

The Case for Public Services



**Public Services
Foundation of Canada**

MAY 2011



The Public Services Foundation of Canada (PSFC) is a national research and advocacy organization dedicated to defending and promoting the value of high-quality public services.

The PSFC seeks to foster an understanding of the role of public services in supporting families and communities through the following activities:

- Conducting rigorous research and analysis of public policy issues.
- Providing access to commentaries and popular education tools.
- Being a strong and credible voice in the mainstream media and social networks.
- Coordinating advocacy campaigns to convince all levels of government to strengthen and expand quality public services.

For more information about the PSFC and how you can get involved:

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The Case for Public Services



Imagine a Canada without public services.

A Canada without public services would be a place with no roads, no traffic lights and no place to drive a car safely. We would live without laws or police to enforce them. There would be no schools for our children, no hospitals for the sick and no trained health professionals to care for us.

We would have no Canadian currency. Without paper money or coins we could only barter for food or other items. No one would regulate the sale of goods and services. We would have no agreed way to measure anything. Food and drug inspection would be non-existent. There would be no building codes, and very few skilled tradespeople, so most likely we would not be properly housed.

In opinion survey after opinion survey, Canadians state how much they appreciate the public services that are available to them. Both sound economics and Canadian values argue strongly in favour of governments making high quality public services available to all.

Some big corporations argue they can produce services for Canadians better than governments. No one questions the idea corporations want to make as much money as possible. A lot of people ask why we should pay extra so that companies can make more profits when we can have efficient, effective, public services for less money.

This publication makes the case for public services: quality of life, affordability, accessibility, accountability and democratic control, and a major contribution to economic well-being. These are what you can expect from the public services provided by committed people in your community.

reason 1

A BETTER QUALITY OF LIFE

For our friends, family members and ourselves, we want the best of what life can offer. Sports, recreational opportunities, cultural activities and vacationing are all important to us. Each of these depends on public services.

When Canadians are asked what they appreciate most about Canada, our Medicare is the most popular answer. Concern that quality medical care will be there when we need it gives us a real sense of security. Universal Medicare is one of the best examples of what it means to have access to public services. But there are many more examples. Improving our quality of life requires enhanced public services. Canadians need affordable prescription drugs, access to dental care, home care for the sick, child care, as well as more and better coverage for medical services.

As our lives change, government assistance can do wonders. A student bursary or a training allowance can open doors otherwise closed in our face. Canadians need to have reliable insurance against unemployment, especially when illness strikes. Protection against workplace injury leading to infirmity is vital.

Our social expenditures help us meet challenges. Families incur extra expenses when they have children. The young require top flight education. Older Canadians need secure retirement income. These “social wages” protect and enhance our quality of life.

For Canadians, investing in science, technology and basic research is as important as providing our children with the best education. Both prepare us for a better future. Public investment in scientific research remains public property. This is better than paying high fees to corporate holders of patents to have access to needed technology or drugs.

“What we desire for ourselves we wish for others.” This saying sums up a lot of thinking about why public services have been established and expanded.

Scientific evidence from the World Health Organization shows that our personal health and well-being depend – even more than we ever imagined – on how society as a whole is doing. Unequal societies have higher incidences of violence, drug and alcohol abuse, obesity, diabetes and general ill health.

The quality of Canadian life depends on how well public services meet our needs and reduce inequalities among us. We have to invest in public services for Canadians to enjoy a healthy society.

Luckily we can afford to do it.

reason 2

PUBLIC SERVICES ARE AFFORDABLE

A medical centre, a concert hall, a recreational facility, or an art gallery – all these projects add tremendous value to a community. People can enjoy the facilities for generations. It makes sense to build now and pay over time. That way the community gets the benefits right away. And the costs are spread out over time, reducing the initial expenses.

Governments have the ability to borrow money at a much lower cost than a private company or anyone else for that matter. Public sector borrowing for capital projects makes sense as long as the operating costs of the project can be covered through taxes and reasonable fees charged to patrons.

Publicly owned facilities are less expensive to build and more efficient to operate than private buildings. Governments have obligations to the public, not private investors or shareholders. Unlike officers of private companies, public officials are accountable to the population at all times.

Don't let anybody tell you a public-private-partnership will save money. How can it? The private partner wants to make maximum profits. That adds at least 30 percent to the costs right away. The private enterprise pays taxes on its profits which it includes in the cost of the project. Families and individuals pay for these profits and they pay the taxes for the private sector partner as well.

Often the private sector partner ends up owning the facility which costs the community far more than if it had been done by the public sector. No wonder public-private-partnerships (so-called P3's) have been compared to having someone steal your car from in front of

your house then come around to the back of your house to get you to rent it back from him.

