

British Columbia government slashes corporate taxes, breaks strikes

Keith Jones
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British Columbia's newly elected Liberal government is pressing forward with the implementation of its aggressive, anti-working-class agenda.

Just days after presenting a Throne Speech that baldly declared, "Our province is under new management that believes in competition and embraces the principle of profit," the Liberals tabled a mini-budget Monday that slashes corporate taxes by close to \$250 million this year and more than \$600 million next year.

In all, the Liberals are cutting or outright eliminating seven corporate taxes. Manufacturers and resource companies are henceforth exempt from having to pay provincial sales tax on new machinery and equipment, the corporate capital tax is to be phased out over two years, and effective January 1, 2002 the income tax rate for corporations will be cut by three percentage points to 13.5 percent.

Needless to say, big business has hailed the tax cuts. The president of the B.C. Chamber of Commerce, John Winter, said that the Liberals have delivered the "big bang" for which corporate B.C. has been hoping. "Most governments in Canada phased in their tax cuts," enthused Jock Finlayson of the Business Council of B.C. "This government has fast-tracked" them, he said.

In June, on their first full day in office, the Liberals announced a multibillion-dollar program of personal income tax cuts heavily skewed in favor of high-income earners. When the personal income and corporate tax cuts are added together, they total \$1.2 billion this year and \$2.1 billion in fiscal 2002-03.

These mammoth cuts have blown a gaping hole in the province's finances. The Liberals, who in Opposition railed against their New Democratic Party predecessors for failing to balance the provincial budget, now estimate that B.C. will have a \$1.5 billion deficit this year, the second largest in the province's history, and a \$2.1 billion shortfall next year. Moreover, Liberal Finance Minister Gary Collins has warned that unless the B.C. government takes radical steps to slash public spending, the provincial deficit will balloon to \$5 billion three years from now, the same year that the Liberals have pledged to table a balanced budget.

The Liberal tax cuts are thus far more than just a scheme to

line the pockets of the most privileged sections of society; they are intended to provoke a government fiscal crisis, so as to justify a wholesale assault on public and social services. That is why big business and the right have taken veritable delight in the Liberals' projections of a spiraling government deficit.

In their mini-budget, the Liberals announced \$38 million in spending cuts to child care, environmental programs and job-training for welfare recipients. But these constitute only a tiny fraction of the social spending cuts that the Liberals will have to implement if they are to transform a projected \$5 billion deficit in fiscal 2004 into a budget surplus.

Finance Minister Collins has ordered a "core services review" of all government operations and pledged that the Liberals will spell out a plan to radically restructure government spending no later than the next provincial budget in February 2002.

In an interview with the *National Post*, Collins vowed that no matter how large the deficit becomes, he and Premier Gordon Campbell will not retreat on any of their tax cuts. "We don't have a choice about that," Collins said. Any budgetary savings will, thus, have to come exclusively from spending cuts and the imposition of user fees for government services. "We are going to go through each ministry and each program and ask the tough question: 'Is this a program government should continue to deliver?' And that doesn't necessarily mean a 10 percent cut in the program. It may mean elimination of the entire program."

So as to pave the way for massive cuts to public services, the Liberals are mounting a legislative assault on the trade union rights of public sector workers.

Later this month the Liberals will introduce a bill declaring education an "essential service," a measure designed to strip teachers and other school board employees of the right to strike.

The very first piece of legislation passed by the incoming Liberal government outlawed any job action by the province's nurses and other health care professionals for 60 days. Passed in June, the "cooling-off" legislation forced an end to an overtime ban by nurses and a one-day strike by 14,000 technicians, therapists and pharmacists. Late last month the legislation was used to threaten members of the Health Services Association with massive legal penalties when they briefly

returned to the picket lines.

