

# Quebec elite's new consensus: public and social services must be gutted

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Just five days apart, the two parties that have dominated Quebec politics for the past three decades—the governing Parti Québécois (PQ) and the official opposition Liberals (PLQ)—announced that the “Quebec model” of socio-economic development was outmoded and that the role of the state in providing public services must be radically transformed.

The “Quebec model” is the name given to a series of policies pursued both by the Liberals and the PQ since the 1960s and which have had as their object to promote the expansion of the francophone bourgeoisie through the use of the powers of the provincial state apparatus. These have included state support for Quebec-owned businesses, the transfer of control over Quebec’s education and health care systems from the church to the state, and institutionalized corporatist collaboration between the government, business and the trade union bureaucracy.

Whilst the Quebec elite is divided over what state subsidies for business should be cut and the utility of the current arrangements with the unions, there is an emerging consensus that the provincial government must bury the welfare state policies of the past.

To be sure, since the early 1980s, successive PQ and Liberal governments have starved public services of funding and savagely attacked the working conditions of public sector workers. But there is an increasing apprehension among the Quebec bourgeoisie that they are losing ground to their rivals in the US and the rest of Canada. Today even verbal commitment to the welfare state is perceived as an obstacle to the drive to restructure social policy in accordance with the exigencies of Quebec capital’s struggle for markets and profits.

In 1998, Quebec Liberal Party leader Jean Charest was almost unanimously condemned by Quebec’s corporate media when he called for the scrapping of the “Quebec model.” At that time, big business judged that the best means of imposing the massive public spending cuts needed to eliminate Quebec’s budget deficit was with the active support and participation of the trade union bureaucracy—the course pursued by the PQ government.

Now Charest is being attacked by the same corporate media for having ceded to their criticisms and quickly dropped his call for limiting the functions of the Quebec state. Having won the anti-deficit war, thanks to the collaboration of the unions, the

Quebec bourgeoisie wants to imitate its counterparts in Ontario and British Columbia by appropriating a still greater share of the national income through tax cuts and the privatization of services.

Released September 12, the Liberal Party pre-electoral program clearly articulates big business’ demand for a dramatic intensification of the assault on public and social services.

In the name of “reinventing Quebec,” the program calls for massive tax and public spending cuts. “The great accomplishments of yesteryear have mutated into a heavy, tentacled state,” declared Liberal Party leader Charest. “It was [designed] before Quebecers affirmed themselves as creative and aggressive entrepreneurs. ...Quebec’s state doesn’t live in the same era as its citizens.”

The program commits the Liberals to reducing personal income taxes by 27 percent over 5 years, or by an additional \$1 billion per year in each year of a five-year mandate, for a total reduction in tax revenue of \$15 billion. Taxes on small and medium-sized businesses are to be reduced by \$1 billion annually by fiscal year 2008-09 and the capital tax on large corporations reduced by an unspecified amount.

These tax cuts are to be financed by eliminating tens of thousands of jobs in Quebec’s public sector and by imposing a five-year freeze on the budgets of all government departments other than Health and Education. According to the Liberals, the fact that almost 40 percent of Quebec’s 400,000 public service workers will retire over the next ten years “give us an outstanding opportunity to redefine how the government should function and to bring it into line with globalization.”

The Liberals claim their job and spending cuts will enable them to prioritize health care and education. In truth they are pledging to take steps that will further undermine equal access to quality education and health care. A Liberal government would scrap the freeze on university tuition fees. It will also promote private health clinics and “public-private partnerships in all sectors relating to health administration,” meaning that the provision of health services under the government-financed Medicare scheme will be increasingly subordinated to capital’s drive for profit.

The Liberals are also promising to act on the demand of big

business for a “lightening” of environmental and workplace regulations and to amend the Labor Code so as to make it easier for companies to contract-out work.

