



**Brief submitted by  
the Fédération de la santé et des services sociaux (FSSS-CSN) and the  
Fédération des Professionnelles (FP-CSN)**

**To the On-Going Program Review Committee**

**September 2014**

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## **Background**

The Fédération des professionnelles (FP-CSN) represents more than 8,000 professionals and technicians working in various sectors of work. It joins voices with the Fédération de la santé et des services sociaux (FSSS-CSN) in presenting this brief.

The Fédération de la santé et des services sociaux (FSSS-CSN) represents close to 130,000 workers in the public and private sectors of health care and social services and in childcare services. In the public sector, it represents almost 110,000 people in all classes of personnel and all regions of Québec. Thanks to its strong representative position, it can develop expertise on all the major issues in health care and social services. Since it represents workers in all classes of personnel, the FSSS has an overview of the system and can combine the concerns of its members in what it says and does.

In addition to its members in the public sector, the FSSS represents almost 20,000 workers in private sectors: child care, pre-hospital services, family-type resources, intermediate resources, private institutions, private residential care centres and community organizations.

The FSSS is one of eight federations in the Confédération des syndicats nationaux (CSN). The CSN is a union organization with a membership of more than 300,000 workers, mainly in Québec.

## **Our appearance before the Committee**

The members of both the public and private sectors of the Federation feel concerned by this program review process, both as workers and as citizens. After all, we represent 130,000 citizens who have been contributing to the collective effort for years.

Your government seeks to reduce the role of “citizens” to that of “taxpayers”. Like all citizens, our members contribute by paying taxes and by participating in the economic life of society, while contributing to the collective effort to make Québec better in various ways, notably by devoting themselves wholeheartedly to their work each day, with the goal of offering the citizens of Québec high-quality services.

The CSN has had the opportunity to present its vision to this committee. As a federation belonging to the CSN, we agree with and endorse all the findings and recommendations defended in the CSN’s brief.

The Federation has chosen to participate in this committee’s process despite the fact that the government has decided to drag Québec into a dubious exercise whose real nature was only disclosed after the last election. It’s certainly true that straightening out public finances

was an issue in the election campaign, but this is something that can be done in various ways. And austerity was never on the table. We now know that the exercise in which you have invited us to participate boils down to identifying the programs that should be cut or for which fees should be introduced or raised. This can hardly be denied when one looks at how the Committee was created, who sits on it, how the public consultations are conducted and how the government has chosen to engage the debate.

There is already talk of income-based sliding-scale fees for childcare services. There are already cuts to direct services to the population in health care and social services, and we are told that other painful choices will have to be made. There is every indication that the government is not interested in the fundamental question of the needs of the population and has no desire to open up broad debate on the issue of our public finances or the role of government in our society. Our understanding of this operation is that ultimately it will simply further the process of dismantling public services that has accelerated since 2003. We are not taken in.

We deplore this government operation all the more because we consider that the time is ripe for a major debate on the question of Québec's public finances. Like a number of citizens and organizations in civil society, we think it's time to hear all the viewpoints and collectively define what we want the future of our public services to be. This would mean looking not just at public "spending" but also at government revenue and the role of government in our society. Such a dialogue would make it possible in particular to know what citizens really want regarding the funding of public services. Indeed, if we rely on a pan-Canadian survey done in 2012, a majority of citizens would be ready to pay more taxes in order to protect social programs and reduce social inequalities.<sup>1</sup> We also think that it is possible to reduce social inequalities without affecting the taxes or fees already paid by the majority of citizens.

With the emergence in recent years of vast grassroots movements mobilizing in support of a strong social State, we think that the government has a duty to hold debates in which the situation in its entirety is presented. Unfortunately, this committee, in both its mandate and the public relations operation surrounding it, is headed in the opposite direction. The committee is basically being used to lend legitimacy to government decisions promoting austerity: it amounts to missing a historical opportunity.

The government is very careful to systematically present public services as spending, whereas in actual fact they are investments that benefit the population as a whole.

