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RESTRAINT ECONOMICS AND THE NEW RIGHT:
A Structural Analysis of the Political
Economy of Social Services Cutbacks

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ABSTRACT

Restraint by government in the area of social service spending in the 1980's has become an issue of grave concern for social service practitioners, planners, and administrators. The emergence in North America of neo-conservative economic policies has engendered a body of critical and provocative literature which examines the effects of "restraint economics".

Recent work in geography has sought to locate the supply-side trend within a framework of macro-level processes. These suggest that a declining public commitment to maintaining the social safety net is linked to broader structural changes in the workplace and spatial shifts of capital and industry (Dear & Clark 1981, Peet 1983, Soja et al 1983, Ross R. 1983).

These trends have not been as well documented in Canada. Yet, there is much to suggest that policies introduced by the British Columbia government in 1983 reflect, on a regional scale, the same patterns and processes inferred by geographers in the U.S. context.

Introduction

Fiscal restraint has, in recent years, become a fundament of the social policies of many Western Governments. This paper examines issues of restraint economics in a general way while making reference to political events experienced in British Columbia, Canada, from May 1983 to March, 1984. The intent is to derive, from the British Columbia (B.C.) situation, a framework for some generalizations about the emerging character of the Western capitalist state, the collectivist-conservative debate, and the political and ideological struggles which coalesce around the target of much restraint legislation - social services.

For heuristic purposes, the Marxist framework provides the most cogent analytical approach for the identification of the structure of social and political relations inherent in these issues. Current events in B.C. may be interpreted within the parameters of a political economy analysis which holds as a critical variable the tensions and contradictions which prevail between capital, the mode of production, and labour. In concert with this dialectic, the attendant consciousness which pertains to the right and left of the political spectrum are also considered. The following discussion does not attempt a chronology of the Social Credit government legislation and the consequent labour confrontation, rather, specific elements of the legislation are drawn to illustrate the structure and process of the political relations of capital as expressed in recent North American experience.

Setting the Scene

On May 5, 1983, the incumbent Social Credit government of Premier William Bennett was returned for its third consecutive term at the helm of the province of British Columbia. The Social Credit Party has a long history in Western Canadian Politics and runs on a strong pro-business, "free enterprise" platform. Premier Bennett, armed with a considerable parliamentary majority in the legislature, began to act immediately to reduce public expenditures and raise provincial revenues as part of a restorative plan for the ailing provincial economy. The government intends to encourage increases in private sector investment, in part, by a downsizing of government bureaucracy and through deregulation in the market place and in the area of labour/human rights.

On July 7, 1983, the government brought down twenty-six new pieces of legislation along with a new provincial budget. Characterized by the government as a "restraint package", the scope of this set of policies constituted a radical departure from what had hitherto been a pattern of incremental growth in social programs and sought economic recovery through the provision of an environment attractive to private investors. Dubbed the "recovery program", the aim of this set of policies, in the words of Premier Bennett, is "to make B.C. a place in Canada and North America where business and industry will find it profitable to employ our people" (Vancouver Sun, Oct. 15, 1983).

In pursuit of this goal, the legislative agenda includes provisions such as property tax breaks; less commitment to protect the rights of unionized employees; less enforce-

ment of existing human rights provisions (and lower penalties for breaching them); the abolition of rent controls; and the elimination of the office of the Rentalsman, a body through which landlord-tenant disputes were mediated. The legislation package also includes a bill which restricts the power of regional districts by centralizing municipal planning function in the provincial capital, Victoria. This legislation gives the province greater control over the management of development and investment and will appeal to investors anxious to avoid costly delays caused by the adjudication process of municipal planning offices.

The tough new policies of the provincial government also saw reductions in monetary transfers to non-profit social service agencies; reductions in welfare payments to some classes of recipient; and the elimination of government-delivered services to certain groups, among them, women, children, and tenants. As such, these policies entailed a re-ordering of government priorities from the maintenance of the social safety net to removing the obstructions to investment. The government also put into motion a plan to reduce the provincial civil service by 25 percent, and imposed restrictions on public sector unions and salaries, thereby signalling to business that taxes would be kept down and the interests of the market place protected.

However, while in the government's view, the environment for capital investment thrives upon the removal of roadblocks such as intransigent unions and "excessive" social spending, their efforts backfired through the creation of an unstable political climate in the province, characterized by a labour-government antagonism which would have alarmed many investors. The traditionally militant public

sector unions, in a coalition with community, labour, and political groups, and with the endorsement of professional association and private sector unions, galvanized support for a province-wide general strike.

