

British Columbia NDP retreats on election promises in first budget

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The British Columbia New Democratic Party (NDP) minority government's first budget junked many of the central promises that helped propel the social democrats to power in last spring's election.

Tabled last week, BC's 2018-19 budget upholds the austerity social spending and pro-business fiscal regime fashioned during more than a decade and a half of Liberal rule, while offering a few token investments in social infrastructure to sugar the pill.

The budget makes no mention of the NDP's commitments to build 114,000 new housing units, introduce \$10 per day childcare, provide renters with a \$400 annual rebate, or offer students a \$1,000 completion grant and relief on interest on their loans.

Business in Vancouver, an online publication for the Lower Mainland's corporate community, wryly observed of the first NDP-authored budget after 16 years of Liberal rule, "This could have just as easily been a budget under the previous government."

In a province with a severe housing affordability crisis, especially in Vancouver and the entire Lower Mainland, the NDP released a 30-point housing plan, the main goal of which was to cover over the fact that its pledge to build 114,000 new housing units was an electoral ploy.

One of the most important measures was a 5 percentage point increase in the foreign home-buyers' tax to 20 percent, and its expansion to include properties in urban areas outside Metro Vancouver. Introduced by the Liberals in 2016, the foreign-buyers tax serves to deflect anger over skyrocketing housing away from the profit system, encourages chauvinism against immigrants, and feeds into the reactionary campaign, closely associated with Canada's military-strategic alliance with Washington, to curb Chinese economic influence in BC and Canada as a whole.

The NDP government is also imposing a new 2 percent "speculation" tax on properties not occupied year-round, with an exemption for most BC residents.

While foreign investors have played a role in the housing bubble that has driven average prices in Vancouver for a

family home to over \$1 million, the main drivers and beneficiaries of this speculative binge have been domestic investors, including Canada's banks and other big financial players.

When confronted about the NDP's retreat on housing, Premier John Horgan cynically sought to blame voters for "misunderstanding" his party's policies. Horgan told CBC, "The plan certainly is to continue on with the goal over 10 years to get to 114,000 units. That's, again, not just social housing. I think people misunderstood that, and we tried as hard as we could to correct that. It's the continuum of housing. What you would find in a community." Later, Horgan expanded saying the NDP plan includes not just affordable housing but incentives for private developers to build family housing "that British Columbians want to move into."

In other words, the NDP's housing initiative is similar to that of Justin Trudeau's federal Liberal government, which is using billions in public funds to fatten the pockets of private developers under the banner of making housing in Canada more "affordable."

The NDP's adoption of such right-wing policies should come as no surprise. On the campaign trail last year, Horgan repeatedly boasted that his party's spending proposals were based on, and would adhere to, the same reactionary fiscal framework as the big-business Liberals. That framework enshrines years of cuts to health care and education, wage cuts and layoffs for public sector workers, and tax handouts for big business and BC's corporate elite.

After coming to power, the NDP effectively abandoned its pledge to increase the minimum wage to \$15 an hour in the face of opposition from both business lobby groups and the Greens, upon whom they rely for their parliamentary majority. Although Horgan has appointed a commission to study the issue, a boost in the minimum to \$15 wage will likely not be implemented even by 2021—and this in a province that has the country's second highest poverty rate.

The NDP's pro-business agenda was underscored in the budget when Finance Minister Carol James turned to the

issue of healthcare, where the NDP has sought to bolster its “progressive” credentials by eliminating Medical Service Plan (MSP) insurance premiums by 2020. This regressive tax, which falls disproportionately on lower-income earners, will be replaced by an employers’ health tax charged at 1.95 percent of a company’s payroll for businesses with a payroll of more than \$1.5 million.

“We believe we continue to provide supports to businesses in everything from lowering the small business tax rate, keeping the corporate tax rate competitive ... we’re putting the pieces in place that will support businesses,” boasted James, who emphasized that the vast majority of businesses will not pay the full rate under the new payroll tax. Moreover, since many larger businesses already pay MSP premiums for their employees, they in fact will experience no significant change to their overall cost structure.

Determined to make good on its vow to deliver balanced budgets while maintaining “competitive” tax rates for business, the rich and super-rich, the NDP has announced a sweeping attack on the Insurance Corporation of British Columbia (ICBC). The public auto insurer, which was long held up as a great social achievement of the province’s first NDP government in the early 1970s, will cap payouts for minor injuries at \$5,500, as well as make other as of yet unspecified changes to premiums and insurance payouts. These “reforms” are projected to produce “savings” of \$392 million this year, rising to more than \$1 billion annually in 2020-21.

The inevitable premium hikes will hit those on lower incomes especially hard, as they will be obliged to fork over a much larger chunk of their incomes for auto insurance and in return for reduced coverage.

Although the NDP trumpeted its commitment to \$10-a-day childcare during last year’s campaign, Horgan is now doing all he can to disavow that pledge. Challenged on the absence of any reference to the goal in the budget, he remarked, “That’s our commitment. That’s what we’re going to drive toward. But it’s also important you remember that the \$10-a-day label to drive the childcare plan was put together not by the NDP, but by childcare providers and academics.”

The reality is that the NDP has dropped this proposal under pressure from its Green allies, who have denounced \$10 a day as an “unnecessary slogan.” Green leader Andrew Weaver, who enjoyed a close working relationship with former Liberal Premier Christie Clark on a range of issues, has promoted his party, both during the election campaign and since striking an accord to back an NDP minority government on “matters of confidence,” as a fiscally conservative brake on a spendthrift NDP.

The \$10-a-day commitment has been replaced by a substantially scaled-back initiative that will see \$1 billion

invested in childcare over three years. The plan will establish a benefit that ostensibly will provide childcare for free or at reduced rates for families earning less than \$45,000. However, these benefits will only be available to the minority of parents who have been able to find a place for their child or children in a licensed childcare facility.

The exact percentage of children being looked after by unlicensed providers is difficult to determine. But in BC there are 570,000 children under the age of 12 and 363,000 mothers in the workforce, yet the province has only 105,000 licensed childcare places. The NDP has committed to expand this number by a paltry 22,000.

An advocacy group involved in the \$10 a day childcare campaign has pointed out that there is no provision in the NDP plan to prevent daycare facilities raising their fees in conjunction with the government subsidy, meaning parents could ultimately see little or no savings.

The usual suspects from the trade unions and pseudo left have rushed to praise the NDP budget, claiming it represents a break with decades of austerity. The BC Federation of Labour enthused over the “bold affordability measures” for housing contained in the budget, which the union federation asserted was “full of concrete actions to make life more affordable.”

These positions demonstrate that the unions and pseudo left organizations are indifferent to the plight of working people. Instead, their well-heeled officials are applauding the NDP government for the new opportunities that is it providing them to work with government and big business, through various consultations and tripartite initiatives, in managing capitalist austerity and suppressing the class struggle.

The authors also recommend:

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