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<sup>1</sup><http://www.ledevoir.com/politique/canada/347143/sondage-pancanadien-hausser-les-impots-pour-reduire-les-inegalites>

Ironically, when it comes to using public funds to bail out multinationals or subsidize business, the government talks about investments, but when it comes to investing in public services in health care and education, the government calls it spending. Its bias is so evident that it's worth asking who the government really represents: private investors or Québec citizens?

Your government argues that cuts to public services are necessary in order to ensure the future of young people! But what young people are you talking about, given that current public investments mean that:

- we pay the lowest fees for childcare in North America, for high-quality services;
- we pay the lowest hydro rates in North America, and Hydro-Québec is accountable to the people of Québec (unlike the oil companies, against which we are powerless);
- we pay less for auto insurance than anywhere else in North America, and the public insurer is accountable to the people of Québec;
- we have access to the most worthwhile maternity and paternity leave in North America;
- once a person is inside the health-care system, we have a very high satisfaction rate.

Not to mention the tremendous value of our public investments in key sectors like education and culture.

These public investments are easily worth several hundred thousand dollars over the life of a young family, which really can't afford to do without them. The government will never be able to promise enough in tax refunds to compensate for the additional costs that young people will have to pay for these services if they are cut back or privatized in whole or in part. We have made a collective choice to establish social programs, notably because it is a way for the entire population to have access to better-quality services at a lower cost.

The government has obviously chosen not to frame the debate this way. Nevertheless, it is a debate that cannot be avoided.

Despite this, we have decided to participate in this committee, whose mandate, as defined by government, consists in conducting a continuous evaluation of government programs for the purpose of refocusing government action on priority programs. For even though the process is off to a bad start and is biased in our opinion, it is important to reaffirm that government must indeed start setting priorities for its action and that this exercise must necessarily be framed in terms of what the government's real priority should be: fighting inequalities.

## Fighting inequalities

It's common knowledge that inequalities are on the rise all around the world. In the past 20 years, the wealthiest are the ones who have basically profited from economic growth, while the conditions of the middle class and poorer people have deteriorated. The overall result has been to contribute to growing inequalities in income and wealth.

Canada's record regarding inequalities is especially bad. Canada is one of the industrialized countries with the worst income gap. According to the OECD, 37% of income growth in Canada from 1981 to 2012 went to the wealthiest 1%, who now pocket 12.2% of the country's annual income.<sup>2</sup>

Québec is no exception: the trend here is to a concentration of wealth in the hands of the more affluent and therefore to growing inequalities.<sup>3</sup> After-tax income has grown faster for the wealthiest 1% (+88% from 1982 to 2011) than for everyone else (+14%).<sup>4</sup>

In this regard, Canada and Québec basically follow the trend observed in Anglo-Saxon countries. These are the countries that have done the most to implement neo-liberal measures and where social inequalities have become the starkest since the 1980s.<sup>5</sup>

The major differences among various countries when it comes to growing social inequalities show how eminently political a question it is, necessarily requiring a political response. Delving into social inequalities notably means doing a comparative analysis of the various socio-economic models developed around the world and realizing that there are a number of alternatives. One major aspect stands out: there are other alternatives to austerity and growing inequalities, contrary to what the government would have us think.

Looking at income, the growing inequality is largely explained by the growth in the incomes of managers. As well, the increasing accumulation of wealth triggers an increase in the ratio of capital to labour whose consequence has been that in the early 21<sup>st</sup> century we find ourselves in a situation similar to that of the early 20<sup>th</sup> century.

