

REVIVING AUSTERITY: POPULIST SUPPORT FOR UNPOPULAR ECONOMICS IN CANADA

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Abstract

Critics of austerity argue that it is a failure, yet there remains a high level of political and public support for it as economic policy. Using evidence from Alberta, Canada, a neoliberal democratic economy, this paper aims to explain the apparent paradox of the popularity of austerity by disaggregating the publics into the government, the opposition party, organized interests, public sector employees, and the Public. We find that the organizations opposed to austerity measures often purport to advocate in the public interest but have a conflict of interest and ethical dilemma as the Public believes that there is a time for austerity, just as there is a time for consumption. Moreover, governments that implement “unpopular” austerity measures while maintaining popular political support may simply be reflecting public sentiment about the appropriateness of austerity for that time. Reviving austerity is relevant to policy-makers who need to manage economic policy in periods of sustained fiscal crises and cycle shocks, as has been the case in Alberta and many other jurisdictions in the past decade.

INTRODUCTION

In Canada, the three most recent recessions occurred from 1980 to 1982, 1990 to 1992, and 2008–2009. Since the last recession, most provinces have seen persistent budget shortfalls and rising debt profiles, causing concerns about “their capacity to maintain current levels of public services” (Kodolov & Hale, 2016, p. 20). In addition to these three recessions, the province of Alberta also experienced a recession between 2014 and 2017. Given the prolonged nature of that recession and the slow recovery (Alberta’s GDP growth outlook is less than single digits until 2021), Alberta appears to be in a continued period of contraction (ATB, 2019). In the first quarter of 2020, the economic outlook for Alberta was worsened by the collapse in oil prices caused by an oil war between Saudi Arabia and Russia and exacerbated by the COVID-19 pandemic, which resulted in negative oil prices for the first time in history (Marques, 2020).

Alberta’s cycles are more frequent than the rest of Canada’s because, as a resource economy, its economy swings with commodity cycles. Oil and gas is also a significant part of the Canadian economy, and while a slowdown in Alberta alone may not drag Canada into a recession (as was the case in 2014–2017), the province’s economic cycles have major implications for the country’s economic growth as a whole. It is a given that Alberta and other resource-based economies, including Canada, need to diversify to better manage their economic cycles and strengthen the certainty of government revenues. However, increasing revenues is only one strategy for managing economic cycles and returning an economy to competitiveness as government- fund accounting may result in deficits, surpluses, or a balance.

Policy-makers have three alternatives to manage economic contraction: increase revenues, reduce public spending, or pursue a combination of these options (the balanced approach). To return the economy to a state of competitiveness, a period of significant cuts to public spending, known as austerity, is often implemented. Austerity measures have always been and continue to be

contentious. In fact, views on austerity have recently become more polarized and political. As Schui (2014) explains,

Austerity is at the center of political debates today. Its defenders praise it as a panacea that will prepare the ground for future growth and stability. Critics insist it will precipitate a vicious cycle of economic decline, possibly leading to political collapse. But the notion that abstinence from consumption brings benefits to states, societies, or individuals is hardly new. (p. 1)

The term austerity refers to a spectrum of economic reforms but is frequently used loosely to refer to any cuts to public spending (Schui, 2014). Consequently, we define austere times as a period of economic contraction exemplified by decreases to government program spending, a leaner public service, a quest for productivity, and aspiration for balanced budgets and lower debt.

In Alberta in 1993, Progressive Conservative Party leader Ralph Klein ran for office promising drastic cuts to public spending, and won the election with 51.2% of the popular vote. More recently, in 2019, United Conservative Party (UCP) leader Jason Kenney also ran on a promise to cut public spending and won with a resounding 54.9% of the popular vote (Elections Alberta, n.d.). Conservative parties in Alberta, which subscribe to neoliberal market economic policies, have maintained significant popularity for decades. Austerity measures are not populist economic measures; thus, the popularity of governments that consistently implement austerity measures, such as Alberta's conservative parties, seems to be paradoxical.