The strike, orchestrated under the banner, "Operation Solidarity", resulted in a political crisis for the government and threatened to escalate with private sector unions pulling their workers off the job, effectively shutting-down the entire province. While a chronicle of the strike is an interesting study of decision making and negotiation under siege, the intention of this paper is not to present a political diary of events. It is important to note, however, that in the legislative session preceding the strike, the government had attempted what many analysts regarded as "legislation by fiat". The government invoked "closure" on more than twenty occasions, thereby stifling all debate on the bills before the house - an unprecedented exertion of political will - and the sitting culminated in the physical ejection of the Leader of the Opposition on the directive of the Deputy Speaker. The Leader of the Opposition was subsequently banned from the Legislature.

The tone was set. Confrontation was to be the dominant mode of political action in the ensuing weeks and to the social and financial costs inherent in the re-ordering of government priorities was to be added the cost of two-week escalating public service strike. On November 13, 1983, relative clam was once again restored through concession and agreements by the government promising more open consultation not only on matters of wages and tenure, but upon the structure of the restraint package as a whole. The negotiations between "Operation Solidarity" leaders and the British Columbia Government included human

rights, tenant's issues and other service-related programs which were being reduced or eliminated by the legislation. Some of the content of the legislation so far mentioned has been altered. Much of it has already passed into law. While there was concession on both sides, the fundamental issues are far from resolved and, at this writing, the prospects for a labour peace in British Columbia seem tenuous at best.

The Polemics of Restraint

The evolving political scene in B.C. has sparked a flurry of political analysis and prognosis, the retrenching of both reactionary and revolutionary sentiment, and has provoked the concern of academics and health and welfare professionals. The unemployed, students, women, children, the disabled and native Indians have felt the sting of restraint, as have unionized workers, provincial employees, and even university faculties faced with reduced budgets and a threatened repeal of the tenure system. The controversy has renewed discussion of the political philosophies of right and left, one aspect of which is a desire to infer from local and national events the structure, both existent and emergent, of national and global capitalist social relations.

It is relevant, here, to mention the "political psychology" of the restraint package, especially as the debate has polarized around the philosophical constructions of social provision and the role of the State. The provincial budget and the attendant legislation has been touted by the Social Credit Party as an effort to "get government off the backs of the people". While it is question-

able just which "people" are intended here, it is important to bear in mind that in the "new right" political view, typified by the governments of Regan and Thatcher, the unrestrained market offers the best potential for public security via "filter-down" effects flowing from an invigorated private sector. Of course, the strongest caveat which arises in opposition to such a view is that the free market model offers few incentives for the equitable redistribution of what Kirby (1982, 1983) refers to as the "public wage" - those benefits which derive from a pool of collective resources.

In a televised address to the province on October 20, 1983, Premier Bennett explained his governments plan for "renewed prosperity:

To reach beyond our border, for new investments, new industries and new technologies, requires a coordinated strategy. Because we cannot spend our way out of the recession, we will have to earn our way out of it... We must encourage investment, and must encourage risk-taking.

(Vancouver Sun, Oct. 21, 1983)

The Social Credit government, in a Party publication entitled "Recovery 83" (T. Segarty, M.L.A. 1983), perceives itself as responding to the "fierce competition for world markets" by long-term expansion of the "window of opportunity: for the province. In this same publication, a very telling assertion typifies the new-conservative leanings of the Social Credit Party vis-a-vis the collectivist stance of the opposition New Democratic Party (N.D.P). Regarding the elimination of "Child Abuse Teams" which operated under the auspices of the Ministry of Human Resources, this "information" publication says:

We know the N.D.P. thrives on human misery. They'd like everybody to be dependent on government because when people are dependent, they're more susceptible to their brand of fear tactics.

(T. Segarty, 1983:15)

On the other side of the debate, critics of the government have labelled its policies as "revenge", claiming that the legislation is, in part, an effort to punish public sector unions and dismantle programs introduced by the former N.D.P. government (Vancouver Sun, October 15, 1983). Dr Paul Tennant, professor of political science at the University of British Columbia, claims that "ideological vengeance" is a major motive behind the legislative package. Tennant refers to the legislation as a "reorganization of priorities", given an economic rationale, and notes that while money is being saved on programs the government does not like, "significantly more money is being directed into programs the government does like" (Vancouver Sun, October 25, 1983). Underlying the proposals, says Tennant, is the "centralization of power with the government itself, in the premier's office". Tennant further observes that the government has succeeded in "setting the vocabulary" and that "who ever sets the vocabulary wins the debate" (Vancouver Sun, October 25, 1983).