Capital has grabbed a larger and larger share of national revenue since the 1980s in most Western countries. As Thomas Piketty explains in his latest book, *"If we consider the total*

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<sup>2</sup> <http://affaires.lapresse.ca/economie/canada/201404/30/01-4762383-ecart-du-revenu-le-canada-parmi-les-pires-estime-locde.php>

<sup>3</sup> <http://www.iris-recherche.qc.ca/publications/1pourcent>

<sup>4</sup> <http://www.ledevoir.com/economie/actualites-economiques/406186/Etats-unis-la-classe-moyenne-perdu-terrain>

<sup>5</sup> Thomas Piketty, *Capital in the Twenty-First Century*, Harvard University Press, 2014. The reference is to page 508 of the French edition

*growth of the US economy... from 1977 to 2007, we find that the richest 10 percent appropriated three-quarters of the growth. The richest 1 percent alone absorbed nearly 60 percent of the total increase of US national income in this period.... for the bottom 90 percent, the rate of income growth was less than 0.5 percent per year.”*<sup>6</sup> The parallel growth in inequalities of income and capital is one of the fundamental issues for a society like ours.

The gap widens a bit more every day between the richest and the poorest, to the extent that today it is a threat to development. Both the OECD and the IMF now recognize that the cuts to public services have had negative effects. Everywhere that austerity policies have been applied, they have made inequalities worse without stimulating economic growth. Furthermore, the concentration of wealth promotes the emergence of speculative bubbles, causing financial instability. There is no longer any doubt that for economic and social development, austerity is clearly not the solution.

The OECD now says that economic growth must go hand in hand with reducing inequalities.<sup>7</sup> To stimulate economic recovery, the IMF is now calling for more public spending combined with increased government revenue through progressive taxation.<sup>8</sup> Yet all the signs point to the government preparing to do exactly the opposite. The choices the government seems to be making will aggravate inequalities. If the government persists with its policy of austerity, everything suggests that it will plunge Québec into a downward spiral that will doom us to weak economic growth combined with social and economic instability. While the government claims that it wants to preserve Quebecers’ freedom of action, it will ultimately put obstacles in the way of Québec’s future. Austerity is the wrong medicine for Québec society and pursuing this path will only make things worse.

We therefore consider that it is imperative for the Québec government to make the fight against social inequalities its priority. This, in our opinion, is the only perspective from which any serious examination of government programs and the role of the State can be made.

There is no doubt about the benefits of an egalitarian society. It is, of course, a moral and ethical matter, but it is also a matter of establishing the essential conditions for Québec to develop and flourish economically and socially. There is no justification for this review process resulting in measures that would increase inequalities.

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<sup>6</sup> Thomas Piketty, *Capital in the Twenty-First Century*, Harvard University Press, 2014.

<sup>7</sup> <http://www.oecd.org/fr/eco/croissance/lessincomeinequalityandmoregrowth-aretheycompatible.htm>

<sup>8</sup> [http://www.ledevoir.com/documents/pdf/fmi\\_taxing\\_times.pdf](http://www.ledevoir.com/documents/pdf/fmi_taxing_times.pdf)



Yet the government seems to be targeting social programs and public services, even though they are powerful mechanisms of redistribution that contribute decisively to reducing inequalities. Distributive mechanisms should be not just protected; they should be accentuated. This is notably the case with educational childcare services and health care and social services: instead of turning them over to market forces as the government advocates, they should be improved and expanded in the public sector.

### **Educational childcare services**

An end to universal low-fee childcare services has been evoked in the debate around this committee as a good example of a measure that would take Québec backwards instead of forwards. It can't be denied that any impediment to access to these services – because of either a shortage of spaces or higher rates – would have negative repercussions on how Québec's children succeed at school, and thereby aggravate inequalities. Inequalities take root in the first years of life, and there is scientific consensus that the earliest educational experiences play a decisive role in children's development.<sup>9</sup>

Not to mention the negative impact of taking many women out of the labour market. There is no doubt that more affordable child care has a positive impact on women's labour force participation rate and government revenue, which helps balance Québec's budget. More than 70,000 mothers have been able to have jobs thanks to this program, corresponding to an increase of \$5 billion in Québec's GDP.<sup>10</sup> The program is unquestionably profitable for Québec.

