Big business deems Quebec's austerity budget not austere enough

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The provincial budget the Liberal government of Jean Charest tabled in Quebec's National Assembly on March 17 intensifies the bourgeoisie's drive to force the working class to bear the cost of the global economic crisis.

Pointing to the province's budget deficit, which is the direct result of the measures taken by the Liberal government to safeguard Quebec big business and banks in the midst of the global financial crisis, Finance Minister Raymond Bachand reiterated his pledge to balance the budget in the 2013-14 fiscal year through a more than $10 billion program of spending cuts and consumption-tax and user-fee increases.

Numerous public services, already subject to cuts, will be further undermined by a raft of spending compressions, freezes, and caps, while generous tax cuts for the highest income earners and big business are to be continued in perpetuity.

University students will pay an additional $325 a year in tuition fees for the next five years, for a total fee hike of $1,625. University tuition fees will be $3,793 in 2017, compared to $2,168 this year, and $1,668 four years ago. Once the various additional service fees that universities charge on top of tuition are included, a year of study at a Quebec university will cost around $4,700 in 2017. This will represent a real burden for students from low- and middle-income families and for those deemed "autonomous" for the purposes of the government's student aid program whose annual income typically ranges between $10,000 and $20,000. Currently the average debt for a student at the end of his or her first university degree is $14,000.

The Liberal budget also prepares the ground for further attacks on the province's pension system. In pursuit of this aim, the budget deployed both the carrot and the stick. To clear the way for the government to raise the retirement above 65, Bachand introduced supplementary pension contributions and new tax credits for those who remain in the workforce after reaching 65. For workers who retire prior to the age of 65, the budget introduces harsh penalties. Contributions to the C*aisse de retraite publique québécoise*, the provincial pension fund, are also to be increased from 9.9 percent of yearly salary to 10.8 percent over the course of six years, with no increase in future pension benefits.

In its budget, the government boasted of saving $530 million by freezing the salaries of the public sector workforce. The forced "contribution" of these workers to the reduction of the provincial deficit contrasts markedly with the treatment of the large banks. Last year the banks and other creditors received an additional $850 million in interest from the provincial government for an annual total of $7.8 billion on loans that are practically without risk.

The latest Liberal budget continues and broadens the austerity measures laid out in last year's budget, which was hailed as "historic" by several of the signatories of a 2005 manifesto "For a clear-eyed Quebec" that demanded the government privatize and marketize public services.

The budget reiterated the government's determination to implement all the spending cuts and user fee increases announced in the 2010 budget in this and future years. The provincial sales tax will be raised by another percentage point in 2012, following on from the one percent hike that took effect this January 1. Each percentage-point increase brings the Quebec treasury an additional $1.5 billion. This tax is highly regressive, as consumption is taxed equally regardless of one's capacity to pay, and workers are forced to spend a much large share of their income on the necessities of life, while the rich can plow money into investments whose income and capital gains are generally taxed at much lower rates than wages and salaries. The tax on gasoline will be raised by $0.01 per liter, driving the price of gas up 1 percent.

The budget also confirmed the introduction of a new healthcare fee of $100 per adult in 2011 -2012, rising to $200 per adult next year, another regressive tax to be paid in equal proportion by all adults in households with income over $15 000. In other words, the same healthcare fee asked of the wealthiest Québécois will be forcibly extracted from households deemed too poor to pay provincial income tax. The budget also continued the government's plan to raise the price of electricity, over and above normal regulatory increases, by 20 percent beginning in 2014.

According to the government's own budgetary forecasts, even after all these measures there remains a $1 billion deficit that must be closed to achieve the promised balanced budget in 2013—a signal of even more severe cuts to come.

This budget, like its predecessor, puts into practice the vision

of Quebec's ruling elite, which yearns to cast off what remains of the welfare state. Through a program of privatization, the introduction and raising of user fees, and "budget compression," it seeks to replace universal and free public services with a "marketized" system largely based on the user-pay principle. This process is already well advanced in Quebec's healthcare and education systems. A large proportion of the province's high school students now attend private schools and over the past five years there has been a vast expansion of private, for-profit health care clinics.

