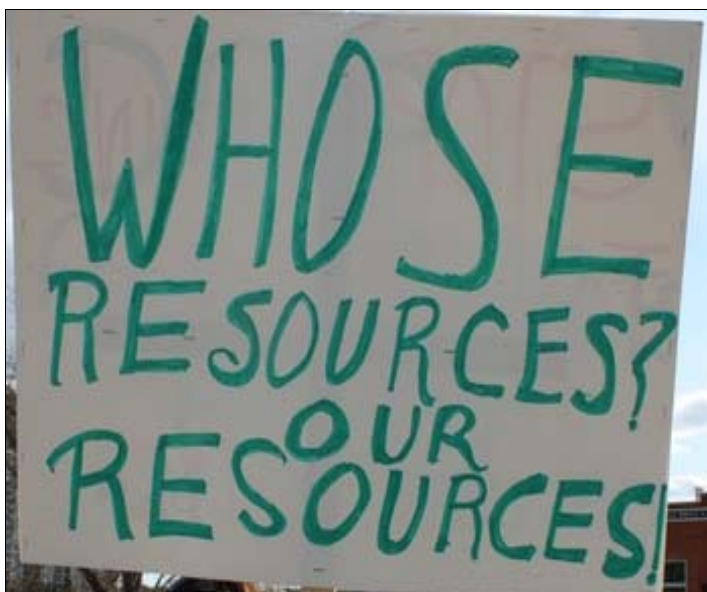


Alberta Government Releases Budget
**An Alternative Is Found in the
Independent Politics of
the Working Class!**



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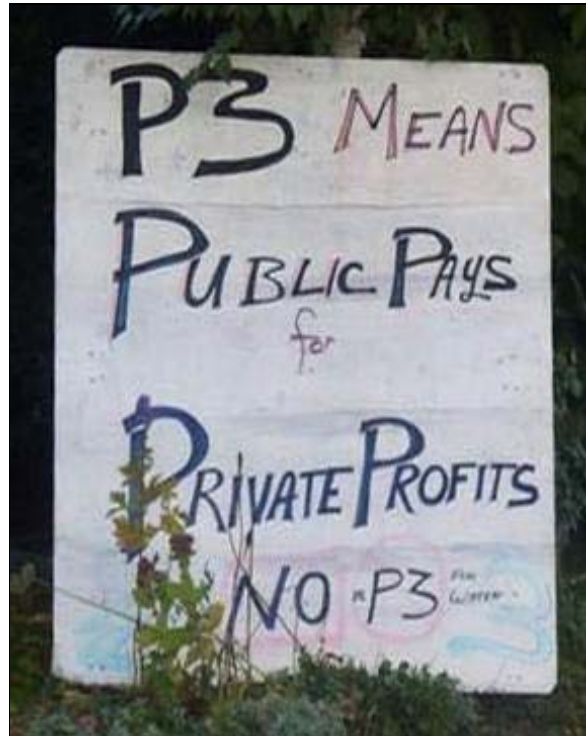
**An Alternative Is Found in the
Independent Politics of the Working Class!**

The Alberta budget released on October 27 shows that Alberta needs new sources of revenue

within the economy itself in order to carry out its social responsibilities to the people of Alberta. *TML Weekly*, October 31, 2015, commented, "The release about the budget says, 'Budget 2015 takes a careful and responsible approach to managing government finances, steadily phasing out the deficit without reckless cuts to the frontline services Albertans rely on.' It means the government has maintained the framework which presents budgets as a matter of taxes, spending and deficits and the preoccupation about whether the budget is balanced or not."

The NDP government is under increasing pressure from the financial oligarchy to follow the path of the Liberal governments in Ontario, Quebec, and BC to attack public sector workers, cut services and privatize public assets. They are now joined by the Liberal government in Ottawa whose cabinet appointments indicate its direction is also that of further privatization and use of "public-private partnerships" (P3s) for infrastructure development.

The Alberta NDP has opposed privatizing public assets and the use of P3s for infrastructure development. After being elected in May 2015, it stopped the privatization of Edmonton hospital labs. Infrastructure Minister Brian Mason stated on November 11, that the government has conducted a review of P3s to assess their use in Alberta. The government is undoubtedly under big pressure from the most powerful global monopolies that despise the NDP's refusal to take up the privatization agenda of the rich.



