

Neo-Conservatism on the Periphery: The Lessons from B.C.*

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The budget calls for a new way of thinking about government, and about the expectations we all have. It calls for a recognition that the costs (of government) have become excessive in recent years.¹

This paper sets out to examine the neo-conservative experiment to which British Columbia was subjected in the three-year period between 1983 and 1986, and to explore the root causes of the pursuit of such policies in an essentially peripheral region within a larger capitalist economy. For while neo-conservatism as an ideology gained ascendancy in the two core English-speaking countries in the late 1970s and early 1980s, it is striking to note that in a country such as Canada it proved more influential at the regional than at the national level. Why should this have been so, and what lessons can we derive from the attempt to administer the bitter medicine of public sector roll-backs and social spending cuts within the confines of a single province?

This paper will begin with a brief discussion of the reasons for the emergence of neo-conservatism in the 1970s. It will then say something about the particular nature of state activity in resource-based economies like B.C.'s and of political culture in this province. This will be followed by an examination of the policies which the newly re-elected Social Credit government of the province introduced in July 1983, the reaction these engendered, and the larger impact that the B.C. experience may have had within and outside the province.

The Rise of Neo-Conservatism

From the 1940s to the early 1970s, the western world experienced almost uninterrupted high levels of increase in real economic growth.

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¹ Government of British Columbia, *1983 Budget* (Victoria, 1983), 26.

During the so-called “thirty glorious years,”² a consensus across the political spectrum from the moderate right to the moderate left seemed to emerge, based upon increased responsibility of central governments for monetary and fiscal policy and for social spending to be generated by a steadily growing economic pie.

Now it would be a mistake to assume that all were equally committed to this new approach. The adepts of a more market-type economy, hewing closer to the assumptions of nineteenth-century laissez-faire liberalism, had not been entirely silenced. Friedrich Hayek toiled away in the 1940s, 1950s, and 1960s producing works such as *The Road to Serfdom* and *The Constitution of Liberty* that argued the ultimate incompatibility of a more statist type of political economy with both capitalism and liberal freedoms.³ Milton Friedman argued the need for tighter monetary discipline and the virtue of privately controlled as opposed to publicly based programs in health or education.⁴ Yet politicians like Barry Goldwater who attacked the welfare state and the trend to bigger government experienced ignominious defeat at the polls. Indeed, public expenditure as a share of total Gross Domestic Product continued to increase in all OECD countries, with social spending accounting for the lion’s share of this amount. With much of this increase financed through higher levels of taxation, especially on personal income, there was also a tendency for governments to turn to deficit financing to cover some of these new expenditures.

A number of new developments were now to rock the foundations of the post-World War II political economies. The United States, the locomotive of the capitalist world and its hegemonial power, began to find the double burden of military expenditures for the Vietnam War and domestic programs difficult to bear, even as terms of trade began to turn against it. The rates of growth for Japan and a number of newly industrializing countries in the Pacific were steadily eclipsing those of Western Europe and North America. At the same time, the oil crisis of the early 1970s, with the quadrupling of energy prices over a very short term, further ended the possibilities for sustaining high levels of economic growth.

As a result, by the mid-1970s most western societies found themselves facing reduced levels of corporate profitability, higher levels of unemploy-

² The phrase is borrowed from the French economist, Jean Fourastié, *Les trente glorieuses* (Paris: Fayard, 1979).

³ Friedrich Hayek, *The Road to Serfdom* (University of Chicago Press, 1944); *The Constitution of Liberty* (University of Chicago Press, 1960).

⁴ Milton Friedman, *Capitalism and Freedom* (University of Chicago Press, 1962); *Free to Choose* (New York: Avon Books, 1979).

ment, and double-digit inflation. The Keynesian consensus which was intended to eliminate precisely such a conjecture was coming apart, as a chorus of voices on the right made themselves heard. Members of the Trilateral Commission spoke of “overloaded governments” responding to ever greater demands from citizen groups, thereby placing the very nature of “democracy” as it had developed in western societies into question.⁵ For Eltis and Bacon, the problem was that there were too few producers and all too many recipients of the largesse of the welfare state.⁶ For Buchanan and Wagner, Keynesian solutions had the inherent tendency to create ever larger deficits, thus leading to an inflationary spiral that could destroy the system. Only a return to fiscal orthodoxy and balanced budgets, and with this cuts in social spending, offered a way out.⁷

By the early 1980s, the prescriptions of neo-conservative theorists had become the policies of new right governments such as Thatcher’s and Reagan’s that introduced a Social Darwinian note into the management of public affairs. In a climate of opinion in which the balance was shifting from the public to the private sphere,⁸ they appealed to the resentments and fears of a public for whom the Keynesian nostrums no longer seemed to work. They offered a beguilingly simple solution to the fiscal problems faced by western states, laying the blame at the doorstep of government (and trade unions), while using the impact of the new international division of labour or new technologies to argue the need for greater powers for multinational corporations and the marketplace. That big business and small would rally to such a program came as no surprise. That large sections of the middle class and even important sections of the working class would follow their lead bespoke the sea-change in political priorities from those of the 1960s or the 1940s. Significantly, this process went furthest in the English-speaking world, with its historical suspicion of state activity,⁹ than it did in Scandinavia, West Germany, or the Latin part of Europe. We were to see its direct consequences in B.C.

⁵ M. Crozier, S. P. Huntington, and J. Watanki, *The Crisis of Democracy; Report on the Governability of Democracies to the Trilateral Commission* (New York, 1975).