We suggest that this apparent paradox is perhaps simply evidence that, as far as the Public is concerned, there is a time for a government economic strategy of austerity, just as there is a time for consumption. To reconcile this paradox – popular support for non-populist economics – we disaggregate the concept of publics into the government, the opposition, interest groups, public servants (who are a distinct interest group), and the actual Public. Examining the roles each of these distinct publics allows us to better understand public perceptions of austerity as an economic strategy to balance budgets. We argue that what appears to be a

paradox may be the result of a specific public purporting to speak for the Public, without recognition that various publics are differently impacted by public policy. Furthermore, organizations that often purport to advocate in the public interest sometimes have a conflict of interest and ethical dilemma which they resolve by pursuing their own superordinate goals which maybe at odds with the public interest.

The paper begins with an overview of recent debates about austerity and situates Alberta within broader neoliberal Canadian society and a global neoliberal context. From there, we examine the roles of each public – the government, the opposition, interest groups, public sector employees, and the Public – to illustrate how tensions between these publics might account for the apparent paradox of popular support for non-populist economics.

Canada is a capitalist, liberal democratic society. Atkinson and Chandler (1983) argue that in neoliberalism, actions of the state are not just an outcome of political competition but also political intentionality. As such, political systems are as important to the study of public policy as social and economic factors. They argue that “[p]olitical parties compete for support for electoral support and citizens trade their votes for a preferred package of goods and services [but also]...political parties do not merely aggregate demands, they also mould opinions and socialize their members” (Atkinson & Chandler, 1983, pp. 4–5). We also subscribe to this notion and rely on this foundation to explain the paradox evidenced by political and public support for austerity measures. Enactors (government), moderators (opposition, organized interests, and public sector employees), and beneficiaries of public policy do not exist in a vacuum; they exist in a field shaped by political motivations, which puts this paper at the intersection of policy and politics. Furthermore, actors on either side of the austerity debate frame their arguments as socioeconomic, but in reality, their motivations are at least partly political.

The distinction between interest groups, public servants, and the Public is crucial because “[i]nterest groups not only seek to

influence public policy, but may in fact also assume the responsibility for administering state policies and controlling their membership” (Atkinson & Chandler, 1983, p. 14). Nowhere in Canada are the political tensions between these publics more obvious than in Alberta, where, in 2019, following four years of socialist New Democratic Party rule, which interrupted 40 consecutive years of Conservative party rule, the province returned to a quest for deficit reduction.

CONTEMPORARY AUSTERITY DEBATES

Bracci et al. (2015) explain,

“While the term “austerity” is often used today in reference to the pursuit of public spending cuts, such usage misses the main contemporary rationale of austerity which is “to restore balance in government finances and regain economic dynamism and competitiveness.” (p. 879)

Thus, not all spending cuts in austere times come from program or consumption spending. Quite often, capital spending is also reduced, deferred, or repurposed. As such, during austere times, the ideal approach to ensure sustainability is to reduce government consumption spending while recognizing that cuts to capital (or investment) spending could have dire implications for infrastructure and future prospects of the society. Simply put, cuts to capital spending need to be balanced, thoughtful, and methodological to avoid long-term devastation to public infrastructure. Enacting strategic cuts can return a contracting economy to competitiveness.

Current research on austerity is dominated by two views: the first argues in favour of abstinence and/or against budget deficits (Alesina & Perotti, 1995; Robson & Scarth, 1998; Kneebone & McKenzie, 1999, Kodolov & Hale, 2016; Simpson & Wesley, 2012; Barbara et al., 2020); and the second, more recent view establishes the shortcomings of abstinence and austerity (Bracci et al., 2015). A third, more extreme, view argues that

austerity is dead (Schui, 2014; Krugman, 2015; Picchio, 2015; Ferry & Eckersley, 2019).

In their study of OECD countries, Alesina and Perotti (1995) found that cuts to program spending have a longer-lasting effect on deficit reduction than the alternate approach of curtailing deficits by increasing (tax) revenues. This favourable view of austerity is supported by Canadian evidence such as that provided by Robson and Scarth (1998), who argue for the need to significantly reduce public debts because of the implications for future social programs given Canada's aging population. The challenge to managing public expenditure is exacerbated because increasing public spending is easier than cutting it. Demonstrating evidence of this dilemma in Canada, Kneebone and McKenzie (1999) found that periods of economic expansion are defined by spending increases (only), while periods of economic contraction are defined by a combination of program cuts and tax increases (a balanced approach). The result is an overall increase in the size of government.