The rhetoric arising out of B.C.'s political turmoil has not lacked for its measure of vitriol. Still, for all the polemical excesses from left and right, the theatrics behind the debate serve to define the roles of the various actors. New Democratic Party M.L.A. (Member of the Legislative Assembly) Gordon Hanson referred to the Social Credit proposals

as "ideological provocations" which would have damaging repercussions for both the province and those disadvantaged sectors of the population who can least withstand the effects of cutbacks in services (Vancouver Sun, October 21, 1983). Professor T.T. Paterson of the School of Business Administration, Simon Fraser University, writes:

The government has turned to a procedure of eliminating several services...that would be regarded as of considerable public value: helping the poor, the infirm, the unfortunate. That method of reducing government, "cutting out unprofitable lines", is typical of business practice, where it is rightly applied. But the public service is not a business, and its "lines" shouldn't be measured in money terms. To that extent government is failing in its public duty and has failed to follow up its first approach on productivity.

(Letter to the Editor, Vancouver Sun, October 15, 1983).

N.D.P. Human Resources critic, Rosemary Brown, sees the restraint program as a sign of further moves against public sector workers in the rest of Canada:

My fear is that B.C. is not only an aberration but a hint of things to come... The B.C. government is clearly reactionary and anti-union, anti-elderly, anti-disabled, anti-women and anti-people in general.

(Vancouver Sun, October 27, 1983).

Federal Liberal Party President, Iona Campagnola also regards the "politics of the right" with some alarm:

B.C. is the political distant early warning line for Canada just as surely as California has been the birthing place for Reaganite extremism in the United States.

(Vancouver Sun, October 17, 1983).

On the other side, party supporters at the Social Credit annual convention in October labelled the persons behind "Operation Solidarity" as "communist infiltrators" (Vancouver Sun, October 15, 1983). In the same vein, an address by outgoing president of the Social Credit Women's Auxiliary, Barbara Foxwell, regarded opposition to the government's legislation as a "battle" which, if lost, "will mean the destruction of democracy as we know it." (Vancouver Sun, October 14, 1983).

Restraint: Economic Chimera or Political Red-Herring?

When public or private social service agencies are singled out for cutbacks in staff or funding, it becomes problematic to deliver social services and yet maintain an acceptable level of service quality. There are several measures of efficiency and effectiveness commonly employed in this regard, each with its own inherent difficulties of accuracy and depth. Although it is inappropriate here to examine the various of program efficiency, it is important to realize that the provincial government in B.C. is actively promoting a private market model of "productivity" when assessing the worth of programs.

Government cutbacks have proceeded on the assumption that churches, voluntary agencies, local governments and families are not only willing, but able to "pick up" services form-

erly offered by the province. The Social Credit Party seems to adhere to this assumption as an article of faith, ignoring the fact that current levels of voluntary sector provision have been achieved through increased dependency on government funding. Neither can local governments "step into the breach", constrained as they are by a limited tax base. Nor is it reasonable to expect lower levels of government or the private sector to assume responsibility for the accelerated breadth and severity of social problems in the province.

The second highest rate of unemployment in Canada (15.7 percent for April, 1983) coupled with overall reductions in public and private social service capability, and further restrictions on eligibility for social assistance have created a strain on the formal service network - evidenced by the proliferation of food banks in the urban areas of the province. Added to this are the apprehensions of clients and service professionals regarding the "privatization" of services formerly under provincial auspice. A range of services for women, children, and the mentally handicapped have been tendered for contract to the non-profit and the entrepreneurial sectors without the benefit of any rigorous criteria for standards of service.