⁶ Robert Bacon and W. A. Eltis, *Britain’s Economic Problem: Too Few Producers* (London: Macmillan, 1978).

⁷ James Buchanan and R. Wagner, *Democracy in Deficit: The Political Legacy of Lord Keynes* (London: Academic Press, 1977).

⁸ Cf. A. O. Hirschman’s insightful essay, *Shifting Involvements: Private Interests and Public Action* (Princeton, 1982).

⁹ Cf. B. Badie and P. Birnbaum, *The Sociology of the State* (Chicago, 1984), Part 3 for an interesting contrast between the role of the state on the Continent and in the English-speaking world.

The B.C. Context

Where state activity is concerned, Canada has historically been situated somewhere between the American and West European norms. There has been a greater tendency to use the state as an instrument of infrastructural development than in the United States, and the examples of state enterprise at both federal and provincial levels in the twentieth century — hydro corporations, Canadian National Railways, Canadian Broadcasting Corporation, Air Canada, Petro-Canada, agricultural marketing boards — have been numerous. In part, this has been a response to nation-building concerns, the need to counteract the southward pull of a far more powerful United States.¹⁰ In part, this has reflected a thin ratio between population and territory on a hard frontier, and the greater difficulty of profit-making activities by private corporations in fields like transportation and communications. Capitalism in Canada was fostered far more within the bosom of the state than was true south of the border.

Where social services are concerned, Canada since the war has been neither a welfare laggard nor a welfare pioneer, falling fairly close to the OECD mean for social spending as a share of GNP. At the federal level, almost all social programs have been brought in by Liberal governments, usually with strong prodding from the CCF/NDP. At the provincial level, major innovations such as Medicare have been pioneered by left-of-centre governments. Yet even conservative governments went along with the wholesale expansion in social services of the 1960s and 1970s.

B.C., following World War II, did not deviate from the Canadian pattern, though there were specific features to capitalism in a resource-rich province that shaped the state-corporate interplay. If robber barons like James Dunsmuir had dominated the B.C. scene around the turn of the century, their successors in the 1950s or the 1960s were scarcely different. As Bruce Hutchison, the veteran journalist of *The Vancouver Sun*, described them:

Vancouver is ruled by the most garish tycoons produced to date in Canada. The capitalists who draw dividends, the entrepreneurs who live in luxury on the toil of countless unknown men in the wilderness, the financiers and promoters of sudden eminence form a distinct caste as in every entrepot of commerce. Here they are rather bolder and much franker in their ambition than the same caste in the East.¹¹

¹⁰ Hugh Aitken, "Defensive Expansionism: The State and Economic Growth in Canada," in W. T. Easterbrook and Mel Watkins, eds., *Approaches to Canadian Economic History* (Toronto: Carleton Library), No. 31.

¹¹ Bruce Hutchison, *The Fraser* (Toronto, 1950), 189.

Such a frontier capitalism begot a particular form of politics. Since resources were the key to development and the government owned much of the province's land, it followed that a sympathetic provincial government was vital to B.C.'s business class. The presence of a strong trade union movement and of a major socialist party with a fighting chance at power produced a polarization between left and right that permeated the B.C. scene from the Great Depression on. Between 1941 and 1952 this led to a coalition between Liberals and Conservatives aimed at keeping the CCF, with its program for nationalization of key provincial resources, out of office. In 1952, following internal bickering, this coalition was defeated at the polls and a new political party, Social Credit, headed by a renegade Conservative, W. A. C. Bennett, came to power.

For the next twenty years, this party pursued the politics of polarization and resource development with relish. There was scant respect for parliamentary niceties, federal sensitivities, or trade union rights on the part of a Premier interested in results. As Ed Black has written,

An extreme orientation towards action is typical of frontier communities — as is the lack of respect for traditional political procedures. . . . Because traditional procedures are restraints, action-oriented politicians have little interest in them, and neither do their constituents. . . . His tactics, in Mr. Bennett's own idiom, represented "Progress — not politics." . . . He gave British Columbians the action they demanded, and their material circumstances improved as a result.¹²

The style of government was right-wing populist in character, with confrontations with the trade union movement, especially in the resource sector, with the federal government over the Columbia River Treaty, and with the political opposition, bludgeoned into submission through all-night sessions of the legislature, its hallmark.

The emphasis on resources development led to the commitment of large amounts of provincial money to roads, railways, electricity projects, and the like. Bennett's "free enterprise" principles would not get in the way of a fairly interventionist role for the provincial state in the B.C. economy. While it would be going too far to dub W. A. C. Bennett a "state capitalist,"¹³ there can be no disagreement regarding his willingness to substitute crown corporations for private firms when the latter stymied his plans. The establishment of the B.C. Ferry Corporation in the late 1950s and of B.C. Hydro, following the opposition of B.C. Electric

¹² E. R. Black, "B.C.: The Politics of Exploitation," reprinted in Hugh Thorburn, ed., *Party Politics in Canada*, 4th edition (Prentice-Hall, 1979), 294-95.

¹³ *Ibid.*, 299.

Company to his twin-river development scheme for the Peace and the Columbia, is proof enough of this. Such policies, however, while offensive to certain traditional business interests in Vancouver, were in no way incompatible with the opening up of the province to large-scale capital from outside and to the fostering of small business development in the interior of B.C. Social Credit's constituents — small and large businessmen, non-unionized employees, immigrants drawn to B.C. by the lure of fortune — were perfectly comfortable with the brash governing style of the Premier and with the hybrid he pursued between rugged individualism and state-fostered infrastructural development.