Thus, the 1980s and 1990s trend in neoliberal economies toward reducing the size of government (Seccareccia, 2011) is now being reversed. In Canada, the latest trend is that both the size of government and government debt are growing (Robson & Scarth, 1998; Kneebone & McKenzie, 1999, Simpson & Wesley, 2012; Kodolov & Hale, 2016). In a Canadian study of the global recession of 2008–2009, Simpson and Wesley (2012) found that, although all Canadian provinces had balanced budget legislation (BBL) in place, BBL had no meaningful impact in curtailing expenditure growth relative to revenue growth, which left the provinces fiscally vulnerable. They concluded that BBL is only as effective as the political will (a view supported by Nakrošis et al., 2020) and public support surrounding it (Simpson & Wesley, 2012), a point to which we return later. Kneebone and McKenzie (1999) provide further evidence that government spending in Canada is growing. They argue, “The history of Canadian government behavior has been characterized by discretionary changes to budgets biased in the direction of increasing the

government's share of economy" (Kneebone & McKenzie, 1999, p. 499). Kodolov and Hale (2016) similarly found that most provinces pursued expansionist policies in the five years following a recession, but during economic contraction there was no consistent pattern or ideological response across the provinces to post-recession budgetary challenges. Simply put, across the political spectrum, growing government spending is easier than cutting program spending, which critics suggest is evidence that austerity is ineffective.

Conversely, another group of public policy researchers maintains that austerity measures are a failure. For example, in his review of key thinkers on abstinence, including Aristotle, Smith, Webber, Hayek, and Keynes, Schui (2014) concludes that:

"the last 2,500 years of debate about abstinence are sobering: there are no convincing economic arguments for austerity policies in their current form and there is no compelling moral or political case for them either. Austerity, in its current form, is simply a great failure"
(p. 189)

Other scholars, such as Ferry and Eckersley (2019) and Bracci et al. (2015), support this idea. Ferry and Eckersley (2019) found that the UK austerity program of the 2000s resulted in service failures. They argue that:

"as fiscal constraints continue to tighten, and short-term fixes such as greater reliance on council reserves and "emergency" adult social care funds fail to address deep-seated problems, we are likely to see such problems exacerbated in the coming years" (Ferry & Eckersley, 2019, p. 2)

Furthermore, they propose that increasing audit and risk management oversight could have helped curtail service failures.

Bracci et al. (2015) conducted a critical review of austerity; they argue that "standardized talk of balancing the books, needs to be supplanted by balanced socially and intellectually informed accounts of the application and consequences of austerity

measures” (p. 899). Furthermore, they surmise that the literature on austerity offers three key themes: austerity does not work, austerity impacts public services substantially, and alternative strategies to austerity are scarce (Bracci et al., 2015).

The notion that that alternatives to austerity are scarce is shared by Hughes et al. (1996). In their analysis of public attitudes as reflected in a 1995 Alberta-wide survey following the Conservative government’s 1993–1994 austerity measures, they found that “alternative approaches to deficit elimination have been absent from public discussion” (Hughes et al., 1996, p. 277), in part because the opposition party agreed with the ruling party’s general strategy.

The tensions between the critics and proponents of austerity measures make austerity research a compelling and relevant topic in Canada and globally, especially in the age of New Public Management (NPM) reforms and the quest for greater public spending effectiveness. Furthermore, despite the criticisms and argued failings of austerity, research finds that austerity measures paradoxically still enjoy strong political and public support – the two elements also required to realize the benefits of balanced budget legislation (Simpson & Wesley, 2012). As Schui (2014) argues,

“Paradoxically, the failure of austerity to produce any tangible benefits in a reasonable time frame has not led to policy changes. Even where spending cuts have not produced the desired effects of budgetary consolidation and renewed economic growth, political leaders and large parts of the public have stuck to their guns” (p. 5)

Illustrating the apparent paradoxical support for austerity, Bracci et al. (2015) write, “austerity has lost considerable support among many economists and yet retains a puzzling level of political support” (p. 881). This has certainly been the case in Alberta.