In an analysis of the budget speech by the Minister of Finance, Dobell (1983) isolates two main concepts which are often repeated: 1) the government's ability to pay; and 2) the concept of productivity. Applied to public sector human services, Dobell asserts that neither concept can bear the weight put on them (Dobell 1983:7). In this regard, Doyle (1979) observes that economic analyses of social services or policies are inadequate to assess their worth and need - all benefits cannot be included in their calculation be-

cause in terms of effectiveness and organization, they are totally unlike any entrepreneurial activity (Doyle 1979:53). Rational budgeting approaches are based more on satisfying the needs of the system (supplier) than they are on the needs of the consumer (Doyle 1979:54). In fact, it is commonly remarked by voluntary sector workers that the accountability and monitoring structures imposed on them by government funding bodies often form the basis of the rationale for budgetary cuts, despite the ambiguities of the assessment system itself. The inference is, of course, that economic or productivity rationales may become convenient mechanisms to facilitate political as opposed to rational decisions.

What has been consistently ignored by the advocates of recession economics are the costs - personal, social and monetary - of cutbacks in publicly mandated services. A report prepared by the B.C. Association of Social Workers entitled Loosening the Fabric (1983) examines the public and private costs inherent in the termination of a Family Support Worker Program. The report notes that, while the program, designed to avoid the removal of children from their families, represented only 0.49 percent of the total Ministry of Human Resources (M.H.R.) budget, the costs of replacement services such as special care foster homes, alternative schools, house arrest, detention and court appearances are vastly in excess of the current expenditures for a preventive program (Currie and Pishalski, 1983). Subsidized Legal Aid has also been drastically reduced in B.C., which, when combined with the loss of the office of the Rentalsman, the Human Rights Branch and Budget cutbacks in the office of the provincial Ombudsman, severely limits the accessibility of the poor or the near poor to avenues of appeal or redress.

There is a widely held view among social service professionals in B.C. that the devolution of public responsibility for social services will have several negative effects: 1) privatization will lead to an overall reduction in the quality of service; 2) services will become increasingly residual and remedial; 3) agencies will respond increasingly to political rather than social contingencies; 4) patterns of social inequity will broaden and deepen; 5) the availability of adequate service will constrict while the net costs of social problems to the province and the federal government will rise as a result of individual problem regression and problem diversion. Jack MacDonald, of the University of British Columbia School of Social Work, has addressed this set of effects with regard to family-oriented programs in the province:

In July of this year, it was announced by the Minister of Human Resources that these various Ministry programs of family support would be discontinued as part of the Government's program of fiscal restraint. Our Association has protested this initiative on the basis that it will place more children in jeopardy in the short run and be more costly to society in the longer term. However, we also wish to draw to public attention that the discontinuation of these programs reflects an abandonment of public responsibility for needed child welfare services at a critical period in the history of the province (MacDonald "Child Protection Services and Privatization: A Proposed Position Statement for B.C.A.S.W.", 1983 unpublished).

These concerns hint strongly at many of

the problems of the market place model of social service delivery. While Governments who espouse the free-market ethic continually exhort the private sector to assume responsibility for service "gaps", they do not provide a framework to facilitate the process. There has, in British Columbia, been a paucity of rational planning by government and little, if any, research exploring the possible hidden costs of the cessation of programs. The devolution of mandated services and public responsibility has not been accompanied by a decentralization of decision making authority and while the government claims that privatization will enhance the power of the consumer of services, there has been no effort at consultation with client or community groups.

As one begins to look beyond the philosophical rhetoric and beyond the appeals to restraint, one begins to form an impression that the fiscal policy of government is something more than a response to issues of dollars and cents. While there are serious problems with revenue and administration in all government departments, those programs targeted for restraint seem to be assessed more on the basis of philosophical criteria than the imperatives of rational management. There appears to be a pervasive notion among proponents of the "right" that dollars spent on social welfare are lost to the economy. The social returns, for example, of preventive programs for juvenile offenders, seem not to enter into the political or economic accounting of government ministers. Certainly, not all of the organizational or management alternatives for a more rational social service have been explored - many, one might postulate, have not been considered simply because they are ideologically untenable.

In a perceptive analysis of the B.C. ex-

perience, Dobell (1983) asserts that restraint is not really the issue. Government rhetoric notwithstanding, the July 7th budget, with a nominal growth of 12.3 percent (well over twice the rate of inflation) represented a real growth in excess of all other provincial governments and in excess of B.C.'s own record for the past 30 years (Dobell 1983:4). In fact, Dobell projects the net savings as a result of the cutbacks will fall short of the figures projected by the government. He goes further in saying that both the use of revenues and the size of revenues are products of political judgements which reflect government perceptions of community preferences - these are, in fact, discretionary choices:

A Government which elects to continue work on a domed stadium or Expo 86 or subsidized coal exports and to save a few thousand dollars by cutting income support to the handicapped is making a statement about priorities, not accepting the dictates of some mythical resource constraint. (Dobell 1983:7).

