Robert C. Allen and Gideon Rosenbluth (Eds.), False Promises: The Failure of Conservative Economics. Vancouver: New Star Books.

Allen, Robert C. and Gideon Rosenbluth (Eds.) (1986). Restraining the Economy: Social Credit Economic Policies for BC in the Eighties. Vancouver: New Star Books.

Armstrong, Hugh, Pat Armstrong and M. Patricia Connelly (1977). "Introduction: The Many Forms of Privatization." Studies in Political Economy, 53, Summer: 3-9.

Auditor General of British Columbia (August, 1999). Maintaining Human Capital in the British Columbia Public Service: The Role of Training and Development. Report 3.

Auditor General of Ontario (November, 1999). 1999 Report.

BC Business Summit 98 (Dec., 1998). Summit Report.

BC Government and Service Employees' Union (July, 1999). "Environmental Protection and Management in British Columbia: A Report From the Men and Women who Work to Safeguard our Environment."

BC Stats (April, 1999). "Business Indicators." Ministry of Finance and Corporate Relations.

BC Stats (April, 1999). "Labour Force Statistics." Ministry of Finance and Corporate Relations.

British Columbia Teachers' Federation (November, 1999). 1999 Education Funding Brief.

Canadian Union of Public Employees (1998). "Main Street, Not Bay Street: Why We Need to Stop Corporations from Highjacking the Public Agenda on Health Information."

__ (1998). "Cooking Up a Storm: Part II.

Commission of Inquiry into the Public Service and Public Sector [Korbin Commission], Volume 1, Final Report, "The Public Service in British Columbia," Province of British Columbia, June 1993.

Dobbin, Murray (1998). The Myth of the Good Corporate Citizen: Democracy Under the Rule of Big Business. Toronto: Stoddart Publishing.

Fairey, David B. (1997). Contracting in the City of Surrey. Surrey: Canadian Union of Public Employees, Local 402.

Flower, David (1997). "It Just Isn't the Same!" Editorial, The ATA News, Vol. 31, No. 19, June 3.

Government of British Columbia (1999). Budget '99. Ministry of Finance and Corporate Relations.

__ (1998). British Columbia Financial and Economic Review. Ministry of Finance and Corporate Relations

__ (June 1, 1999). Office of the Child, Youth and Family Advocate, "Barriers to Service and Inadequate Resources for Children and Youth."

Hardin, Herschel (1989). The Privatization Putsch. Halifax, NS: The Institute for Research on Public Policy.

Huges, Karen D., Graham S. Lowe, and Allison L. McKinnon (1996). "Public Attitudes Toward Budget Cuts in Alberta: Biting the Bullet or Feeling the Pain?" Canadian Public Policy, Vol. 22, No. 3: 268-284.

Kelsey, Jane (1995). The New Zealand Experiment: A World Model for Structural Adjustment?. Auckland University Press.

Klein, Seth and Catherine Walshe (1999). A Tale of Two Provinces: A Comparative Study of Economic and Social Conditions in British Columbia and Alberta. Canadian Centre for Policy Alternatives and the Parkland Institute.

Laxer, Gorden, Duncan Green, Trevor Harrison, and Dean Neu (1994). Out of Control: Paying the Price for Privatizing Alberta's Liquor Control Board. Ottawa: Canadian Centre for Policy Alternatives.

Laxer, Gordon (1997). "What's an Economy For?" The Post: The Newsletter of the Parkland Institute.

Fall: 1, 11.

Laxer, James (1996). In Search of a New Left: Canadian Politics After the Neoconservative Assault. Toronto: Viking.

Lee, Marc (forthcoming). Why Taxes are Always Cheaper on the Other Side of the Boarder: Why Tax Cuts are Not the Answer for BC. Vancouver: CCPA-BC.

Malcomson, John (1984). "The Hidden Agenda of 'Restraint'," pp. 75-87 in Warren Magnusson et al. (Eds.), The New Reality: The Politics of Restraint in British Columbia. Vancouver: New Star Books.

Nichol, Cathy (1998). "Hospital Scraps Project." The Daily News, Halifax, NS.

Ontario Federation of Labour (1999). "The Common Sense Revolution: 1,460 Days of Destruction." Don Mills, Ontario: Ontario Federation of Labour.

Persky, Stan (1989). Fantasy Government: Bill Vander Zalm and the Future of Social Credit. Vancouver: New Star Books.

Pitsula, James M. and Ken Rasmussen (1990). Privatizing a Province: The New Right in Saskatchewan. Vancouver: New Star Books.

Prince, Michael J. (1996). "At the Edge of Canada's Welfare State: Social Policy-Making in British Columbia," pp. 236-271 in R. K. Carty (Ed.), Politics, Policy, and Government in British Columbia. Vancouver: UBC Press.

Queen Elizabeth II, Health Sciences Centre (1999). "Re: Contracting Out—Sandwhich Making." Internal memo from Shirley MacIntosh, Director of Food and Nutrition Services to Linda Percy, Employee Relations Officer. Sept. 8.

Redish, Angela, Gideon Rosenbluth and William Schworm (1986). "Provincial Fiscal Policies," pp. 119-141 in Robert C. Allen and Gideon Rosenbluth (Eds.), Restraining the Economy.

Samson, Colin (1994). "The Three Faces of Privatization." Sociology, 28 (1), February: 79-97.

Shapiro, Evelyn (1997). The Cost of Privatization: A Case Study of Home Care in Manitoba. Winnipeg: CCPA-MB.

Stanford, Jim (1999). Economic Freedom for the Rest of Us.

Starr, Paul (1990). "The New Life of the Liberal State: Privatization and the Restructuring of State-Society Relations," pp. 22-54 in John Waterbury and Ezra Suleiman, eds., Public Enterprise and Privatization. Boulder, CO: Westview Press.

Stewart, Walter (1998). Dismantling the State: Downsizing to Disaster. Toronto: Stoddart Publishing.

Taft, Kevin (1997). Shredding the Public Interest: Ralph Klein and 25 Years of One-Party Government. Edmonton: The University of Alberta Press and The Parkland Institute.

Warnock, John W. (1991). "Promoting the New Right Agenda," pp. 283-296 in Lesley Biggs and Mark Stobbe (Eds.), Devine Rule in Saskatchewan: A Decade of Hope and Hardship. Saskatoon: Fifth House Publishers.