METHODS

The Public vs. Publics

Rand et. al (1986) argue that “the common good or the public interest is an undefined and undefinable concept: there is no such entity as the public; the public is only a number of individual men” (p. 12). Consequently, individuals and interest groups (individuals have more resources when they aggregate as a group) with divergent interests constitute the publics, who all compete for share of government revenues. Becker (1983) established that interest groups exercise pressure for political influence, to be allocated a greater proportion of government revenues. We adopt a case study approach to disaggregate these groups and provide qualitative evidence that establishes the asymmetry between organized interests and that of the Public.

In their evaluation of public perceptions of the earliest Klein-era cuts, Hughes et al. (1996) describe a “wildcat strike by hospital laundry workers in Calgary and a vigorous campaign by the Alberta Medical Association against further health-care cuts” as reflections of “growing public discontent with the pace and direction of change, especially in the health-care sector” (p. 272). This analysis treats all publics as part of a spectrum of the same entity. The opinions of hospital laundry workers and the Alberta Medical Association – organized interests with their own self-serving goals and strategies – are hardly the right proxies for Public opinion. This misconception is not unique to Hughes et al. (1996). In fact, extant literature often treats the public as a homogeneous group of actors, too opaque to be understood separately. Yet Hughes et al. (1996) also call “for a more precise measure of how users of the health-care system are differentially affected” (p. 282). Our concept of publics illuminates how different actors and groups are affected differently by public policy, not just health care.

Researchers continue to have divergent views on the appropriateness and sufficiency of Klein’s spending cuts, yet his subsequent political victories demonstrate that publics are not homogenous entities. Simply put, there are several stakeholders of

public policy – publics, as we call them. Some moderate the production of public services by holding the government accountable (the opposition party), some produce (public servants), some co-produce (organized interests, e.g., not-for-profits), some govern the production of public services (governing party), and some consume public services (beneficiaries).

Of all these stakeholders, only one can be referred to as the Public, as all other publics arguably have a conflict of interest or ideological strategy when they purport to be acting for the Public. Fotaki (2015) draws a distinction between the producers and users of public services. He also discusses co-production where a group of organized users (not-for-profits in that study) assume responsibility for the delivery of public services. As Fotaki (2015) argues, even co-producers have their motives: “We must examine the motives driving users to co-produce services in different organizational settings. It is also essential to consider how users’ identities impact on their desire and ability to get involved in co-production” (p. 435). We suggest that publics are the major stakeholders of public policy, and the Public is the key beneficiary of public policy with no responsibility for production or co-production.

Fotaki (2015) offers an additional methodological insight for classification: “In coproduction, dependencies and interrelations across macro, meso and micro levels, manifest themselves in powerful and innovative ways. These are concerned with policy, organizations and users as co-producers of goods and services” (p. 434). Relatedly, we aim to understand the publics in the context of the effects of public policy on individual, groups, and society – the interactions of micro, meso, and macro actors in an institutional field. The government and opposition pursue macroeconomic strategies to govern the production of public services. Organized interests (whether involved in co-production or not), the opposition (who moderate production), and public sector employees are meso actors who produce public services. The Public alone are micro actors and only consume public services.

Thus, every user of public services in their individual capacity is a member of the Public, but subscribing to the superordinate goals of any other publics effectively excludes them from being categorized as the Public, because certain goals to which they adhere as a member of a group or organized interest may be and quite often are in conflict with the Public good.

Furthermore, as Atkinson and Chandler (1983) explain, public policy and the segmentation of those impacted by policy have differential impacts: “First-order impacts will occur immediately, others perhaps over an extended period of time. There are intended and unintended consequences, individual effects, group effects and societal effects” (p. 14).

If we assume the Public to be homogeneous, the divergence in interests, objectives, and views between the publics appears to be a paradox. If, on the other hand, we segment them and believe that, when organized, individuals may have superordinate or ideological goals that are diametrically opposed to the Public interest, then the paradox simply becomes tensions amongst actors in a network. We use the state of government in Alberta in 2019 to further illustrate this concept.

DISCUSSION

The Government

The governing party that decides to pursue austerity measures is a public. Alberta’s current governing party is the United Conservative Party (UCP), created from a merger of two legacy conservative parties on the right of Alberta’s political spectrum. UCP bylaws do not clearly identify them as a political party driven by market economic policies but after 44 consecutive years (1971–2015) of Conservative governments, Alberta is “often considered to be the champion of expenditure cuts” (Kneebone & McKenzie, 1999, p. 498), establishing the Conservative parties in Alberta as ideologically supportive of abstinence policies, including deficit elimination, debt reduction, and curtailing public spending.