He extrapolates beyond the realm of government in his critique when he includes public sentiments or consumer patterns as contributing agents in the ethic of restraint:

A community which supports government action to chop support for activity centers for seniors while enjoying the second lowest income tax rates in Canada, and one of the lowest in the Western industrialized world, is not responding to economic realities, but reflecting political preferences. (Dobell 1983:8).

In Dobell's view, the provincial govern-

ment reflects an "authoritarian centralist fervour" in which the power of the legislature is reduced through appeal to increased government by bureaucracy, reduced expert staff for legislative committees and reduced access to information (Dobell 1983:11-19). Such measures, says Dobell, amount to an entrenchment of capital interests at the expense of any observance of social or political pluralism. To remove impediments to executive action and remove barriers to the exploitation of resource or land use necessitates the weakening of "countervailing mechanisms for expressions of other individual or collective interests" (Dobell 1983:19).

Through the public statements of elected officials and the apparent lack of willingness on the part of the B.C. government to engage in consultation or conciliation on contentious issues, Premier Bennett and his cabinet have assumed an adversarial stance vis-a-vis unionists, social service advocates, and those endorsing collectivistic principles. In a climate where there is a wide-spread belief that dissent may incur the wrath of the Minister (or that of traumatized administrators fearful for their own positions), the public service and private agencies dependent on public funding may become more responsive to the political values of the Cabinet than to the professional mandates of planners and management personnel. According to Dobell, the social and political fact in British Columbia, assured through the legitimating power of the government, is that:

the only legitimate social interaction occurs through market transaction, and the only legitimate power is the power of property (Dobell 1983:20).

Restraint and the New Right - A Case for State Managed Capitalism

There is a pivotal contradiction inherent in government policies which advocate the "privatization of services", the "filter-down" of the public wage or "service for fee". The contradiction lies in the fact that government, while divesting itself of the responsibility for welfare security, nevertheless seeks to perpetuate the kinds of economic and political relations which contribute to social crisis and economic dysfunction. Governments of the "right" hold that the onus for the maintenance of social services should devolve onto the private sector or the individual and yet, as a body which actively seeks to legitimate social and economic relation, the State assumes no part in fostering a social milieu in which the private sector can develop, or is inclined to develop this role.

In British Columbia, we see a State which selectively "disgoverns" certain sectors of society while actively promoting or abetting others sectors which embody most of the redistributive injustices endemic to the polity. In concert with these strategies, the State which decries "big government" and bemoans bureaucratic incursions into the private sector is actively engaged in consolidating and centralizing its decision-making functions and subverting normal consultative mechanisms. Governments, such as that in B.C., are ever more engaged in the effort to restructure the capital dynamics of the local or national economy. This may occur as a result of explicit policy, through tax breaks or even the manipulation of interest rates. Governments may even turn "state capitalist" and seek to employ public entrepreneurial structures to fulfill redistributive aims. This may take the form of state monopolies (in Canada, crown

corporations), mega-projects, or re-development schemes. All of these have an incarnation in B.C. However, while state investment in "profit-making" sectors continues unabated, social welfare expenditures decrease and a reduced level of services contributes to a broadening and deepening of dependency and personal or familial crisis - clearly a contradictory consequence.

Cox (1977) makes it clear that in a capitalist state, the social welfare of the worker depends upon the investment of capital by capitalists. At the same time, he argues, the investment of capital is contingent upon the provision by the State of conditions amenable to investment. Therefore, the social welfare or the worker is dependent upon the provision by the State of conditions suitable for capital investment (Cox 1977:10-11). Taking this analysis a step further, Broadbent (1977) holds that the mandate of the State to maintain profits and accumulation and at the same time manage a welfare economy often translates into a tendency to spend more tax dollars on the work force and less on industry. This leads to a dilemma in which industry and the population each require increasing state intervention, each on their own and often contradictory terms: one to maintain profits and reduce costs and the other to improve living standards and hence increase private sector costs (Broadbent, 1977:30).