The NDP is also under attack by the rich because it did not freeze spending on public services and social programs. This attack on the government is an assault on the rights of Albertans to health care, education, pensions, seniors' care, and services to the most vulnerable. It is an assault on the workers who deliver these services and their right to compensation corresponding to their work and qualifications.

The neo-liberal assault presents a set of choices decided by the monopolies. The people are then supposed to put the choices in order of preference. The basic choices presented are for cuts to public services, incurring public deficits to private lenders, or a combination of the two. A sidebar about increasing taxes on the working people is always lurking in the background as a threat to be introduced if the other two choices are not accepted.

These choices do not offer a solution to the problems of the economy. We workers should reject with utter contempt the bombast from the global monopolies that neo-liberalism, and its various anti-social agendas of austerity, is the only way. We can all see with our own eyes that there are no solutions in this world of public deficits to the rich vs. cuts to social programs. A pro-social approach to increasing revenue from within the economy is needed. The alternative is found in the independent politics of the working class, which takes a stand for pro-social solutions and puts those solutions on the agenda for discussion. No other political force is going to do it.

Alberta Worker will do our best to contribute to this discussion. In this issue, we discuss two

options presented in *TML Weekly*, October 31, 2015. These are to restore the role of the Bank of Canada, and to invest in public enterprise.

***Join in the Discussion! Say No to the "Choices" Offered by the Rich!
Let's Do Our Own Thinking and Develop the Independent Politics of the Working Class.***



A Pro-Social Budget -- The Alternative to Neo-Liberal "Solutions"

- Peggy Morton -



The Alberta government should challenge the requirement for provinces to borrow money from private banks and financial institutions. The Bank of Canada was chartered by and under the *Bank of Canada Act* in 1934, as a privately-owned corporation. Then in 1938, the Bank was legally designated a federal Crown corporation. The *Bank of Canada Act* allows the federal government to borrow money,

essentially interest-free from the Bank of Canada, and to make funds available to provincial and municipal governments. This arrangement was used to fund public works during the severe economic crisis in the 1930s and to finance Canada's wartime spending during the Second World War. This practice continued until the early 1970s. Since that time, governments have borrowed from private financial institutions at home and abroad creating enormous public indebtedness to private interests and transfer of social wealth from the public treasury to private domestic and international enterprises.

While the government now borrows at the going interest rate from the private financial institutions, the private banks can turn to the Bank of Canada and other government institutions for bailouts. The Canadian Centre for Policy Alternatives (CCPA) estimates that the five biggest members of the Canadian banking oligopoly RBC, TD Bank, BMO, CIBC and Scotiabank collectively received at least \$114 billion from Canadian and U.S. state institutions to save them from collapse in the wake of the losses from the economic crises that began in 2008. This included \$31 billion from the Bank of Canada.[1]

Debt payments, especially compounded interest, deprive governments of revenue that could be used for social programs and public services, but are profitable and secure for the big banks and financial institutions. They are paid twice: first in interest payments and second in the handouts and incentives they demand of governments to be paid from the public treasury. No excuse remains for provinces to insist that the federal government once again use the Bank of Canada to provide funding to all levels of government, mainly with interest-free loans, as was done between 1935 and the early 1970s. This would keep most government borrowing and repayment of debts within the public sector. If the federal government refuses, Quebec and the provinces have the option to start their own public financial institutions. (The creation of public financial institutions to meet the banking needs of Canadians and the borrowing requirements of all levels of government will be discussed in a forthcoming article.)

Invest in Public Enterprise

The recent Alberta budget provides small grants (\$5,000 per new hire) to businesses and NGOs that hire new employees. The Wildrose Party has been fulminating against this aspect of the budget, claiming that it is open to abuse and double dipping. Wildrose leader Brian Jean's solution is to put more money in the hands of businesses directly without requiring them to do anything whatsoever in return.

Missing in this debate is the question of why public funds should be handed over to private interests at all. An alternative would be to establish public enterprises where the realized added value produced by the workers would have only two claimants, the workers and the government. With public enterprises, the claim for profit by private owners of social wealth is mostly eliminated leaving the bulk of added value for the public treasury and general interests of society.