Schui (2014) suggests that the argument in favour of abstinence or austerity is moral and political. Others make similar arguments. Hughes et al. (1996), for example, argue that fiscal restraint is the “new right” – that is, conservative – ideology. They contend that the Klein-era “conservative agenda draws heavily on the values of neoliberalism ... which emphasizes the primacy of market forces” (Hughes et al., 1996, p. 269). Bracci et al. (2015) also argue that

“Austerity (particularly in the European Union) appears to have brought about a deeper and reinvigorated version of neoliberalism, with an evident shift in the content of accountability relationships. Under austerity, macro-data such as debt to GDP ratios and deficit to GDP ratios, debt ceilings, balanced budgets and the basic securing of cuts in public expenditure figure much more prominently in driving public sector policy decisions” (p. 884)

In Alberta it is taken for granted that conservative parties start from a place of abstinence and an obsession over balanced budgets. No doubt this is ideological (Blyth, 2013), but there is also evidence that deficit-reduction budgeting measures are being prioritized across the political spectrum. For example, Kneebone and McKenzie (1999) found that between 1993 and 1996, the period following the Canadian 1990–1992 recession, Saskatchewan’s New Democratic Party government enacted an 8.7% reduction in public spending to GDP ratio, in comparison to 6.7% for Alberta’s Conservative government and 6.6% for Prince Edward Island’s Liberal government. These reductions were notably enacted around the same time as the North American Free Trade Agreement went into effect (January 1, 1994), which is seen as the culmination of neoliberalism in North America, as the Maastricht Treaty is for Europe.

Austerity measures take different forms across Canadian provinces and political governments. Even within in Alberta, with its long history of conservative ideology, there has been a range of

approaches to the adoption of austerity measures. For example, the 2.8% in program spending cuts (2023 vs 2019) proposed by Kenney's UCP in 2019 and the 20% in spending cuts (1997 vs 1993) proposed by Klein are not the same form of austerity, although critics treat them as the same ideologically.

Also, North American attempts at austerity, which have been voluntary government policy strategies, are not the same as austerity in European contexts (Worstell, 2015), which tends to be imposed by one or a combination of the Troika (Bracci et al., 2015) – the triumvirate of the European Central Bank, the European Commission, and the International Monetary Fund. The Klein cuts, for example, are not the same form of austerity as the austerity measures imposed by the European Union (EU) on Greece in response to bailouts it provided to the country. In 2015, following over five years of austerity measures, Greece's Communist Party ran on a populist mandate to resist further EU-imposed sanctions. The strategy worked politically, and the populist government won two consecutive elections in January and September 2015.

However, in September, the Communist Party capitulated to austerity measures and passed a budget that included US\$6.2 billion in spending cuts (€5.7 billion, including €1.8 billion from pensions and €500 million from defence spending) and €2 billion in new taxes as a condition for additional bailouts received from the EU in July. Contrary to the idea that austerity exemplifies the "new right," the leftist Communist Party enacted austerity as Greece's right-wing opposition New Democracy party described the budget as "socially unfair and anti-growth" ("Greek parliament," 2015). In Greece, austerity measures were enacted as a compromise to avoid state insolvency. Critics often cite Greece as an exemplary failure of austerity and neoliberalism (Blyth, 2013). Others counter that neoliberalism, in spite of its shortcomings, is very much alive, arguing that while certain powerful actors such as bankers, "lobby groups and so-called think-tanks" may have failed, neoliberalism is still a better solution (Aalbers, 2013) than nationalism. We do not attempt to resolve the

neoliberalism debate but take the position that austerity existed long before neoliberalism and may exist long after neoliberalism.

While support for austerity may be ideological, so is political opposition to austerity. A government that proposes austerity measures is a public and may also be an ideological proponent of abstinence or market economic policies. That government will make the case that it is in the Public interest to conserve, and their ideological position is often resisted by the opposition party. In the case of Alberta, the opposition NDP counter that their socialist economic policies and resistance to spending cuts are the necessary economic stance for the Public interest. The tensions between market economics and socialism are commonplace in contemporary economic debates around the world, and especially in Alberta during the past decade. Consequently, the previous approach in neoliberal economies such as Canada of increasing public spending sometimes and cutting public spending other times is giving way to an era, as evidenced in Alberta, where conservative (i.e., right on the political spectrum) parties cut and therefore parties on the left resist cuts irrespective of the state of the economy and macroeconomic data.