For the Social Credit government, the dilemma is less clear. Harkening to the advice of monetarist and supply-side mentors such as Milton Friedman and the Fraser Institute (a Vancouver based conservative economic "think-tank"), those in government believe that the "market" will respond to individual needs. Others, however, regard the ideal of a self-regulating economic system as fundament-

ally incorrect. Gunton, for example, contends that monetarist or supply-side approaches represent a conservative mythology (Niell 1983:2). For Gunton, monetarist policy is one which routes money from lower socio-economic status (SES) groups who do not save and re-directs it to those who do save (Neill 1983:2). This contributes to disinvestment and increased economic marginality among the lower SES groups and an increased polarization of economic power in favour of capital interests.

This observation is reaffirmed by Doyle (1979), who questions government belt-tightening measures imposed upon persons who are least able to bear the hardships incurred through a shrinking pool of public resources. These persons he identifies as:

The poor, senior citizens, natives, the unemployed, citizens in rural, northern communities and decaying urban areas (Doyle 1979:53).

For Doyle, many of the trends so far mentioned signal a diminishing role of the State in the area of social policy. The concern is that such an abdication means that, where incongruencies arise, political interests outweighs social need in the government's scale of priorities (Doyle 1979:53). He suggests that restraint economics is simply a perpetuation of the old theme that the poor have moral defect and that the social system is sound (Doyle 1979:54).

The neo-conservative view holds that the welfare state retains a monopoly on welfare services and that such a monopoly impairs the accountability of the State to consumers (Stoesz 1981:399). Yet the argument for privatization, as a means to reduce expenditures

and enhance consumer control over services, illustrates yet another set of contradictions inherent in the neo-conservative ethic. The "new right" often claims that they wish to "empower people" by removing the totalitarian constraints of government or they wish to make services more accountable to people or make delivery more innovative through competition. Yet in all the rhetoric, the point has been lost that the broadening of political awareness and the ability to articulate social concerns now enjoyed by formerly (and recently) powerless groups has been a direct result of the enabling and redistributive legislation of the welfare state.

The neo-conservatives do not reveal in their rhetoric (but, one suspects are keenly aware of) the basic postulates about the nature of power and privilege in our society. In whose interests do recession economics act? In the interests of those sectors of the population who receive the larger share of the public wage - those sectors who already enjoy positions of power and advantage.

Social Services, the State and the Imperatives of Capital Accumulation

Throughout this discussion, we have ranged over a number of questions and issues regarding restraint economics and social services. We have alluded to the State and have inferred some of its motives but to this point, we have not addressed the State in a theoretical sense, nor have we examined some of the broader structural forces which impel it. In Canada, a number of recent measures by both the federal and provincial governments are indicative of a concern for fiscal restraint and government downsizing. Most have, to some degree, involved limitations on public sector

wage increases and tighter controls on collective bargaining and public sector job action.

Such measures, says Gordon Pape (1983), are, in part, a response to a two decade long period of public sector union militancy which has won generous wage and benefit concessions from governments (Pape 1983:88-80). Pape cites two precipitating events which spurred confrontation between government and the public sector unions, both occurring in 1981. The first was U.S. President Ronald Reagan's firing of all U.S. Air Traffic Controllers who refused to end an illegal strike. The second was the beginning of the Canadian recession. The former was suggestive of the possible future of federal and provincial policies, while the latter brought the social and economic problems of the nation into a much sharper political focus. British Columbia introduced Canada's first public sector restraint program in 1982, signalling many provinces to follow suit (Pape 1983:89). The emasculation of public sector unions (long the harbingers of union militancy) which has ensued has become a warning to the trade unions that the State is prepared to take direct and assertive action to achieve its goals.

How can one analyze the State as a legitimating, enabling or coercive structure? How and why does it act? In their essay, "The State In Capitalism And The Capitalist State", Dear and Clark (1981) attempt to focus not solely upon the functions of the State in a given society (the State in capitalism) but also upon the form of the capitalist State, in other words, how a given social organization gives rise to a particular structure or apparatus (Dear and Scott 1981:43). In so doing, the authors refer to the "central epistemological distinction in Marxist theory" - that between the "level of appearances" and the

underlying social reality which gives rise to those appearances (Dear and Clark 1981:47).