It is irresponsible to present these services as costs, when the education of our children is undeniably the best investment that we can make collectively. It is just as irresponsible to compromise the principle of access for all to these services, on the pretext that some "wealthy" don't pay as much as they should. Does the government want to choose which children wouldn't have access to these services? Has it taken into account the cost of the additional bureaucracy that would be the inevitable result of implementing a sliding scale of rates geared to parents' income?

The benefits of Québec's subsidized childcare services have been amply demonstrated. Not only should we not curb access to these services, but in fact these services should be expanded to give all children in Québec access to them, something that isn't the case right

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<sup>9</sup> [http://www.frqsc.gouv.qc.ca/upload/capsules\\_recherche/fichiers/capsule\\_63.pdf](http://www.frqsc.gouv.qc.ca/upload/capsules_recherche/fichiers/capsule_63.pdf)

<sup>10</sup> [http://www.usherbrooke.ca/chaire-fiscalite/fileadmin/sites/chaire-fiscalite/documents/Cahiers-de-recherche/Etude\\_femmes\\_travail.pdf](http://www.usherbrooke.ca/chaire-fiscalite/fileadmin/sites/chaire-fiscalite/documents/Cahiers-de-recherche/Etude_femmes_travail.pdf)

now. It is in the interests of everyone for each child to have a place in quality educational child care, and this should be our main objective in this area.

In short, we should immediately rule out any measure affecting educational childcare services if its main objective is not to promote access and the quality of services. Any compromise in this regard is unacceptable, in our opinion.

## **Health care and social services**

Not only do inequalities result in health problems, they also kill on a large scale. This was what the World Health Organization (WHO) concluded in a 2008 report that found that the life expectancy of a child born in a poor neighbourhood of a rich country could be as much as 30 years less than that of a child born a few kilometres away.<sup>11</sup> In the least egalitarian countries, five times more people suffer from mental illness, six times as many are in jail and six times more are obese.<sup>12</sup>

It must be admitted that at a time of growing inequalities, cutting back on health and social services programs is not the way to improve conditions in our society; on the contrary.

Yet in both Canada and Québec, the erosion of public health and social services programs can't be separated from the fact that, especially among the poorest families, households are spending more and more on health care. According to Statistics Canada, health-care expenditures by low-income families rose by 63% between 1997 and 2009, reaching \$1,000 today. For the wealthiest families, the increase ranged from 36% to 48%, averaging \$3,000 annually.<sup>13</sup> As you can see, when the coverage of public programs is inadequate, the impact is felt most by those who are worst off, and this accentuates inequalities.

In Québec, successive governments in the past two decades have gradually withdrawn from health care, opening it up to the private sector. But the members of this government are making the situation even worse. Private spending on health care in Québec reached an average of \$2,520 per household in 2012 – 10% more than the Canadian average and more than in any other province apart from British Columbia.<sup>14</sup>

It seems quite clear that cutting back on health care and social services for children, adults or seniors facing health problems is no way to collectively improve our social or economic

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<sup>11</sup><http://www.who.int/mediacentre/news/releases/2008/pr29/fr/>

<sup>12</sup><http://www.uqam.ca/entrevues/entrevue.php?id=815>

<sup>13</sup><http://www.lapresse.ca/actualites/sante/201404/16/01-4758380-soins-de-sante-non-rembourses-les-familles-les-plus-pauvres-ecopent.php>

<sup>14</sup><http://www5.statcan.gc.ca/cansim/a05?lang=fra&id=2030021>

situation. When authorities cut a program aimed at preventing a health problem, or when they cut a program that would do a good job of taking charge of a health problem at the right time, they are ultimately just aggravating a problem that will then be all the more costly to address. Cuts like these are hard to accept, even from a purely economic viewpoint. Failing to take preventive action on social problems greatly limits the productivity at work of many individuals and transfer the cost of this collective inaction back to society as a whole.

This committee's review seems to boil down to identifying which programs to cut. It makes you wonder if the government is asking us to choose which of us will not be cared for if we are sick, which child with problems should be abandoned to his or her fate or which person with mental health problems should be left to her or his own devices...