Selling public assets to the private sector – privatization – is one of the great scams of the past decades and it is still being touted by big corporations. The reason given – we need to save money – continues to make no sense whatsoever.

With a public agency providing power, governments can decide to charge citizens only for the cost of producing electricity, and not a penny more. Private owners want whatever they can get.

Private takeovers of public sector companies or other assets mean the private company (just as with a P3) needs to make a profit and must find another 30 percent in revenues. Cutting corners, reducing staff, reducing salaries and raising prices are the way these “savings” are made.

In the case of resource companies, privatization has produced some of the worst mistakes in Canadian history. In a sell-off completed in 1994, the Potash Corporation of Saskatchewan, a provincial crown corporation, was privatized. The sale brought in \$630 million for the government of Saskatchewan. In 2010 the private owners of the company were offered \$40 billion for the company. A dramatic increase in the world price had made Potash Corp very valuable.

When the government of Saskatchewan sold the brightest of its crown jewels, it said it needed the money to reduce the costs of government. Then the government gave up an asset worth \$40 billion today that belonged to the people of Saskatchewan.

Privatization meant that instead of adding billions of dollars in annual profits of the Potash Corporation to provincial revenues, the government only collects a nominal amount in royalties and corporate taxes. The people of Saskatchewan are cheated every day out of the benefits of the resources that constitutionally belong to the people of the province.

Oil sands projects, shale gas exploration, offshore oil and gas production, and mining projects across Northern Canada bring great riches to largely foreign owned corporations and great costs to the Canadian environment. Public sector ownership remains the only way for citizens of Canadian provinces to capture the lucrative earnings now going abroad, and to protect our natural assets.

Around the world, virtually everywhere, except North America, oil resources are under public ownership. As natural resource prices continue to climb, the public sector solution looks more and more like the smart thing to do.

reason 3

PUBLIC SERVICES ARE ACCESSIBLE TO EVERYONE AND THEY'RE A GOOD BARGAIN

Canadians have an important supplement to their wages and salaries. Regardless of how much he or she earns, each Canadian receives about \$17,000 per year worth of public services.

The gap between rich and poor has been steadily increasing in Canada. From 1992 to 2004 Statistics Canada showed it reached crisis proportions. Only the super rich gained while everybody else either lost ground or stayed in the same place. Fortunately, access to public services is not about how much you can personally afford.

Put all Canadian families on a scale, with the wealthiest at the top, and the poorest at the bottom. The family in the middle (known as the median family) had an income of about \$66,000. In other words one-half of all Canadian families live with less than \$66,000 a year. For people living alone, the median income is \$24,000. So, one-half of these singles are trying to live on less than \$24,000 per year.

Public services are what make a better life possible for families and individuals below and above the median income. Whether they have more income or less, an average Canadian family enjoys about \$40,000 worth of public services. For our median family with an income of \$66,000, that means the equivalent of over 60 percent of their salary is available to them through the public sector of the economy. For two-thirds of Canadian families, the value of public services is worth more than 50 percent of their before-tax income.

No better bargain exists for Canadians than to pool their resources and spend on providing public capital and services available to all. The Auditor-General of Canada has pointed out major tax revenue is being lost because the Government of Canada turns a blind eye to the use of off shore tax havens by Canadian companies to avoid paying taxes. The big Canadian banks avoided paying almost \$16 billion in taxes from 1993 to 2007 through use of tax havens. This lost tax revenue would enable all Canadians to improve their lives.

Some political parties support lower corporate taxes. They argue that, with more to spend, business will invest in job creation. This is not how things happen. In the economy, people spend first and then businesses invest to meet the demand. Business does not spend when people are being laid off and salaries are being cut. Instead they sit on their money, speculate or take it offshore.

All Canadians would be better off if the federal government had not reduced income tax revenues by \$100 billion in 2000, and if the current government had not reduced overall tax revenues by \$80 billion. If, instead, the tax revenue had been invested in public health care, education, social services and infrastructure, Canadians would be much better off today.

Reducing access to public services lowers the standard of living of virtually every Canadian except the super rich. It does not have to be this way. There is room to grow public services. By 2008 total government spending (all levels of government) was the lowest it had been since 1981.

The quality of public services matters as much to those who provide them as it does to the people receiving them. The people who choose public services as a place to work are proud of what they can do for others. Public employees think about what we need to do today in order to improve our lives tomorrow. Policy recommendations are made to elected officials about what we should do and what should be avoided. Public debates, and policy discussions inside government, create our democratic space and accountability.

reason 4

ACCOUNTABILITY AND DEMOCRATIC CONTROL

Our democratically elected governments decide what public services are available to everyone. The quality of the choices made by governments depends on electing people who reflect our values.