The Opposition

The opposition is also a public. In Alberta, the differences between the opposition and governing parties' views on program spending reflect their political and ideological positions on austerity.

The opposition NDP holds socialism as one of its three guiding principles. In the words of the party, "Socialism is essentially the application of democracy to the economy. Economic democracy, i.e., democratic socialism, assures production to supply the needs of all people" (Alberta NDP, n.d., p. 16). It goes on to express the need for social democratic governments to make "decisions about what shall be produced, when and where, and decisions about where we shall make our living and under what conditions" (Alberta NDP, n.d., p. 16).

These ideas are a notable contrast from market economy values of the governing UCP.

Furthermore, the NDP is governed by a Provincial Council, and the bylaws state that the Alberta Federation of Labour shall have two members on that council; each Alberta Affiliate [labour unions] shall also have one member on the Provincial Council. Thus, a significant part of the governing council of the NDP consists of members of the leadership of Alberta's unions, representing 170,000 public sector employees and their affiliates. The opposition therefore constitutes a public that is in an alliance with another public – namely, public sector employees – and both, on occasion, purport to speak for the Public, but their opinions and views aren't a meaningful proxy. The opposition's alliance with public sector employees establishes the need for organized interests, including public sector employees, to be treated as distinct and separate from the Public.

Organized Interests

Organized interests include groups, organizations, or institutions that operate at the meso level of the economy and society. Organized interests advocate for a specific group of individuals but will often purport to speak for the Public. Individuals belonging to an organized interest subscribe to the superordinate goal(s) of the group. Some organized interests may be co-producers of services, such as not-for-profits, and others may be non-producing advocacy groups, but the most visible organized interest in the public policy field are public sector employees, who constitute a public of their own.

Public Sector Employees

Public sector employees are distinct enough to constitute their own public for several reasons. First, they are one of the most affected by austerity measures because their jobs are often impacted. They also deal with the impacts of the cuts in their personal lives because they are employees (producers) of one segment of the public service and consumers of other segments of

the public service. Hughes et al. (1996) observed an 18% cut in public service staffing from 1993 to 1995 in Alberta.

The Alberta Federation of Labour (AFL) and affiliates represent the collective organized interests of the province's public sector employees. The AFL's (2019) constitution states that "it shall speak forcefully to governments, to employers, and to the public, to ensure that the needs and rights of workers, unionized or otherwise, are clearly communicated" (p. 4). Public service employees are distinct from the Public interest, and the AFL's mandate clearly advocates for the interest of its members – the public service employees. This interest is not necessarily be congruent with the interest of the Public. Furthermore, the AFL (2019), like the governing and opposition parties, self-identifies as political and consequently ideological: "the Federation shall mobilize its resources, coordinate the efforts of affiliates, and join with other progressive organizations in mounting provincial campaigns to achieve worthwhile goals" (p. 4).

Hughes et al. (1996) suggested that the aforementioned 1995 province-wide survey about the first round of Klein's cuts found that the public were concerned about the cuts. Using evidence from the same survey, we argue that the survey reveals that public sector employees were the ones who were concerned about the cuts – not the Public. First, Hughes et al. (1996) found a remarkably high level of support for the notion that "cutting government spending is the best way to eliminate the deficit. Regardless of whether respondents were affected by the cuts, between 76 percent and 83 percent agree with the Klein government's approach to the deficit" (p. 277). The 17% to 24% of respondents who disagree with this approach can be explained primarily by respondents who worked in the public service:

"One in four [25.7%] respondents reported that their own employment situation had been effected in the past 18 months by provincial government cutbacks" (Hughes et al., 1996, p. 274)

Second, the survey showed that those whose employment was impacted by the cuts were more concerned with the impacts of

the cuts: “Respondents reporting that their own employment situation had been affected score significantly higher on all four attitude indices [health care quality, education quality, user fees, and workers’ rights]” (Hughes et al., 1996, p. 277).