"Can bureaucracy in our health-care system be reduced without affecting care?" The answer is yes, Health and Social Services Minister Gaétan Barrette told journalists.<sup>15</sup> For more than 20 years, successive governments have been telling us that it was possible to cut back on the bureaucracy while maintaining services. Yet after 20 years of merging institutions and modifying structures, the only results are cutbacks in services and more supervision. And for 20 years, they have been abandoning whole chunks of publicly funded services to the private sector.

The government has announced its intention to carry out yet another reform of structures in health care and social services. We certainly don't believe that a structural reform is needed to improve access to and the quality of services. In fact, this government is repeating the promises it made in 2003 when it created the health and social services centres (CSSSs). We were supposed to see less bureaucracy, major savings and a better quality of care. Yet the past 10 years have seen a 30% increase in the ratio of supervision in the system, an increasingly hospital-centred approach at the expense of social services and prevention, and phenomenal growth in recourse to the private sector, more medical power and substantial bureaucratization – at the expense of numerous services for the general public.

If we want to improve the situation quickly, we have to immediately stop moving in this direction! After 20 years, it simply isn't credible. What's needed instead is to define the objectives we want to achieve in terms of public health and well-being and then identify the means at our disposal to reach them.

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<sup>15</sup><http://www.lapresse.ca/actualites/sante/201406/25/01-4778787-barrette-vise-des-compressions-de-600-millions-en-sante.php>

While we are invited to participate in this deplorable exercise of choosing where to cut, all the components of the health and social services system are looking for solutions to improve our public services. This is a promising path to pursue and a process that the government should support wholeheartedly. Unfortunately, Minister Barrette chose not to attend the *First national rendez-vous on the future of the public health and social services system*. It is to be hoped that he will be part of the discussions at the *Second Rendez-vous* in December. More than ever, the components of the health and social services system are focussing on solutions to ensure the sustainability of the system. It's important to listen to these experts, because they know ways of improving access to health care and social services, which is the priority for the population of Québec.

If the government wants to act quickly while taking into account the needs of the population for health care and social services, it should immediately end all forms of fees in health care and social services and expand public coverage in the areas where it is still incomplete. The government should also put an end to all public-private partnerships in health care which channel funds into private interests instead of funding services. There are substantial savings to be made here. As well, the government should avoid plunging the health and social services into yet another reform of its structures. That's not where the solutions are, and after failing to produce any results through playing around with structures for the past two decades, the government should finally leave it up to participants in the system to come up with the solutions for improving it.

In short, if we want to curb growing inequalities and foster economic development, we have to put a stop to the Americanization of our health-care system, a process that has been picking up speed since 2003. In health care and social services, the funding, management and delivery of services must stay public. The solutions must not take the form of commodifying citizens' health. Any increase in rates or private financing would furthermore have the effect of making our system collectively more expensive for us.

## **Conclusion**

As you can see, we are profoundly convinced that it is in the interests of everyone – the wealthy and those who aren't wealthy – to live in a society of equality and solidarity. As recent history has shown, and as is admitted by a large and growing number of international organizations and economists, any increase in inequalities carries with it a growing inability for States to ensure economic and social development. This, in contradiction of their mission. We are convinced that the fight against inequalities must be your government's absolute priority.

It's important not to lose sight of the fact that the reason inequalities are so great as to jeopardize the economic and social development of many countries today is that they are the result of the mechanisms of the free-market economy, which are increasingly unfettered by government intervention. We now know that austerity policies are policies that exacerbate these problems, because they usually amount to cutting back on public services and giving a greater role to market forces. We have to do everything possible to resist the idea of implementing false solutions that will make the situation worse.

Furthermore, there is no denying that women are the ones who will mainly bear the burden of austerity policies. Three quarters of our members in the FSSS are women. Traditionally, and still today, health and education are primarily women's concerns. In addition to the threat of numerous job losses, women will be expected to fill the void caused by cutbacks in services. Cuts in public health care and social services transfer an enormous burden to women – a disgrace in a society like ours.