Governments are required to be accountable to the majority in the House of Commons or provincial legislature. Through ongoing democratic debate and discussion, our governments are accountable to citizens as well. Paying attention to public affairs, and voting at election time, are the ways we make our governments accountable to us.

There is no substitute for active political participation to ensure that policies reflect what Canadians want. Our public services embody what is just and what is important for us in our daily lives. Having access to high quality services depends on who we elect. Our elected members of provincial legislatures or the federal parliament have to

know they act on our behalf. We have to be ready to vote them out of office when necessary.

Creating a climate where open discussions shape public opinion is what makes public life democratic. Secrecy, deviousness and shutting down parliament as the current government did in 2008, constitutes a serious breach of public trust. Refusing to provide information about public spending on fighter jets, federal prisons and corporate tax cuts led the current government to be the first in the history of parliamentary government in any country to be found in contempt of parliament.

Ideas about what is good (and bad) are part of an ongoing discussion of values. In a free and open society such as Canada aspires to be, our values count for a lot. When Canadians make choices about health care, education and social services we are deciding what we care about. The things we care about and value as citizens are what we want to see in our government programs.

Our governments belong to us. We create them, and we can undo them. Private corporations are not democratic and they are only accountable to their shareholders and investors.

Democratic government and valuable public services go together.



reason 5

PUBLIC SERVICES CREATE ECONOMIC WELL-BEING

Governments have a big role in making the economy work better for people. There is no private wealth creation without public capital. Just taking into account roads, bridges, sewers and water treatment systems, Statistics Canada found that about one-half of Canada's capacity to produce goods and services more efficiently was accounted for by public spending on capital projects known as infrastructure.

The 2008 recession was a spur for spending on infrastructure by municipalities, provincial governments and the federal government. Increased total government spending helped reduce the impact of the world financial crisis on Canadians. Government spending comes to the

rescue when private investors, consumer and foreign customers spend less and cause recessions.

Unfortunately, not all governments in Canada increased spending. In the first year of the recession, 28 percent of the jobs lost were in the public sector. Indeed, as a proportion of the total number of jobs, there were more jobs lost in the public sector than in the private sector.

In a misguided effort to attack government deficits through austerity and restraint, rather than through investment in growth producing infrastructure, governments are laying off workers. This can only make things worse for everybody.

Some political parties say we should cut government spending, reduce public sector job creation, roll back wages and reduce benefits including pensions. Nothing could be worse for the economy.

Public spending drives private spending. As the economy grows, the public sector needs to grow as well to sustain private spending by consumers and business alike. If the economy shrinks, the public sector needs to grow even faster to compensate for the fall in private spending.

Government austerity kills jobs, then it kills business investment, then it leads to a decline in the quality of life for all Canadians. Investing in public services creates a more productive economy. This should come as no surprise. Healthier, better educated, happier people, with jobs, benefits and economic security work better together. That is what the economy is about, now, and forever: people working together to meet each others' needs.

The Canadian economy is both public and private. In this mixed economy public money is spent to educate the workforce, keep people healthy through health services and provide a basic standard of living through social services.

When all government spending is taken into account there is little doubt public services are the cornerstone of the economy. Statistics Canada looked at public infrastructure spending in the period from 1962 until 2006. After 1980 the Canadian economy began to perform more poorly than in the earlier period.

Guess what happened beginning in 1980? Public sector spending on needed physical infrastructure and services declined significantly. In particular, we have a serious deficit in physical infrastructure, and lots of catching up to do, so governments have an opportunity to improve our economic performance by undertaking major capital improvements. In public transit alone, there is an entire renewal project just waiting for some enlightened courageous leadership.

Canadians expect our economic needs to align with our values and our concerns for social justice. Government spending programs reflect Canadian values and concern for social justice and deliver economic prosperity. Public services are the best way to meet our top concerns and priorities as Canadians.

C onclusion

We have highlighted five reasons why public services deserve the support of all Canadians. Public services guarantee a quality of life advantage to Canadians. Public services prove the most affordable way of meeting our needs. They are accessible to everyone. They are democratic and accountable to the public. And our economic prosperity depends on high quality public services.

Imagine a better Canada. Everybody who wants to work has a well paying job. Housing is affordable and plentiful. No one lives on the street. Income support is generous for single parents. People with disabilities get special attention. No one has to do without thanks to comprehensive anti-poverty planning. Public retirement income ensures seniors can live in dignity and security. Our schools are well equipped and funded. Health care is available when we need it. Children and adults have access to sports and recreation facilities. Canada leads the world in scientific research. Our colleges and universities are the envy of the world. Canada sets norms for environmental protection that are copied by all other countries.

High quality public services are vital to building an even better Canada.