

## **Business Summit proposals no help for BC: CCPA opposes call for tax cuts**

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The BC Business Summit has not delivered on its promise of new ideas for reviving the BC economy, according to the [Canadian Centre for Policy Alternatives](#).

-All we have heard is a repeat of the same old ideas the business lobby has been pushing for decades: lower taxes, cut regulations, privatize services, and repeal labour and environmental legislation," said Seth Klein, the Centres BC Director. -These policy prescriptions may improve the profitability of some BC corporations in the short term, but they are not in the long term best interest of most British Columbians."

-The message from business groups is a contradictory one," says Klein. -They want taxes cut and the budget balanced. But they can't have it both ways. To deliver on the demand for tax cuts, the government would either have to increase its budget deficit, or undertake significant cuts to important public programs. The promise of new teachers and nurses would be wiped out."

#### **Privatization and contracting out of public services**

-The call for aggressive contracting out of services come as a surprise," says David Fairey, a labour economist with the Trade Union Research Bureau, who was a delegate to the BC Business Summit. -Contracting out was not a discussion topic at the Summit, and was certainly not one of the six priority areas highlighted by the delegates."

Contracting out, in many cases, does not save the government money; it merely transfers public money to private operators. Recent efforts to contract out garbage collection by many GVRD municipalities have not proven cost effective.

-Contracting has been tried in BC for hospital food services and house-keeping," says Marcy Cohen, a researcher with the Hospital Employees Union and a research associate with the CCPA. -In both cases, quality declined and costs increased, so hospital management ended up bringing those services back in house."

Governments tend to underestimate the costs of privatization, and the public loses accountability.

#### **Labour legislation**

Statistical evidence does not support the notion that BC's labour laws are biased in favour of workers and unions. The BC government brought in a new Labour Relations Code in late 1992, and business groups claimed then the changes shifted too much power to unions. However, since 1992, unionization rates are down (from

36.3 per cent in 1992 to 32.3 percent in 1997), union certifications are down, work stoppages are down, and negotiated wage increases are down.

One government policy that has been a drag on growth over the past couple of years was the decision to scale back capital spending from about \$2 billion to under \$1 billion per year. In an effort to balance the budget, the government cut infrastructure spending, thereby lowering the growth rate by approximately one per cent.

"It's good news that the government is now restoring infrastructure spending," says Klein. "There is clearly a need for a fiscal stimulus to improve the economy. But that stimulus should take the form of increased spending on infrastructure (schools, social housing, roads and public transit), education and research, health and social services ... not tax cuts."

"The real point of the Business Summit was to hijack the public policy agenda," says Klein. "The government needs to hear from all British Columbians, and should not be swayed by one special interest group."

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