This is one of the reasons why we deplore the fact that the government seems to want to ignore the issue of government revenue. Can there be any doubt about this, given that the government's main message is aimed at convincing the general public that there is no alternative to cutting back on government spending?

Yet growing inequalities all around the world over the last three decades are certainly not because of a lack of economic growth. Instead, it's because wealth is being concentrated in the hands of fewer and fewer people and governments are having more and more trouble getting the big owners of capital to contribute to collective efforts.

As well, many government decisions have had the consequence of depriving us collectively of billions of dollars in revenue. Why does the government seem to rule out right from the start the possibility of increasing its revenue? Why not fund public services by attacking the tax havens that collectively deprive us of billions of dollars in revenue? Isn't it precisely the prerogative of the State to collect the revenue needed to establish the programs required to ensure economic and social development? If so, it is deplorable to see the erosion of the use of progressive taxation to fund public services. In recent years, various new laws have turned to the user-pay principle, in diametrical opposition to the principle of universality that is central to the development of our public services. Instead of always falling back on new fees, why not rely instead on progressive taxation of income, which has the great merit of curtailing the sizeable growth in inequalities? Why not bank instead on tax reform that would let the government get the wealth from where it has been concentrated in recent years?

We are deeply concerned by the lack of political will to establish new public programs that would save billions of public dollars while maintaining the current array of public services.

What explains the fact that the current process focuses solely on program review, when it could have looked at a whole set of solutions to save public funds? For example, why not discuss the introduction of an entirely public drug insurance plan, which according to a number of experts would result in savings of more than a billion dollars a year?<sup>16</sup> Why not make additional efforts to limit the use of private personnel agencies in health care and social services, when it has been shown that this contracting-out is more expensive?

The result, unfortunately, is not just to restrict services for the population yet again, but also to foreclose any comprehensive consideration or analysis of the state of our public finances and even the role of the State. The narrow definition of the exercise proposed by the government will make it impossible to examine the entire situation. Yet such an examination is more necessary than ever.

Consequently, it limits the emergence of innovative solutions to save public funds. Because of the refusal to openly discuss the overall shortcomings of our current system and the refusal to consider the current problem in terms of revenue, we are reduced to asking ourselves which children will have their future jeopardized, and which sick people will be abandoned to take care of themselves.

Another consequence of the measures proposed by the government would be to offload onto workers in the middle class the burden of costs previously borne by the community as a whole, thus aggravating the precarious situation of the middle class.

And yet it would be possible to rely on the solidarity of Quebecers to develop new solutions through intensive and fruitful debate. Instead, the main impact of this committee will be to lead to an erosion of economic and social solidarity that could have very substantial negative consequences. For this reason, this committee risks jeopardizing what has always been one of Québec's strengths.

The people of Québec didn't give the government a mandate to aggravate inequalities or cast doubt on the legacies of the Quiet Revolution. The people of Québec are attached to the values of solidarity and social justice. In our opinion, if your government intends to use the results of this consultation to transform and overhaul Québec in depth in opposition to these values, that would be illegitimate. It would leave Quebecers wondering who exactly do you represent, and what distortion of our democracy results in you not governing in the general interests of the people of Québec.

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<sup>16</sup>Marc-André Gagnon et Guillaume Hebert, *Argumentaire économique pour un régime universel d'assurance-médicaments*, IRIS research report, September 13, 2010.

If program changes must be made, you have a moral duty to show Quebecers how such changes will reduce inequalities and contribute to the economic and social development of Québec. The education of our children and the health of the population are part of the State's fundamental responsibilities and fundamental components of Québec's social pact. Putting into question the accessibility and scope of these programs could have major social consequences.

Ultimately, the fundamental question is that of the future of our children and the kind of society that we want to leave them. Unfortunately, it would seem that it is not through this committee that we are going to find answers.