

# Big business applauds Quebec budget

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Big business and the corporate media have enthusiastically applauded the maiden budget of the Parti Québécois (PQ) provincial government.

Simon Prévost, president of the Quebec Manufacturers and Exporters Association, told Radio-Canada he hadn't "seen such a good budget in a long time." For his part,

*Conseil du Patronat* (Quebec Business Council) head Yves-Thomas Dorval declared,

"We are very satisfied that the government has so firm an intention to return to a balanced budget in 2013-14."

Many commentators have noted the similarity between the PQ budget and the string of austerity budgets delivered by its predecessor, the Liberal government of Jean Charest. Few however have made the other obvious point: while the federal Conservative government of Stephen Harper, arguably the most reactionary government in modern Canadian history, has decided to push back by a year the elimination of the annual federal budget deficit, the PQ is adamant that the previously announced target for a balanced budget be met irrespective of the social cost.

In an interview with the *Globe and Mail* published last weekend, PQ Premier Pauline Marois conceded that her government's budget was written with the aim of satisfying the Quebec, Canadian and world financial elite. She said she was anxious to "send a message" to the "business community" and dispel "the myth" the PQ doesn't "know anything about the economy." The credit-rating agencies, added Marois, "are waiting to see how we perform and for us that's important."

Introduced on Tuesday, the PQ budget lavishes tax concessions on big business, while outlining a program of spending cuts that even corporate spokesmen have termed "ambitious." It also retains, albeit in modified form, the regressive health-care head-tax and electricity rate increases introduced by the previous Liberal

government—measures that the PQ had decried and promised to rescind when in opposition.

In the run-up to the September 4 election, the PQ, in the hopes of arresting the decline in its working class vote-base, promised to increase taxes on big business and the wealthy, so as to finance the abolition of the Liberals' regressive health tax and fund some modest social spending increases. But the PQ has scaled back or abandoned most of these promises. First to go was a pledge to increase in taxes on capital gains and dividends. Tuesday's budget announced that the government is delaying raising mining royalties, pending further consultation with the industry, but did slightly increase the tax rate on taxable income in excess of \$100,000, from 24 to 25.75 percent.

The chief elements of the budget—which exceptionally covers the 17 month-period from now through the end of the 2013-14 fiscal year (March 31, 2014)—are:

#Commitments to eliminate the province's annual budget deficit in the coming fiscal year despite anaemic economic growth and global economic turbulence and to accelerate the paying down of the provincial debt;

#A pledge to limit the growth in total program spending to 1.9 percent in the current fiscal year and to 1.8 percent in fiscal 2013-14;

#A \$1.5 billion per year cut for the next five years in repairs to the province's dilapidated infrastructure, including roads, sewers, schools and hospitals;

#Changes to the health-care tax which make it somewhat more equitable, but which will still see all but the poorest adult Quebecers paying an annual head-tax of \$100 per year and most paying \$200 per year

#Changes to the electricity rate structure whereby the so-

called heritage share of electricity will be indexed to the inflation rate beginning in 2013 and that will make it easier for the government-owned utility Hydro-Quebec to otherwise raise rates;

#The elimination next year of 2,000 Hydro-Quebec jobs, almost 10 percent of the utility's total workforce;

#A ten-year tax-holiday for new investments of more than \$300 million in manufacturing, mineral and wood-processing, distribution centers and data-processing; an increase in the special pharmaceutical industry research and development tax credit; and the prolonging for several more years of a lucrative investment tax credit.

#Increases in tobacco and alcohol taxes that are expected to increase government revenue by \$230 million per year.

The spending restraints are far and away the most severe in fifteen years and when inflation and population growth are taken into account, will translate into substantial spending cuts in virtually every government department.

Even prior to the budget, the government ordered the Health Ministry to cut spending by \$400 million in the remainder of the current fiscal year.

The PQ claims to be sparing education and health care from cuts, but spending on elementary and secondary schooling is to increase by just 1.8 percent. Moreover the government is cutting \$150 million from school board budgets—money that will either be slashed from programs or have to be raised through higher school taxes.

In so far as big business has raised concerns with the budget, it is that the government must now make good on its commitment to slash social spending and not waver in the face of popular opposition.

"I think our message was heard and that the government took it into account," said Françoise Bertrand of the Quebec Chamber of Commerce.

In an op-ed comment titled "Tout ça pour ça?" (All of that, for this?), *La presse* columnist Alain Dubuc celebrated the budget for it "appears to announce the return to reality of a party that got carried away during the election campaign." A return, added Dubuc, to the "economic consensus" the PQ has long shared with the Liberals and the even more rightwing Coalition Avenir

Québec (CAQ).

While Dubuc made no mention of this, the PQ's cynical left feint during the recent election campaign—a campaign in which it coupled limited populist socio-economic promises with pledges to balance the budget and curb spending and chauvinist appeals—took place in the context of a militant student strike.

At its height last May, the strike threatened to spark a broader working challenge to the austerity program of the bourgeoisie. But the trade unions, Québec Solidaire, and the student associations, including CLASSE, the student group that initiated the strike, opposed mobilizing the working class and diverted the opposition to the Liberals behind the PQ, promoting it as a "lesser evil" to the Charest government.

The Liberals and CAQ both denounced Tuesday's budget for not imposing still greater social spending cuts, but quickly made clear that they would not bring down the minority PQ government. As for Québec Solidaire (QS), it declared itself "disappointed" by the budget. The PQ said QS leader Françoise David is the "party of zero deficit at any price."

QS has systematically promoted illusions in the PQ, the Quebec elite's alternate party of government, and, David's protestations notwithstanding, must bear political responsibility for its austerity measures. In June, QS proposed an electoral alliance with the big business PQ and just days before the September 4 election that brought it to power, QS pledged to prop up a minority PQ government for at least a year without asking for any policy commitments whatsoever.



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