The authors outline a theory of the State as an input-output mechanism which assumes the role of a political entity which may at once act in favour of crisis-free stabilization and integration while, at the same time, "the extended functions of the State may themselves be a source of dysfunction and crisis" (Dear and Clark 1981:55). In this model, the State may assume many, often contradictory roles: it may act in the interests of all classes of capitalist society with many policies which do not directly serve the interests of the capitalist class. The State, therefore, acts continually in the interests of crisis avoidance. Crises result from class antagonisms and may be regarded as crises of "output and input":

Output crises, relating to the State's administrative decisions, take the form of crises of rationality. Input crises take the form of crises in legitimation - the system simply does not succeed in maintaining the necessary level of mass loyalty (Dear and Clark 1981:56).

Current fiscal crises are intimately linked with such crises of legitimacy and rationality which are manifest as the contradiction between the maintenance of conditions suitable for profitable capital accumulation while at the same time seeking to maintain social harmony (Dear and Clark 1981:56). In this light, the situation in B.C. may be seen in terms of the government's restraint program as precipitating a crisis of rationality and the subsequent public protest and strike action forming the core of a crisis in legitimacy, for as Dear and Clark observe:

...the capitalist State which openly uses its coercive power to enable one class to profit at the expense of others loses its legitimacy and risks undermining the basis of mass support. This structural contradiction is compounded during inflationary periods when rising costs and public expenditure cutbacks cause state output to fall below expectations. A crisis in legitimacy is thus initiated which imposes increased pressure upon the rationality crisis, and so on (Dear and Clark 1981:56).

Richard Peet, as special guest editor of *Economic Geography* (Vol. 59, No. 2, April 1983), writes in "Introduction: The Global Geography of Contemporary Capitalism":

The movement of capitalism into a new phase creates crises which interact with old crises versions of the same contradiction, create wholly new sequences of crisis, and intersect and interact in the ever-changing pattern of historical events (Peet 1983:110).

Chauncey A. Alexander (summer 1982), too, relates the effects of the recession to "re-runs of the periodic crises of a capitalist economy" (Alexander 1982:63).

Alexander regards the market-place mentality as a threat to the value system of social welfare and, ultimately, to participatory democracy whose goal is that of the common good. Accountability has shifted from the addressing of human needs to the standards of fiscal restraint (Alexander 1982:64). In Alexander's analysis, restraint emerges as a

concise political strategem in which:

...the reduction of social services serves several ends simultaneously. It shrinks the sharing requirement on private and corporate wealth; it adds to the marginal labour pool for combatting labour demands, and it opens the door to private exploitation of social needs (Alexander 1982:64).

Soja, Morales and Wolff (1983) contend that structural changes in the social and economic geography of regions has affected the organization of the labour process, the composition of the work force, the location of industry and the sectoral distribution of employment (Soja et al 1983:195).

In a system which the authors typify as "State-managed capitalism", the State facilitates the increased flexibility of capital, allowing it to more easily mobilize cheap labour supplies and avoid labour militancy and organization. Commenting on the global system of capital organization, Robert J.S. Ross (1983) observes that the current economic decline results from capital outflow which is the aggregate effect of the locational decisions of firms and investors (Ross, R. 1983: 144). Such locative decisions are influenced by a consideration of 1) wages; 2) the discipline of the labour force; and 3) public policy perceived to be favourable to capital (Ross, R. 1983:144).

The State reacts to the discretionary power of capital with strategic policy designed to attract and keep investment. Ross identifies three broad policy areas where decisions are made which affect the positions of labour and capital: 1) policies which

affect the reproduction of labour through wages and the social wage (i.e., benefits, worker protection, legal rights - all that comprises the social security of labour); 2) policies intended to attract capital by the provision of subsidies or through the provision of infrastructure; 3) tax policies and incentives (Ross. R. 1983:146).

Ross also speculates that there is a linkage between anti-union legislation and social service policy for:

Higher rates of unionization are associated with public policies which contribute to the social wage (Ross, R. 1983:146).

Examples of this are workmens' compensation awards, employer borne insurance costs, welfare benefits, or unemployment compensation (Ross, R. 1983:147). He notes also that higher levels of social benefits contribute indirectly to labour's ability to bargain by providing a "social safety net". Also, such policies contribute to a set of perceptions which define what may be loosely called the "business climate". In the eyes of capital, States whose policies reflect a higher social wage are often considered to have poor business climates. Ross observes that nations perceived by capital as favourable "enterprise zones" are characterized by authoritarian governments whose policies maintain strict wage and labour control while offering "tax forgiveness" and "permissive regulation" (Ross, R. 1983:154-155).