On Wednesday, the Liberals passed a law that ordered an end to a four-month strike by Vancouver-area public transit workers and imposed a new collective agreement on them. Although the Canadian Auto Workers, which represents most of the 3,500 Coast Mountain Bus Company workers, has voiced support for the Liberal government-dictated settlement, it will in fact allow management to achieve its principal objectives—i.e., to hire part-time drivers and contract out work.

The true import of the Liberals' intervention in the transit dispute and their modification of an earlier mediator's report so as to make greater "efficiency" a goal of the government-dictated contract has not been lost on observers of B.C. politics. The Liberals, explained *Vancouver Sun* columnist Vaughn Palmer, "believe existing [public sector] contracts ... are heavily-laden with provisions to hamstring management's ability to increase efficiency and affordability." So as not to "deal a setback to their own efforts to obtain concessions from other public sector unions," the Liberals "pushed a little harder to give the bus company what it wants in terms of flexibility to manage the system."

That the CAW leadership has welcomed the Liberals' strikebreaking legislation is indicative of the labor bureaucracy's attitude to the new government. For years, the unions worked to suppress popular opposition to the New Democratic Party provincial government on the grounds that a working class challenge to the social democrats would open the door for the Liberals to come to power on an openly right-wing program modeled after that pursued by the Tory governments in Ontario and Alberta.

Now that the Liberals have been able to exploit the popular anger against the NDP to win a massive parliamentary majority—the Liberals hold 77 of the 79 seats in the legislature—the union bureaucrats are pleading with the Liberals to accept their offer of collaboration. B.C. Federation of Labour President Jim Sinclair recently publicly praised Premier Campbell for "moving to the center." "I believe," said Sinclair, Campbell "honestly wants to make a better province."

Big business across Canada has welcomed the B.C. Liberals' tax cuts as heralding a new assault on public and social services. In its lead editorial Tuesday, Conrad Black's *National Post* urged Campbell to threaten the province's nurses with mass firings should they persist with their threat to resign en masse to protest against the government's miserly contract proposals. "Mr. Campbell," declared the *Post*, "should call the BCNU's bluff and threaten to fire the belligerent nurses—in the same way Ronald Reagan, then U.S. President, fired more than 11,000 members of the Professional Air Traffic Controllers Organization in August 1981."

At the same time, the more astute ruling class representatives have cautioned the Campbell government to beware that in its rush to drive politics to the right it not destabilize key social props that have long served to police the working class. A spate

of editorials have criticized the Liberals for refusing to amend the rules of legislature so as to recognize the NDP as the Official Opposition or at least accord it official party status. If the Liberals' opponents, warned *Business in Vancouver*, "decide they have to block roads, storm barricades and shut down public services to make their voices heard, investment will continue to shun B.C. That would be a far worse outcome than giving Joy MacPhail [the interim NDP leader] a bit of legitimacy."

Likewise, the Liberals have been criticized for their plan to hold a province-wide referendum on aboriginal self-government. The federal Liberal government and B.C.'s former NDP regime for years pursued treaty negotiations with the province's Indian bands. Ostensibly the purpose of the aboriginal treaty process is to put an end to decades of state abuse of the Indians and raise them from Third World-type living conditions. In reality, the effort to create a "third level of government" is aimed at cultivating a native petty bourgeoisie and providing greater legitimacy to the state, so as to contain native discontent and pave the way for a new round of resource mega-projects. That is why the treaty process has been strongly supported by the province's major mining and forest companies.

However, the B.C. Liberals have found it useful in camouflaging their own right-wing, big business agenda to challenge the elite consensus over how to address the aboriginal question. Turning reality on its head, the Liberals have charged that the historically oppressed Indians are being coddled and have fanned popular fears in the interior and fishing communities of B.C. over equal access to resources and resource jobs. The most powerful sections of the ruling class hoped that the Liberals would quietly shelve their referendum proposal after winning office and in recent weeks there have been mounting appeals to that effect from Ottawa, business circles and native leaders. Nevertheless, the Liberals' recent Throne Speech reiterated their pledge to hold a referendum on the treaty issue by next May.



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