

Quebec's Liberal government to impose draconian spending cuts, fee hikes

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Quebec Finance Minister Raymond Bachand has vowed to outline the steps the provincial Liberal government will take to eliminate Quebec's burgeoning annual budget deficit when he tables the 2010-11 provincial budget next March or April.

In presenting the Quebec government's fall economic update late last month, Bachand said that the deficit for the current year is now expected to reach \$4.7 billion, \$750 million more than projected last spring.

In the weeks prior to Bachand's update, the corporate media had been clamouring for Quebec's Liberal government to turn its attention, now that the recession is reputedly over, to deficit reduction measures.

The ruling elite views the province's deteriorating fiscal position as an opportunity to press for changes in socio-economic policy that it has long sought. These include, cuts in public and social services, university and CEGEP (junior college) fee hikes, electricity rate increases, and new or increased user fees for numerous government services.

Bachand said the Liberals will conduct a vast "public consultation" to assist it in determining its anti-deficit plan.

This consultation is a public relations smokescreen. Over the course of the past two months, the government has leaked information about a whole series of measures under consideration, with a view to gauging the reaction of both big business and the public and "softening" up the population for regressive changes.

According to numerous media reports, the government is planning:

- to limit annual government spending increases to 3.2 percent, well below requirements when considering the combined impact of inflation, population growth and the worst economic crisis since the Great Depression. (In recent years, government spending has grown on average 4.7 percent per annum.)
- to impose a supplementary increase of 1 cent per kilowatt-hour in the cost of electricity, which, according to experts, translates into an average annual increase of between \$175 and \$265 per family;
- to systematically increase user fees so as to move, over time, to the concept of "user-pay";
- to raise the tax on gasoline, in the name of reducing

greenhouse gas emissions, by 3.7 cents to 12.7 cents per liter.

At the same time, the government has publicly rejected any increase in personal income or corporate taxes. Taxes on the richest sections of society and on businesses have been sharply decreased during the past decades by successive governments led by the Parti Québécois (PQ) and the Liberals. Meanwhile, services and public infrastructure have been allowed to deteriorate and workers' pockets have been by picked through increases in various fees and regressive taxes.

While the government has said user fee increases will constitute "important and progressive *rattrapage* [catching-up]," it is very probable that they will be much greater than it has so far let on.

An article published in the Montreal daily *La presse* Sept. 3 stated that the government has already outlined plans for drastic fee increases in a secret document appended to the March 2009 budget of the previous Finance Minister, Monique Jérôme-Forget.

According to *La presse*: "In the 'confidential' section, inaccessible to the public, [the Liberal government] emphasizes that political decisions, in addition to general inflation, should 'whenever possible' determine the size of the fees imposed on government services. A number of programs which until now have been free to the public could fall on the side of being deemed tariffable [i.e. subject to fees] or subject to full reimbursement to the government, since [the Liberals] are talking at the same time of 'self-financing'."

To the delight of the newspaper editorialists, Bachand and other key ministers in the Liberal government of Jean Charest are speaking of the need for a "new social contract." The finance minister recently called for "complete cultural change" so as to put an end to the "culture of the free lunch" and encourage the principle of the paying-customer. References are also being made to the PQ government of the 1990s led by Lucien Bouchard, which with the aid of the trade unions, carried out drastic cuts in public and social services in the name of eliminating the deficit.

The right-wing political offensive now being prepared by Quebec's Liberal government is guided by policies long desired by the Quebec bourgeoisie. In 2005, prominent opinion-

makers, both federalists and separatists, released a “Manifesto for a Clear-Eyed Quebec,” which denounced the “resistance to change” of Quebec society, in other words, the popular opposition to neo-liberal policies. The Manifesto put forward a deeply anti-working class agenda, including the destruction of the Welfare State, increases in fees for various government services and tax cuts for the wealthy.

In 2008, two reports commissioned by the Liberal government, urged it to adopt policies akin to those advocated by the authors of the 2005 Manifesto.

The Castonguay Report on the health system notably called for an increased role for the private sector in the administration of health care and the introduction of an annual deductible to the province’s health insurance scheme. The Montmarquette Report, authored by Claude Montmarquette and Joseph Facal, both signatories of the “Manifesto for a Clear-Eyed Quebec,” called for increases in fees for electricity, post-secondary education and daycare, as well as the establishment of a system of tolled roads.

As a minority government (from March 2007 to December 2008), the Charest administration distanced itself from these reports, saying that it had no intention of applying their recommendations. In actual fact, since its first election in 2003, the government has sought to move Quebec politics sharply right. It lowered taxes on the wealthy, established a government agency to promote “public-private partnerships” allowed the sub-contracting of services within the public sector and made it easier for private companies to use sub-contracting to gut workers wages and conditions. But given the opposition which this “re-engineering of the State” generated in the working class, the Charest government was forced to back down, at least temporarily and partially, on certain aspects of its right-wing program.

Thereafter the Liberals turned more systematically to the trade union bureaucracy to help them promote privatization, especially in the health sector, increase university tuition fees, and impose collective agreements on half-a-million public sector workers that reduced their real wages.

Ever since the Charest Liberal government announced that the economic slump has blown a hole in the provincial budget, the Official Opposition, the pro-Quebec independence Parti Québécois, has criticized the government from the right. The PQ sharply criticized the introduction of Bill 40, which permits the government to incur an annual deficit. The PQ further denounced the Liberal Party for not stating when the annual deficit would be eliminated. Under the PQ’s pressure, the Liberal government inserted a clause into Bill 40 pledging that annual deficits will be ended by fiscal years 2013-14. At the same time the PQ, which itself imposed huge cuts in the 1990s in health, education, and welfare, has demagogically opposed every concrete cut and fee hike advanced by the Liberals.

The Charest government is keenly aware of the popular opposition to its right-wing measures. A survey by the

marketing firm Leger published in the *Journal de Montreal* gives a picture: asked about fee increases for public services, 65 percent responded “with anger” and another 29 percent said that while they understood why the government was moving in that direction the idea upset them.

Charest is trying to avoid stoking up population opposition. He has announced that fees for government-run daycares will remain frozen at \$7 per day. In early October, Finance Minister Bachand said the government would concentrate its increases on electrical costs, and that other measures on the table were too “complicated” or would generate only marginal revenue increases. The purpose of these statements is to lull the working class to sleep, in the face of what promises to be the most massive attack on social programs and public services since the PQ cuts of the 1990s.

The big business media has expressed concern that the government will balk in the face of popular opposition to public service cuts and user fee hikes. On September 28 Andre Pratte, chief editorial writer for *La presse*, wrote in an editorial entitled “The Tariff Revolution,” “At the start of his third mandate, Mr. Charest has the opportunity to force Quebec to make a historic turn in the financing of its public services and thereby to end the unhealthy culture of the free ride. The fight will certainly be difficult and politically costly. But the future of the Quebec model depends on it.”

One week later Alain Dubuc, a well-known commentator from the same newspaper, called on the government to defy popular opinion: “The fixing of public finances cannot be an exercise in direct democracy, or in citizen participation. We must remember that to lead is above all to make choices and to decide, even if this is unpopular.”

While the media churns out articles about the coming attack on workers’ living conditions and urges the government on, the trade unions have remained silent. As they did during the zero-deficit drive of the 1990s, the unions will offer their collaboration to the government and work to contain and suppress the inevitable working class resistance, by directing workers behind their close ally, the big business Parti Québécois



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