The prospects are exciting considering the broad range of proposals that could come forward to develop public enterprise. Edmonton has a thriving medical research sector, which has led to significant advances in the treatment of diabetes, hepatitis and other fields. Presently, research is carried out in publicly funded institutions with funds from public granting agencies. Then the results are handed over for a song to big pharma that make enormous profits while bankrupting the health care system and denying necessary pharmaceuticals to people who cannot pay. Establishing Alberta public enterprises to bring new drugs and medical equipment to market would be a trailblazer for the rest of Canada.

Public enterprise to research and develop alternative energy sources as well as upgrading, refining and manufacturing hold huge promise. Alberta has the workers and professionals with the skills and knowledge this work needs. Funding should be provided to unions, associations and professional organizations to bring forward proposals for public enterprise to develop manufacturing industries, which can avoid the wild swings of the private sector and contribute to nation-building. Public enterprise is one of the steps necessary for the people to gain control over what is produced and how, and to realize and gain the added value for the general interests of society.

Reversing the privatization of public services and the downsizing of social programs is another important avenue of growing the public sector. Further articles will explore modern ways to realize the value created in the public sector from those economic units that consume its value. Also important to discuss is the necessity to establish a public authority to determine prices of production of crucial commodities such as in the energy sector. To translate those prices into wholesale prices and into the national and international market, the government needs public authority over the wholesale sector beginning with energy.

Note

1. *TML Weekly*, May 26, 2012.



Responses to the Budget

Budget 2015 Analysis for Alberta Union of Provincial Employees Members

In its October 29 update to its members, the Alberta Union of Provincial Employees (AUPE) said the following:

"On Tuesday Alberta's Finance Minister Joe Ceci introduced the NDP government's first budget. This budget provides a long-term plan to help stabilize and stimulate Alberta's weakened economy, create and protect jobs and invests in badly needed infrastructure.

"The government has tabled responsible increases to government services, health care and post-secondary education. These are areas where thousands of AUPE members proudly provide crucial services to Albertans every day.

Government Services

"The government's stated one of its key priorities is to stabilize front-line services. This is welcome news especially given the attacks we've seen over the last few years by previous governments.

"The budget sets an average increase in funding to ministerial operations at 2.75 per cent, however not all ministries will see an increase. This is something AUPE will monitor. It's vitally important, especially during times of economic downturn, to invest responsibly in the public services Albertans rely on.

"While the budget does make an effort to protect and steady the front lines, we know front-line workers are already stretched beyond their capacity. AUPE will continue to press government to address this by expanding the public service to help deal with the increased pressures that result from a rapidly growing province.

Health Care

"The budget does implement predictable, long-term funding in many areas of health care. With more than 52,000 AUPE members working in public, not-for-profit and private health care province-wide, this investment is much needed and refreshing.

"Funding for more long-term care spaces, public home care, seniors' health and mental health will be applied. This will likely result in more front line health-care staff in the long run.

"However, close to 40,000 AUPE members working at Alberta Health Services are still without a contract. In order to fully implement its plan to stabilize front-line services, the government must direct AHS to bring a fair mandate back to the bargaining table. We will continue to urge the government to do this.

Post-Secondary

"We're encouraged that funding for colleges and universities will increase 5.5 per cent, with

overall Advanced Education operations funding up two per cent. This healthy increase is great news for AUPE members and the institutions they work for. It also helps make up for some of the ground lost during the Redford era. Moreover, further increases are planned for the next two years, which will help protect jobs.

"This, coupled with ongoing consultations between post-secondary institutions and the government, highlights the value the government sees in post-secondary [...]"

"Overall, Budget 2015 is a welcome change from the slash and burn budgets we've seen in the past. The reckless policies put forth by former governments hurt the province and helped push Alberta into the difficult financial predicament it's in now.

"There is still a need for the province to tackle the serious shortfalls that keep Alberta in a state of revenue uncertainty. We're hopeful this will be addressed in the near future.

"In general, the NDP's first budget sensibly invests in jobs, services and infrastructure in an effort to repair the damage done by former administrations."

Note

The Alberta Federation of Labour (AFL) and the Alberta Teachers' Association (ATA) responses to the Alberta Budget were previously published in [TML Weekly, October 31, 2015](#).



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