Conversely, there was a good deal less support for social spending during this twenty-year period. True, B. C. under W. A. C. Bennett went along with medicare when it was introduced in the 1960s and provided some increased funds for post-secondary education and welfare. These, however, were not priority areas for the government, and given B.C.'s position as one of Canada's richest provinces, such services were generally underfunded. Bennett, a self-made millionaire, was much more concerned with keeping the provincial finances debt-free, something he contrived to do in part by denying any direct provincial responsibility for the debts of crown corporations like B.C. Hydro. His was the mentality of the ledger sheet, of profit and loss. The civilizing graces of a Florence or Amsterdam, a Lübeck or a London were as foreign to him and to the resource capitalism of the periphery that he embodied as were the co-operative or redistributive ethos of the left.

To come to terms with the W. A. C. Bennett regime, therefore, is to begin to understand why neo-conservatism would subsequently take root more easily in this province than elsewhere. The political culture of the right which he helped crystallize was one in which mega-projects characterized the state's role in the economic arena and frugality its social and cultural functions. His was not a *laissez-faire* version of the state, but one harnessed to the maximization of individualistic and profit-making ventures. There was thus no contradiction for him between politics and markets, in the way that Charles Lindblom has described it.¹⁴ Rather, the function of the former was to enhance the latter, to render B.C. a more successful actor within the larger international capitalist system. His government's role was to help sell B.C.'s resources — to foster specialization in those activities which capitalism on the periphery could perform best. Any other functions of government would need to be clearly subordinated to this larger purpose.

¹⁴ Charles Lindblom, *Politics and Markets* (New York: Basic Books, 1977).

The three-year interlude between 1972 and 1975, when the NDP held power, is also important to understanding the renewed ideological commitment of the right. The NDP government, whose first two years coincided with a boom period in the B.C. economy but whose third year in office coincided with an economic downturn, provincially and internationally, was a classically social democratic one. There was a tendency to increase public ownership, as in the creation of ICBC in the auto insurance field or in the takeover of a number of pulp and paper mills that found themselves in difficulty. There was government regulation of such things as the sale of agricultural land, and the attempts to increase the tax bite from corporations in the forestry and mining sectors. There was a clear reversal of the stinginess of the W. A. C. Bennett government where health, education, and social assistance funding were concerned, with expenditures in these areas rising sharply as compared to levels over the previous decades. The fact that by 1975 the government had been forced into deficit financing and run up significant overruns in key ministries like Human Resources played directly into the opposition's hands during the provincial election in December of that year.

That opposition had by now coalesced around a rejuvenated Social Credit Party headed by W. A. C. Bennett's son, William. Made up of a coalition of disaffected Liberals and Conservatives as well as of Social Credit supporters, it offered itself as a clear businesslike alternative to the spending-prone, regulation-happy, and inefficient NDP. The NDP, so the story went, had almost bankrupted the province. It had distributed funds to welfare recipients with abandon, brought the mining industry to its knees, and extended government into a whole host of activities where it did not belong.

Interestingly, the return of Social Credit to power did not bring with it the wholesale reversal of NDP policies that might have been expected. True, the more innovative of NDP reforms, such as the Community Resource Boards,¹⁵ were disbanded and its new mining taxes rescinded. But while ICBC premium rates were drastically raised, auto insurance was not turned back over to the private sector. Administration of the Agricultural Land Use Act was substantially loosened up, but the Act itself was not done away with. Legal and administrative reforms introduced by the NDP were largely preserved, and recruitment into the provincial public sector continued, though at a slower rate than during the NDP administration.

¹⁵ Michael Clague, *Reforming Human Services: The Experience of the Community Resource Boards in B.C.* (Vancouver: UBC Press, 1984).

In simple point of fact, the B.C. economy during the second half of the 1970s experienced high rates of growth as compared to central and eastern Canada, fuelled by such factors as strong external demand for B.C. coal, lumber, and gas in the U.S. and Japan and by high immigration into B.C. from other parts of Canada. The Social Credit government could pursue pro-business policies without the need to prune expenditures for education, health, or social assistance. For the moment, the provincial economy was not of the zero-sum kind that Thurow describes,¹⁶ with public- and private-sector activities engaged in a competitive struggle for declining resources.

There was, however, a hint of things to come in 1979 when the government, in a lead-up to the May election of that year which it narrowly won, announced the establishment of the B.C. Resource Investment Corporation (BCRIC). While turning over most of the assets of NDP-acquired companies to its management, the government distributed five free shares to each man, woman, and child resident in the province. According to Bill Bennett,

What the B.C.R.I.C. has is assets that belong to the people, assets they will now have in individual ownership. . . . Look at countries that have had a succession of terms of government with high taxation, government ownership policy. You don't just see the problems we're experiencing in Canada where 40% of the G.N.P. is going for taxation; you see countries where it's 50% or 60% of the people's income, and they're left with less and less.

Somebody has to stop the trend. . . . This is something that's taken us almost 100 years to arrive at; hopefully it won't take 100 years to reverse.¹⁷

Here was an indication of a neo-conservative crusade to follow against the statist dragon, of which BCRIC, for all its subsequent poor economic performance, was but the opening round.

By the early 1980s, high growth rates had become a thing of the past. There was a significant decline in outside demand for B.C. resources, coupled with evidence of serious depletion in the forest industry. Corporate profits plummeted, bankruptcy rates soared, as unemployment nearly doubled from 6.5 percent to 12.1 percent between 1980 and 1982.¹⁸ The time had clearly come for a government of the right to unveil tougher measures.

