

# Quebec: Liberal budget initiates new anti-working class offensive

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In the name of “reinventing the state,” Quebec’s two month-old Liberal government has launched a new drive to slash public and social services, gut labor and environmental standards and dramatically cut the taxes of the rich and super-rich.

Finance Minister Yves Séguin sought to emphasize the radical character of the changes the Liberals intend to make by declaring in his June 12 budget speech, “Rather than ask what the state can do for us, we should ask what we can do without it.”

In this vein, Treasury Board President Monique Jérôme-Forget has been mandated to review all government programs to determine those that are to be curtailed and those that will be privatized or outright eliminated. “Only if the sponsors of these projects are capable of demonstrating that they would be better done as public projects” will they continue to be financed by the provincial government, said Jérôme-Forget in an address to the Institute for Public-Private partnerships.

The Liberals won office by appealing to popular anger over the deplorable state of public health care and education, while claiming that they could finance a five-year, \$15 billion tax cut by freezing spending in all other areas.

Predictably, the Liberals have reneged on their promises to improve public services. The June 12 budget increased health spending no more than the outgoing Parti Québécois (PQ) government had in the budget it tabled just before the election call; the education sector will receive \$200 million less than needed just to maintain spending in real terms at last year’s levels.

Moreover, the Liberals have painted a somber picture of the government’s finances so as to justify the far steeper cuts that their program review is now preparing.

No sooner were the Liberals given access to Finance Ministry data following their April election win, than Liberal leader and Premier-elect Jean Charest began claiming that the PQ had lied about the state of the province’s finances. Ultimately, the Liberals produced a report claiming that rather than a balanced budget, Quebec was facing a \$4 billion budget deficit.

It does appear the outgoing Parti Québécois government inflated revenue projections. (The PQ, which presided over the biggest public spending cuts in Quebec history between 1996 and 1998, made the claim of good fiscal management a centerpiece of its reelection campaign.) That said, there is no question the Liberals, like numerous other recent incoming governments, are using the claim of a fiscal crisis to jettison popular promises they never had any intention of keeping.

About two things Charest has been adamant: the Liberals will not allow the province to incur a deficit and they will meet their pledge to slash personal income taxes by an additional \$1 billion per year for each of the next five years.

The personal tax cuts were always slated to begin only next year, but the Liberals sought to underline their commitment to tax cutting by announcing in their June 12 budget the elimination of capital taxes for 70 percent of all business.

While the Liberals are determined to make personal income tax cuts that grossly favor the upper middle class and the rich, their tax-cutting rhetoric does not preclude their resorting to various forms of regressive taxation, such as increased user fees. The June 12 budget announced that Hydro-Québec, the public company with a quasi-monopoly on the production, distribution and sale of electricity in Québec, will increase its rates by 33 percent, or \$1.8 billion per year.

Those hardest hit by the Liberal budget are the most vulnerable. The budget for social housing has been reduced by 60 percent, although Montreal and Quebec's other major urban centers face a chronic shortage of low-cost housing. Indeed, the current housing crisis is said to be the worst since World War II.

In their budget, the Liberals reneged on promises to institute a minimal threshold for social assistance benefits, to stop the government deducting alimony payments from the social assistance given single mothers, and to stop forcing those on social assistance and the elderly from paying for their medication. In the latter case, the premiums for the obligatory public insurance system have instead been increased by 9 percent—an increase that mainly affects the most exploited sections of the working class, those who do not benefit from an employer-paid or co-paid insurance scheme.

The Séguin budget also introduced a new program of wage subsidies for companies that hire youth on social assistance. Needless to say, the program entails no requirements to provide any type of genuine job training.

The Liberals have sought to camouflage their drive to dismantle what remains of the welfare state by making a lot of noise about the \$3 billion in aid that the Quebec government provides business. The June 12 budget did curtail these expenditures, but largely at the expense of “lame duck” enterprises which have provided jobs in areas of high unemployment. Quebec-based, Canadian and foreign multi-nationals in the aeronautics, biotechnology and information technology sector continue to benefit from a whole series of lucrative aid programs.

The cuts made in the June 12 budget are only a small down payment. Declared Jérôme-Forget, “The effort we made this year is only a beginning. It is just the first milestone in a huge clean-up of the public finances.”

The 400,000 public sector workers whose contracts expire this month will be the first to find themselves in the government's line of fire. Already, the Liberals have indefinitely postponed salary adjustments that were to correct longstanding discrimination against women—adjustments sought by the public sector unions for 15 years and only conceded by virtue of a law adopted by the National Assembly last year. The

Charest government is demanding a collective agreement that guarantees greater “flexibility”—the flexibility to slash jobs and close operations, subcontract work and proceed with privatization.

Already the government has announced that the approximately 24,000 civil servants who will retire in the next few years will not be replaced, although they represent almost a third of the provincial civil service workforce.

The Charest government has also said it wants to revise Article 45 of the Labour Code, which prohibits the subcontracting of union jobs unless the subcontractor offers comparable wages and working conditions.

The Parti Québécois (PQ) will try to use the immense popular opposition that the Liberal measures will provoke to revive the Québec *indépendantiste* movement. In this enterprise, it will benefit from the unfailing support of the union bureaucracy. Such support will not in any way bar the leaders of the Quebec Federation of Labour, Confederation of National Trade Unions and other unions from collaborating with the Liberal government in the name of “the superior interests of Québec.” Prior to the election, the unions touted the Liberals as a “lesser evil” to the ultra-right-wing Action démocratique du Québec (ADQ) and then celebrated May Day by meeting with Premier Charest.

The PQ will try to make working people forget that for the last nine years it formed the most right-wing Québec government since the beginning of the 1960s, savagely cutting the health-care and education systems and social assistance in order to attain a “zero-deficit.” Then in the election campaign, the PQ competed with the Liberals and ADQ for the favor of big business, with its own proposals for tax cuts and “trimming the fat off the state.”



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