The Parti Québécois (PQ), the party long favoured by the trade union bureaucracy and since 1976 Quebec's alternate party of government, criticized the Charest Liberal government for not cutting government spending quickly and deeply enough.

Sylvain Simard, the PQ's critic for the treasury board and public service, complained that only 9 of the province's 70, 000 civil service jobs were eliminated last year, despite a government pledge to cut jobs through attrition. "We have not achieved the productivity gains that would have permitted us to reduce the cost of state expenditure by reducing the public sector workforce," said Simard. Another PQ MNA (Member of the National Assembly), Nicolas Marceau, condemned the Liberal government because spending cuts did not account for at least 62 percent of the government's deficit-reduction plan as promised in the last Liberal budget. In reply, Bachand insisted that "the most recent reports confirm that we are fulfilling that pledge."

In championing cuts and criticising the government for not moving even more rapidly to reduce public services, the PQ is carrying out the will of the Quebec elite. Editorialists in the bourgeois press and corporate leaders have almost unanimously criticized the Charest government for letting state expenditure grow at an annual rate of 3.7 percent, as opposed to the 2.8 percent predicted in last year's budget. (The 3.7 percent increase falls far below recent years and amounts to a real spending cut when inflation, population growth, and the dilapidated state of the province's public services are taken into account.)

In a *La Presse* editorial, Alain Dubuc described the budget favourably, but added that "We cannot truly control public spending without a much deeper reform of the two budgetary items draining the most public funds, healthcare and education. The Liberals seem manifestly unready to take this road." The criticism in other newspapers such as the *Journal de Montreal* and *the Montreal Gazette* was much harsher. The flagship publication of telecommunications-media conglomerate Quebecor, the *Journal de Montreal* is seeking to exploit the regressive user fee and tax increases to foment a right-wing movement that would target public services and press, in the name of lower taxes, to skew the tax system even more in favour of the well-to-do

.

The trade union leaders have offered only the mildest criticism of the budget tabled by Bachand, who for many years was the CEO of the Quebec Federation of Labour's Solidarity Fund, a multi-billion dollar investment fund.

Quebec Federation of Labour President Michel Arsenault declared that "we are disappointed by Minister Bachand's obsession with a balanced budget by 2014. It is dangerous. We are recovering from the crisis. This recovery is fragile and to tighten the belt could be dangerous."

"This government has ignored the outcry of thousands of people in the streets demanding a change of direction," affirmed the president of the Confederation of National Trade Unions, Claudette Carbonneau. The demonstration that Carbonneau referred to in her remarks was organised by the *Alliance Sociale* a coalition of trade union and student organisations on March 12, not to demand an end to budget cuts nor to demand the adequate funding of social services, but to ask the Liberals simply to slow the pace of their deficit-cutting campaign. (See 'Mass protest against Québec government's budget cuts'.)

The trade unions have already accepted that budget cuts are necessary. They have done nothing to mobilize workers against the drastic cuts contained in this budget and remained similarly passive in the face of its predecessor. In 2010 they negotiated a five-year contract on behalf of 500,000 public sector workers that cuts real wages and accepts the government's prerogative to cut jobs and reduce services.

Already in 1996, the unions committed themselves to implementing the savage social spending cuts of the Parti Québécois government of Lucien Bouchard, in the name of his "zero deficit" plan. In 2003-4, they sabotaged the movement of opposition to the Charest government that threatened to unite public and private sector workers against the Liberal programme "re-engineering the state." They consciously sought to transform this movement of working class opposition into one of support for the big business PQ. Today, still supporting the PQ, the trade union bureaucracy maintains a guilty silence about this party's call for deeper and faster spending cuts than even those being implemented by the Liberals.