¹⁶ Lester C. Thurow, *The Zero-Sum Society* (New York: Basic Books, 1980).

¹⁷ B.C., *Hansard*, 32nd Parliament, 1st Session, 14 June 1979, 154.

¹⁸ John Schofield, "Recovery through Restraint? The Budgets of 1983/84 and 1984/85," in Warren Magnusson, ed., *The New Reality* (Vancouver: New Star Books, 1984), 44.

In February 1982, Bill Bennett went on province-wide television to announce a Compensation Stabilization Program. This gave the provincial government the power to effectively roll back wage settlements reached in the public sector to levels at or below the rate of inflation. These measures preceded those announced by the federal government (the 6 percent and 5 percent wage control program) by several months, leading Bennett to proudly proclaim, "This is strong medicine but it is the only alternative to the damaging policies now being pursued nationally."¹⁹ A regional government, caught in the down-phase of a resource-based economy, was attempting to set the national agenda. There were shades of California under Reagan or Howard Jarvis, spearheading a counter-revolution that would eventually reach the centre.

Public opinion polls seemed to reflect a new hardening of attitudes. Goldfarb surveys conducted in B.C. in the spring of 1982 showed considerable support for governmental restraint, for further restriction on the power and privileges of unions, for the disbanding of organizations like the Human Rights Commission in order to save money. As Allen Garr has observed,

Unlike the Great Depression, which led to a blossoming of social programs to assist the downtrodden, people in B.C. were becoming more selfish as times got tougher. Lean mean times were producing lean mean people.²⁰

In the fall of 1982 came Bill 89, the School Services (Interim) Act, forcing teachers, an old bug-bear of the Social Credit government, to forgo being paid on professional days they did not actually teach. This amounted to a wage roll-back of approximately 4 percent. For the Minister of Education, Bill Vander Zalm, the neo-conservative moment had already arrived:

How much can we demand of the taxpayers in B.C.? . . . We should not lose sight of the fact that in the private sector . . . when the money isn't there . . . there is a loss of jobs; people have to work-share. . . . But in the public sector, unfortunately there are those who still believe — the socialists are certainly among these — that somehow . . . you can keep digging deeper and deeper into the taxpayer's pocket.²¹

The lines for the May 1983 election had been drawn, yet the full extent of Social Credit's intentions were veiled from sight. In that election

¹⁹ Cited by Allen Garr, *Tough Guy: Bill Bennett and the Taking of British Columbia* (Toronto: Key Porter Books, 1985), 58.

²⁰ *Ibid.*, 75.

²¹ B.C., *Hansard*, 32nd Parliament, 4th Session, 6 Oct. 1982, 9623.

the NDP, despite early strength in the public opinion polls, faltered badly after its leader announced his intention to eliminate the Compensation Stabilization Program. Social Credit, despite its increasing propensity to public sector bashing,²² gave no indication of the sweeping measures that would follow its return to power, though hinting at the need to pursue recovery through restraint.

This stealth in refusing to state its intentions openly would be praised by no less a light than Milton Friedman:

Now, Mr. Bennett could have introduced these measures before the election instead of immediately thereafter. Why didn't he? . . . Had Premier Bennett spelled out his intention to cut personnel and funds before the election, he would have aroused immediate and vocal opposition from the special interest groups affected. . . . By waiting until after the election to spell out his program, Premier Bennett could hope that the bad effects on the concentrated groups would dissipate before the next election.²³

Yet it can be argued that this deviousness would come back to haunt the government in due course. It is time, therefore, to examine the B.C. neo-conservative experiment.

The B.C. Experience

Following a series of closed-door meetings at a retreat in the interior of B.C. in June 1983, the provincial government committed itself to a program of roll-back in governmental activity the likes of which post-war Canada had never known. When the Minister of Finance rose in the provincial legislature on 7 July 1983 to present the government's budget, it was accompanied by twenty-seven major pieces of legislation including the following components:

1. public sector downsizing through dismissals, contracting out, "privatization" and reorganization, to be achieved partly by gutting the existing collective agreement with government employees and by the enhanced power of public sector employers to dismiss employees "without cause";
2. a deregulation package, dismantling the Human Rights Commission and Branch, the Rentalsman, Motor Vehicle Inspection, and regional planning functions;
3. a centralization package, including provisions to allow Victoria direct

²² Don Blake, "The Electoral Significance of Public Sector Bashing," *BC Studies* 62 (1984): 29-43.

²³ Milton Friedman, *The Tyranny of The Status Quo* (San Diego: Harcourt, Brace, Jovanovich, 1984), 7.

control of individual school budgets, college programs, and regional planning.²⁴

The themes of privatization, deregulation, and centralization were patently neo-conservative formulae, with direct analogies to practice, both in the U.K. and in the U.S. In the words of B.C.'s Finance Minister,

I remain committed to a government in the economy which supports private initiative. . . . No country or region has achieved enduring prosperity through expensive forebearing [*sic*] government bureaucracy. Those governments which lean too heavily on the taxpayer, suppress individual initiative and mortgage the future, will inevitably precipitate economic decline.²⁵

The government proposals called for a 25 percent reduction in the size of the civil service, for the elimination of seniority protection for government employees, and for an indefinite extension of the Compensation Stabilization Program. The number of teachers was to be further reduced over a period of several years. Various provincial facilities, from ski lodges and trails to mental institutions, would be sold or phased out, with the government "invit[ing] the private sector to identify areas of government where a function can be provided less expensively by that sector."²⁶ Human Rights operations, women's programs, student and legal aid, day-care and tenant services, and welfare programs were targeted for sharp reductions in funding or outright elimination.²⁷

That provincial revenues, especially from the resource sector, had taken a sharp downturn in 1982 and 1983 was indisputable. What was far less clear was that B.C., which had been running budgetary surpluses for all but one year between 1972 and 1982, when provinces like Ontario and Quebec had been incurring large deficits,²⁸ was faced with a fiscal crisis that justified the juggernaut being unleashed. Rather, there was a hidden ideological agenda at work which led the government to turn its back on social spending and spurn any meaningful consultation with public sector employees or affected social groups.