The Liberal program reproduces key elements of the Ontario Tories’ Common Sense Revolution. Like the Quebec Liberals, the Tories claimed that their tax cuts for the well-to-do would be wholly funded by eliminating waste and bureaucracy, that budgetary restraint would not impact on essential public services, and that a business sector freed of onerous regulations would provide prosperity for all. The reality is very different. During the seven years of Tory rule, the ranks of the poor and especially the desperately poor have swollen, the rich and super-rich have monopolized any real gains in income, health care and education have been devastated by round after round of budget cuts and deregulation and privatization have produced a series of crises, most notably the Walkerton water-poisoning tragedy.

A few days before the Liberals presented their program, the PQ National Council met in a sombre mood. Opinion polls and a series of by-election defeats have raised a question mark not only over the survival of the PQ government, but as to whether the PQ will form the Official Opposition after the next general election.

On the eve of the council deliberations, the Treasury Board President Joseph Facal issued an open letter expanding on criticisms he had made in June of his party for refusing to recognize the “failings” of the Quebec model—“the corporatism, the rigidity, the dependence on the state it engenders and the astronomical debt that it produces.”

Quebec Premier Bernard Landry had tartly dismissed Facal’s criticisms saying they went “too far” and warning his minister that he was “being drawn in directions that represent a rupture with our basic principles.” But to the shock of the press, Landry strongly endorsed Facal’s open letter in his address to the National Council. “Joseph,” declared Landry, “if you had said it like this the first time, I would have applauded you.”

The premise of Facal’s open letter is that the welfare state is no longer sustainable and that at least a significant share of the cost of public services must be borne directly by individuals rather than paid for from general tax revenues.

“The current debate over the Quebec Model,” declares Facal in his letter, “is our local version of a debate now taking place in all advanced capitalist societies.

“At its heart, the problem is financial. Everywhere, government revenues are rising more slowly than social expenditure and in the future the gap will grow wider. ... Inevitably painful choices will have to be made. ...

“Few citizens know the real size of their fiscal contribution to our public services and the real cost of the services they consume, taking them for acquired rights. This collective indifference can no longer continue.”

Apart from the suggestion that the tax base might be expanded to include more low-income workers, Facal’s letter

was short on specific policy prescriptions. But its message was clear: health care, education and other public services must no longer be viewed as rights, but as functions that all have an individual responsibility to finance.

The PQ has already moved in this direction with the establishment of a public prescription drug scheme designed to ensure welfare recipients and pensioners pay a share of the cost of drugs that they previously received for free. Those who have private insurance are excluded from having to finance the drug plan, while low paid workers are compelled to participate and have repeatedly been hit with large premium increases.

The media all but ignored Landry’s endorsement of Facal’s call for the PQ to repudiate the welfare state and instead concentrated in its reporting on the National Council debate over whether the PQ will promise to hold another referendum on Quebec independence if re-elected. Landry unveiled a 1,000-day plan to achieve independence, but stopped short of the referendum pledge. Polls show a large majority of Quebecers do not want to reopen the issue of Quebec’s constitutional status, but the government’s failure to advance the cause of independence has alienated much of its petty-bourgeois cadre.

Last spring’s by-elections, in which the majority of the seats were won by a right-wing nationalist split off from the Liberals—the Action démocratique du Québec (ADQ)—represented a stunning reversal for both the PQ and its traditional Liberal Party rival.

Because the trade union bureaucracy has systematically subordinated the working class to the big business PQ, the ADQ has been able to tap into the anger and frustration of working people over increasing economic security and the indifference of the business and political establishment to their concerns.

Some media pundits had speculated that the ADQ would seek to consolidate its increased electoral support by moderating its program—a program that pollsters have shown a majority of those supporting the ADQ do not know and to which, when informed of its major planks, they are opposed. But big business is urging the ADQ on, calculating that at the very least they can use its calls for a flat tax, massive social spending cuts, the elimination of public sector job guarantees, charter schools, and the establishment of a parallel private health care system to pressure the two traditional parties sharply to the right.

The joint call of the Liberals and PQ for the jettisoning of the so-called Quebec model underscores that the traditional parties have gotten the message.



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