On both the local and the national scale in Canada, these patterns of capital mobility and labour restructuring are evidenced in the spatial reorganization of economic functions in the urban, national and the supra-national

context. Restructuring is also evidenced in the shifting occupational hierarchy, the "flight" of capital and the efforts of the State to respond to capital imperatives through legislation designed to reduce the social wage and detract from the power base of labour. In this light, one may appreciate Ross's observation that reductions in both the personal and the social wage in the West are induced by the control of labour in newer industrial areas such as Singapore or Taiwan (Ross, R. 1983:155). It is interesting to note, against the backdrop of restraint legislation in British Columbia, Ministers for the government have publicly speculated about the creation of "special enterprize zones" which would be exempt from many restrictions on trade as well as freedom from the strictures of labour legislation. Whether or not the province has jurisdiction in this regard remains to be seen.

Conclusion: The Problem Restated

Bruce Walker (1981) regards "welfare economics" as the study of the way in which the economic processes of production, consumption and exchange affect the well-being of society (1981:13). The aim of welfare economics is to be able to recommend courses of action which will enhance or improve the well-being of the members of the society and to provide criteria by which that well-being can be judged. Walker here draws a distinction between "positive economics", which is essentially descriptive, and "welfare economics", which is prescriptive (Walker 1981:13).

There is, however, a semantic problem which Walker identifies and that is the meaning of "social welfare" for, as he says, "social welfare may be related to the welfare of

individuals in a variety of ways" (Walker 1981:13-14). In other words, in whose interests, or according to what standards is social welfare to be ascertained? Do we adopt a utilitarian or a humanistic view - individualist or collectivist? The problem is compounded when we consider that both the collectivists and the anti-collectivists believe that they are acting in the interests of the common good. However, their philosophical and theoretical constructions of such values as freedom, liberty, production and well-being may often be diametrically opposed (for a discussion of this, see George and Wilding 1976). It is clear, then, that political expressions in policy and political reaction to contingency, while they may be painted by the State with a patina of rationality, are at base, statements of, or judgements of values.

Commenting on what they view as the failure of the welfare state, George and Wilding (1976) remark:

If it is to flourish, any economic system both requires and generates a particular value system. Capitalism is no exception. It depends on and fosters the development of an ethic of self-help, freedom, individualism, competition and achievement - the classic liberal values.

Such a value system, which is required for the successful operation of a capitalist economy, is in clear opposition to the values needed to underpin a successful public welfare system (George and Wilding, 1976:118).

The authors assert that neither govern-

ments nor trade unions have made the improvement of the conditions of the low-paid a top priority of their activities (George and Wilding 1976:113). This is because each has inculcated a set of values which flow from the capitalist ethic; values which are exclusive, acquisitive and concerned with relative power. It is for this reason that the public service strike in B.C., and the legislation which preceded it, acquire special significance.

According to George and Wilding:

...the framing and implementation of social policy are often subordinated to residual liberal ideas about freedom as the absence of restraint (George and Wilding 1976:119).

There is an abundance of prognosis about the emerging character of post-industrial society (Bell 1976; Trist 1968; Unger 1976) and, while the details of these separate visions may differ, most agree that the degree of change in our modes of socialization, political responsiveness, and the shape of our expectations will have a resonance and a power that will seriously shake our individual and collective conceptions of political and social reality. Lasch (1972) predicts that the rationalization of industry and changes in the entrepreneurial order may give rise to a sizable class of "new poor" who exist on the margins of the industrial system (Lasch 1972:37). Lasch says of this group:

The new poor are not a proletariat in the strict sense because they are not engaged in industrial production: instead, they constitute a new kind of lumpenproletariate, alienated and resentful (Lasch

If this analysis is correct, then it follows that elements of society which are becoming increasingly marginal to the productive core of the system and the State are those who will be most often placed in circumstances of "social risk". It also follows that, if the State is to be at all responsive to the needs of its citizens, not only for the present but for the future, social monitoring and planning structures must undergo some radicalization which accommodates a concern for social well-being as well as some latitude for structural and systemic malleability. Post-industrial society is inherently unstable; it proceeds on the basis of contradictions between goals and processes whose resolution, if left unaddressed, at once suppresses political expression and deepens the lines of potential conflict with a polity. Recession economics, as we have seen, does not seek the resolution of societal contradictions. Rather, it is the vehicle through which the State, as the agent of capital, seeks to suppress conflict and perpetuate existing inequities and, as such, sets a dangerous and turbulent course for our public services.

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