That agenda was premised on the belief that economic growth and public spending were incompatible and that public sector activities were

²⁴ This summary is from A. R. Dobell, "What's the B.C. Spirit? Recent Experience in the Management of Restraint," University of Victoria, 1983, 11.

²⁵ B.C., 1983 *Budget*, 2.

²⁶ *Ibid.*, 16.

²⁷ There is a good discussion of some of these cuts in Parts III and IV of Magnusson, ed., *op. cit.*

²⁸ Cf. the figures cited by Gideon Rosenbluth and William Schworm, "The Illusion of the Provincial Deficit," in Magnusson, *op. cit.*, 66-67.

generally inefficient and “unproductive” when compared to those in the private sector. As Rod Dobell has analyzed the Social Credit mind-set,

In a nation whose prospects were and are founded upon natural and human resources, this mind-set decrees that those who turn back odometers . . . are creating wealth, while those who work at salmonid enhancement or reforestation . . . are merely (at best) redistributing it. . . . Physicians competing for fees are components of the dynamic engines of societal advance, while doctors on salary . . . are part of the dead weight of the parasitic public sector.²⁹

At the same time, neo-conservatism, B.C. style, vested great authority in the hands of the provincial government at the expense of municipal bodies, school boards, college and university boards, and semi-autonomous governmental commissions. Social Credit revived the worst practices of the old W. A. C. Bennett regime, invoking closure dozens of times in its rush to push through its program, exhausting the parliamentary opposition through all-night sessions, and even physically expelling the Leader of the Opposition from the legislature for the duration of the fall session. A government loudly proclaiming the need to get “the state off our backs” saw no inconsistency in enhancing its own powers or making a mockery of the legislative process.

The neo-conservative agenda, moreover, had a number of other components. Looming on the horizon were changes to the Labour Code, introduced in May 1984, which would make it more difficult for unions to organize, eliminate secondary picketing, and render large building sites like Expo immune from union non-affiliation clauses.³⁰ The trade union movement, in the government’s eyes, was clearly an impediment to turning B.C. into a competitive Pacific Rim resource producer attractive to investors.

The “down-sizing” of social expenditures (to use Social Credit’s Orwellian term) was a long-term proposition as the budgets for 1984 and 1985 were to show. Post-secondary institutions were faced with cut-backs of 5 percent in operating budgets in each of those two years. School boards, shorn of their financial autonomy, found themselves forced to do the government’s bidding by increasing class sizes and laying off staff. Two elected boards that resisted the government’s dictates, the Vancouver and Cowichan boards, found themselves summarily dismissed

²⁹ Dobell, *op. cit.*, 30.

³⁰ Garr, *op. cit.*, 158-59.

by the Minister of Education in May 1985 with provincially imposed trustees taking their place.³¹ Human Resources and Health, the two other key social departments, found themselves similarly strapped for funds, as did a multiplicity of voluntary agencies in the social field. With the official unemployment rate in B.C. hovering at 15 percent in 1984 and 1985, well above the national average, Food Banks (a 1980s version of the Depression's soup kitchens) had become a major growth industry.

Neo-conservatism in B.C., like its counterparts elsewhere, was committed to a regressive redistribution of the taxation burden. As a provincial government, subject to federal tax collection arrangements and without access to the levers of monetary policy, the B.C. government was in a weaker position to implement tax cuts benefiting upper-income earners than were the Thatcher and Reagan governments. But it did implement a wholesale review of the corporation and small business tax that led to reductions in their relative share of the total tax burden amounting to hundreds of millions of dollars.³²

The other side of the coin, suggesting significant continuity with the policies of the W. A. C. Bennett regime, was a commitment to continuing expenditures of the mega-project variety. Some of these were infrastructural in character, like a rapid transit system, ALRT, for the Greater Vancouver region, a new four-lane highway linking the Okanagan with the coast, or outlays on "North East Coal," an ill-fated project to export B.C. coal to Japan at what have turned out to be bargain-basement prices. (The province stands to lose up to \$1 billion in this venture.³³) The single largest project, Expo 86, is best understood as a combination of trade fair, civic boosterism, and circuses which had gobbled up over \$1.5 billion in government funds by the time it closed its doors in October 1986 with a projected net loss of \$400 million to \$500 million.³⁴ In other words, despite the ideology of restraint, there was a clear willingness on the part of the provincial government to fund infrastructural and economic functions of its own choosing, even while begging social

³¹ Cf. the discussion in Crawford Kilian, *School Wars* (Vancouver: New Star Books, 1985).

³² "[The budget] attempts to provide a significant degree of tax relief to a broad range of businesses in the province. . . . The imposition of property taxation on machinery and equipment will be phased out over three years." B.C. Budget, March 1985, 8, 9.

³³ "B.C. spends \$1 billion on mine 'in wrong place,'" *The Globe and Mail*, 9 May 1985, 1.

³⁴ Cf. Eleanor Wachtel and Bob Anderson, eds., *The Expo Story* (Vancouver: Harbour Publishing, 1986).

services. In this respect, at least, neo-conservatism on the periphery has been less than consistent in its hostility to state spending.

The crucial variable, however, social spending cuts, is one that the Bennett government shared with both Reagan and Thatcher. There are a number of reasons why the B.C. government has gone further down this road than other provinces in Canada.

(1) The populist style which B.C. politicians from William McBride to Duff Pattullo to W. A. C. Bennett have cultivated lends itself to the theatrical touch and grandiloquent gesture. Bill Bennett, who was very much a coalition leader between 1975 and 1983, and a weak figure when compared to his father, could seize the opportunity the economic downturn of the early 1980s offered to don the cap of counter-revolutionary law-giver. His would be the government prepared to bite the bullet, where others were too cowardly to venture. He would carve himself a niche in B.C. (and perhaps Canadian history) as a strong leader in his own right. His would be a comprehensive scheme for altering the public-private balance, socking it to the government's opponents in the public sector, rewarding its supporters in the private. The program Bennett introduced shored up the "macho" image he sought to project.

(2) The B.C. business class of the 1980s is by and large not one with generations of wealth behind it, nor with the style or cultural accoutrements of a long-established bourgeoisie. There was a great deal of crassness surrounding the accumulation of wealth in B.C. in the 1960s and 1970s, through real estate flips and resource speculation, and this was reflected in big business's social attitudes. As Peter Newman, biographer and ideologue of the Canadian Establishment, describes them,

B.C.'s new Establishment follows a philosophy and lifestyle very different from those of the other Western provinces. . . . Nomads in search of themselves, they feel little obligation to provide for the next generation. . . . They are not a founding people. They avoid commitments, loyalties, and obligations.⁸⁵

It is not surprising that a transplanted Montrealer like William Hamilton, former federal Conservative cabinet minister and president of the Employers' Council of B.C. between 1973 and 1983, should have criticized Bennett's restraint package as ill-conceived.⁸⁶ His was a minority opinion among West Coast businessmen, for whom the logic of the marketplace was transcendent. Not by accident was the Fraser Institute, Canada's

⁸⁵ Peter Newman, *The Canadian Establishment Vol. 2* (Toronto: McClelland & Stewart, 1981), 21, 23.

⁸⁶ Garr, *op. cit.*, 120-21.

right-wing think-tank, headquartered in Vancouver; its director, Michael Walker, was a key advisor to the Social Credit government at the June 1983 meetings, at which cutbacks in social spending became official dogma.³⁷ The message he preached corresponded perfectly to the individualistic and narcissistic values of a periphery's *nouveaux riches*, for whom history and political community were irrelevant, and the cosmos reduced to the elemental forces of supply and demand. The self-made millionaire (or would-be millionaire) feels little compassion for those he has used as stepping stones to his success. He may even resent those who dare remind him there may be other measures of comparison besides the dollar sign. On a resource frontier, neo-conservatism found a tailor-made constituency.

(3) The polarization of B.C.'s political life, referred to above, has made ideology a more prominent factor in Canada's westernmost province than in many other parts of Canada. The mythology of "free enterprise vs. socialism" can take on a life of its own in a political culture where one party sees the other as the incarnation of collectivism, trade union power, and redistributive policies that fly against the logic of the marketplace and threaten the "B.C. way." The experience of the NDP government of 1972-75 was enough to forge a renewed antipathy on the right to even the most moderate version of social democracy. By comparison, at the federal level, where social democracy has been a weaker force and the NDP at least until 1987 a distant contender for power, there has been less of an inclination for the right to be nearly as ideological in the pursuit or exercise of power. As a consequence, the Conservative government of Brian Mulroney proved more reluctant to go the full neo-conservative route than B.C. Social Credit government between 1983 and 1986.

Let me now turn to the reaction that the July 1983 measures engendered. Since the NDP had lost the May 1983 election and its leader announced his intention to step down, the party was ill-equipped to resist the onslaught that followed. On the other hand, the 45 percent of the electorate that had supported the NDP as against 49 percent for Social Credit underlined the fact that public opinion (or should one say political culture?) in B.C. was fairly evenly divided, with close to half of the population potentially hostile to a punitively neo-conservative program. That B.C. had the highest rate of trade union membership in Canada, that unionized public sector workers were especially targeted

³⁷ Ibid., 93-94.

for attack, ensured at least some form of response from that constituency.

The full extent of popular mobilization and extra-parliamentary opposition was, however, astonishing and quite unmatched in recent English-Canadian history. (Quebec is a somewhat different story, as nationalism was the critical variable in that society's evolution through the 1960s and 1970s.) In part, at least, the nature of the response can be explained by the *unexpectedness* of the government's program and by the comprehensive onslaught against all kinds of social policies and trade union rights that it entailed. Here was a set of policies that had not been frankly set out during the provincial election, and which, in the name of restraint, threatened to alter the existing social fabric of the province. The old adage of Rousseau, directed against purely representative institutions, seemed especially *à propos* in this context:

The people of England deceive themselves when they fancy they are free; they are so, in fact, only during the election of members of parliament: for, as soon as a new one is elected, they are again in chains, and are nothing. And thus, by the use they make of their brief moments of liberty, they deserve to lose it.³⁸

The government's targeting not just of one group, but many, facilitated the forging of a broad coalition in opposition to its policies. Women's groups, human rights advocates, ethnic minorities, tenants, trade unionists, teachers and university and college faculty and students could find common cause in seeking a reversal of this new course. As the Canadian Human Rights Commissioner, a former Conservative MP, Gordon Fairweather, put it, "There is no way the government of Canada can intervene, but who should intervene now is an outraged public."³⁹

That outrage made itself felt with the formation of Operation Solidarity, grouping B.C.'s trade unionists and teachers, and the Solidarity Coalition, linking the former with dozens of different community groups.⁴⁰ The name "Solidarity" was a clear reference to Polish Solidarnosc and suggested an analogy between the battle being fought by trade unionists and the broader opposition in B.C. for basic rights and that of its counterparts in Kania's and Jaruzelski's Poland. Over 20,000 people attended

³⁸ Jean Jacques Rousseau, *The Social Contract* Book III, Chap. XV (New York: Hafner Publishing, 1947), 85.

³⁹ Cited by Eileen Dailly, B.C. *Hansard*, 12 July 1983, 234.

⁴⁰ There is a succinct discussion of Solidarity in the article by William Carroll, "The Solidarity Coalition," in Magnusson, *op. cit.*, 94-113. Cf. also the Palmer essay cited in #47 below.

the first major rally organized by Solidarity on 23 July near the newly built B.C. Place in downtown Vancouver.

There was more to come. As the firings of human resources and other "redundant" employees continued, more demonstrations followed. A massive rally in Empire Stadium drew 40,000 people on 10 August; the provincial government made its first concession, withdrawing the "without cause" provision in the Public Sector Restraint Act (Bill 3). Across Canada, attention was focused on B.C. As the Ontario Treasurer, Frank Miller, observed: "I'm watching what's happening with extreme trepidation. If Bennett succeeds, I think every government will end up doing the same in its own way. . . . There's an awful lot riding on what's happening out there."⁴¹

In the fall, the Solidarity movement came within a whisker of shutting the province down in a full-scale public sector general strike. With the legislature reconvening in September and the government ramming through bill after bill, the Solidarity movement gathered steam. In mid-October came another massive demonstration — 50,000 to 60,000 people marching through the streets of downtown Vancouver — while the Social Credit Party met in convention. The Premier went on television a week later, after most of the twenty-seven bills had been passed, to announce an adjournment of the legislature even while reiterating the government's hard line: "We cannot spend our way out of the recession, we will have to earn our way out of it."⁴² The trade union movement was now preparing to do battle over the provisions of the two bills that most directly affected its own position — Bills 2 and 3 — which, among other things, made a mockery of seniority rights.

On 1 November the formal confrontation began, with the B.C. Government Employees Union putting up picket lines around various provincial government operations. A week later, the teachers, not officially unionized, followed suit, going out for the first time in their history to the tune of about 90 percent, despite injunctions brought against them by various school boards. The plan was for the remaining public sector workers (e.g., transit workers and municipal employees) to follow suit by 15 November.

It was at this moment, in the midst of an escalating situation, that a series of negotiations between the union leadership and the government resulted in a major development. The BCGEU dispute was resolved,

⁴¹ Garr, *op. cit.*, 127.

⁴² *The Vancouver Sun*, 21 Oct. 1983.

with union seniority guaranteed. And Jack Munro, head of the major private-sector union in the province, the IWA, flew off to the Premier's home in Kelowna to negotiate a face-saving compromise that would allow the union movement to call off the larger strike. The so-called Kelowna Accord of 13 November involved minimal concessions on the part of the government — a willingness to consult with various labour and community groups regarding some of the “restraint” legislation, with no obligation to introduce any major changes. The strike ended and over the following months the government was able to get most of its program into place with little further resistance.

Despite the recriminations that now broke out within the Solidarity movement, between the trade union wing and the various community groups, between various trade union militants and the more mainstream leaders like Munro, it might be well to assess the impact of the four months of extra-parliamentary opposition more dispassionately. The Solidarity movement was a loose coalition of forces with often divergent interests that could not in and of itself force a newly re-elected government to its knees. It is doubtful whether the public sector unions would have been able to sustain a general strike for any prolonged period and highly unlikely that the private-sector unions would have come out in force. Nor in an out-and-out general strike situation would public opinion, if the precedent of the British General Strike of 1926 is anything to go by, have sided with the strikers.⁴³

Yet the support that Solidarity mustered — the rallies, marches, and partial public-sector strike it pulled off — did serve two purposes. It brought home to the government the fact that its neo-conservative measures could not be introduced with impunity, that it lay within the power of labour and the various community groups to mobilize the kind of opposition in the streets that could give B.C. a reputation for political instability and labour discontent that would jeopardize outside investment. More important still, it brought home to those of neo-conservative disposition in other parts of Canada the potentially high price which would accompany the introduction of similar measures.

One could argue, therefore, that the real significance of the Solidarity movement, despite its inability to reverse the immediate course of events

⁴³ Cf. Gordon A. Phillips, *The General Strike: The Politics of Industrial Conflict* (London: Weidenfeld & Nicolson, 1976) and Patrick Renshaw, *Nine days that shook Britain: The 1926 General Strike* (New York: Anchor, 1976). Where B.C. is concerned, Garr refers to Goldfarb surveys in the fall of 1983, suggesting Solidarity was losing the battle for popularity with the government. *Op cit.*, 136.

in B.C., lay at the national level. There can be little doubt about the larger intentions of the provincial government:

I would suggest to you, Mr. Speaker, that the NDP in this province will see that other free enterprise governments in future years — not only across Canada but through the United States and around the world — will follow the example of this Premier and his government in B.C. in dealing with the civil service the way they did in this budget yesterday.⁴⁴

The dream of Social Credit was to see neo-conservatism spread from its B.C. beachhead to engulf the rest of the country.

The very fact, however, that B.C.'s political world was divided, that a significant minority of its citizens was prepared to enter into extra-parliamentary opposition, was an event of the first importance. It meant that neo-conservatism, B.C. style, was less than hegemonial, and therefore less able to become a successful model for other provinces. It suggested that what might pass for political toughness in the periphery might be a less attractive proposition two and three thousand miles to the east. When coupled with B.C.'s poor economic performance between 1983 and 1986, as compared to the national average, the provincial experience with neo-conservatism may well have helped immunize Canada as a whole against the same policies.

It is, in any case, striking that the federal Conservatives did not follow the same confrontational course as Social Credit in B.C., and veered less dramatically to the right. For all its emphasis on deficit-cutting, privatizing certain governmental activities, and increasing the productivity of the federal civil service, the Mulroney government has not been prepared to wield a sledge hammer in going about this. After three years in office, it has with some difficulty got the federal deficit down to less than \$30 billion, but largely by going the route of tax increases. This is not the sort of policy that neo-conservatives would embrace.

There is to be some slimming of the federal civil service — 15,000 positions (some 5 percent of the total) over a five-year period — and this too is a far cry from the 25 percent reductions that Social Credit has engineered in less than three years.

Most important, the federal government has not been prepared to gut social services. One does not have to take Brian Mulroney at his word when he speaks of social programs as “a sacred trust.” There have clearly been attempts to chip away at the cost of certain programs. Still, the language of the Conservatives is quite different from “the new reality”

⁴⁴ John Reynolds, Social Credit MLA, speaking in the budget debate, *Hansard*, 33rd Parliament, 1st Session, 8 July 1983, 182.

rhetoric of post-May 1983 B.C. To quote the federal Finance Minister, Michael Wilson:

Some have called for major cuts in social assistance. This government is not prepared to dismantle social programs. . . . [Future reforms] must maintain universal access. They must improve the opportunities for individuals to become self-reliant. And they must reduce the after-tax-value of benefits going to higher income Canadians who do not need assistance.⁴⁵

This is not to suggest that many federal Conservatives are not inclined to cutting back the role of the state and "freeing up" the marketplace. But their means have been more subtle, and their intent, thus far, seems to be to govern more closely toward the centre, without antagonizing a large body of opinion through major cuts to social services.

Conclusion

At the federal level, then, the Bennett government's actions seem to have been taken largely as an example of what *not* to do. Even in B.C. itself, there were indications by the summer of 1986 that the neo-conservative impulse had run its course. Opposition to it began to register in the polls and, in particular, in the sharp drop in popularity of Premier Bennett himself. More money began to be spent on education and health, albeit with strings attached. Most significant of all, Bennett decided in May 1986 to leave active politics, opening the way for a successor — former cabinet minister William Vander Zalm — whose early days in office involved a public distancing of himself from the confrontational style of his predecessor:

I think the government made a mistake in handling it [restraint] as they did. . . . I'm not arguing the policies. What I'm arguing is the presentation of it. The program could have been implemented without all the fanfare, without all the promotion, without all the things that made the program more important than the results.⁴⁶

But if all of this suggests that opposition to restraint can't be dismissed as an abject failure — as Bryan Palmer tends to do in a recent essay⁴⁷ — it is also clear that it hasn't met with anything like complete success. The neo-conservative impulse is, in fact, alive and well in B.C. Vander Zalm

⁴⁵ Canada, Dept. of Finance, The Budget Speech, 26 Feb. 1986, 12.

⁴⁶ "Vander Zalm attacks way restraint implemented," *The Vancouver Sun*, 17 Sept. 1986, A10.

⁴⁷ Bryan D. Palmer, *Solidarity: The Rise and Fall of an Opposition in British Columbia* (Vancouver: New Star Books, 1987).

himself, repudiating by his actions the moderate stance he appeared to adopt in his early days in office, moved over the winter and spring of 1986-87 to put the province back on the road to polarization. Always a partisan of restraint — as Minister of Human Resources and then Education under Bennett he played a central part in the implementation of the program — and very much a right-wing populist in the W. A. C. Bennett tradition, he determined once he had won his own election as Premier that other items on the neo-conservative agenda must be carried forward. Bills 19 and 20, introduced into the legislature in the spring of 1987, declared open warfare on the B.C. Teachers Federation and the B.C. Federation of Labour, provoking in response a one-day work stoppage by the teachers in early May and a province-wide one-day general strike on 1 June 1987. Privatization measures planned for autumn 1987 ensure that Social Credit will continue to take its inspiration from Margaret Thatcher and show little of the willingness to compromise and move toward the new civility professed in the run-up to the 1986 election. Indeed, there is enough evidence from one year of Vander Zalm government to be able to interpret it as Round 2 of the neo-conservative counter-revolution inaugurated by Bill Bennett.

Neo-conservatism, and opposition to it, thus remain central features of B.C.'s political life, continuing the polarization that has for so long been more evident in that province than anywhere else in the country. What the final result of all this will be remains, of course, uncertain. What does seem obvious is that the forces of conflict at the base will continue to dominate the province's life in the foreseeable future as they have in the recent — and not so recent — past.