On the one hand, those whose jobs were impacted strongly opposed the cuts; on the other hand, the Public maintained a strong support for the cuts irrespective of their impact on public service employment. Simply put, the Public and public sector employees were not aligned when it came to the Klein cuts, and we suggest that if the respondents were divided into public sector employees and non-public-sector employees, the divergence in concern between both groups over the cuts would be even more pronounced. That is, what was interpreted as public concern over the cuts may actually be public sector employees’ concerns over their employment status.

The Public appears to be implying that those who are the most impacted by austerity measures – public sector employees – cannot be a viable proxy for public perceptions about program cuts. The conflict of interest is obvious as public sector employees feel the impacts of the program cuts more severely than the Public though the cuts may be what the Public wants.

Lastly, Hughes et al. (1996) also found that individuals whose employment was affected by the austerity measures were less likely to be political supporters of the Klein government: “respondents who experienced education cuts or whose own employment was affected are significantly less likely to vote Tory in the next provincial election” (p. 278). This finding begs the question, would these respondents have been just as unlikely to vote for the Klein government before the cuts as they were after the cuts?

In sum, although public sector employees consume the public services they produce, they should be recognized as distinct organized interest whose objectives can be at odds with the Public interest. Public sector employees cannot purport to speak for the Public, even though scholars often treat the views of organized interests as a proxy for public opinion, which may explain why

Klein went on to win the next three elections, despite what Hughes et al. (1996) characterize as uncertainty about the political consequences of Klein's early cuts. Homogenizing the publics gives the impression of a paradoxical situation with loud "public opposition" to the cuts, on the one hand, and widespread support for them, on the other. Disaggregating the publics, however, reveals that the opposition to the cuts was primarily from the public service. Moreover, the public, in four consecutive elections, gave the Klein government license to define the Public interest, even when the opposition and organized interest argued against it.

The Public

The Public is constituted at the micro level of society. Individuals and family units are the primary consumers of public services. Obviously, these individuals may have political preferences – independents, die-hard leftists, staunch rightists, and everything in between – but they are not organized as an interest, and therefore their ability to exercise power is wielded almost exclusively at the polls. The Public projects individual lived experiences onto the formulation of macroeconomic policies. In other words, individuals believe there is a time when the right strategy is consumption (even if they need to borrow and run a deficit) and, likewise, a time for austerity. They, therefore, perceive that the same must apply to government spending. Economists and policy-makers argue that this is naïve economics, but it is nonetheless a reality driven by public perceptions.

Schui (2014) reminds us of the apparent paradox of populist support for unpopular economics:

“The austerity policies that have been rolled out in many Western countries have brought all the pain of economic stagnation but hardly any of the promised benefits of debt reduction, renewed growth and prosperity. Nonetheless, support for such measures has remained strong among economists, politicians, and substantial parts of the public” (p. 1)

In a neoliberal democracy, one would expect that if the public were truly opposed to public spending cuts, they would demonstrate their objection at the polls. Hughes et al. (1996) likewise wondered whether support for the Klein government would shift as Albertans came to “understand what an abstract commitment to ‘balanced budgets’ means in terms of the quality of public services and everyday life” (p. 277). Indeed, Taras and Tupper (1994) argue that the “contradiction in public opinion data – between Albertans’ desire for balanced budgets and low taxes and their anxiety about the impacts of cuts in health and education – will lose its theoretical quality” (p. 78) only when the implications of cuts are really felt (Hughes et al., 1996).

As noted earlier, the erosion of public support was not reflected at the polls, as Klein went on to win the 1997, 2001, and 2004 elections (with more seats, except in 2004). Hughes et al. (1996) also describe a paradox where the public demonstrated concern over public spending cuts but welcomed the Klein government’s efforts to reduce the deficit: “This highlights a central paradox in Alberta public opinion. Despite concerns about the negative impact of health-care and education cuts ... a large majority accept the government’s focus on cutting spending to reduce the deficit” (p. 277).

As we’ve suggested, there may be no paradox here at all. The conflict is actually between the views of the public sector employees and the views of the Public. This doesn’t make the Public conflicted; rather, it establishes a divergence between the views of the Public and other publics, and a convergence of the views of the Public with the government. The Public appears to be saying that the best proxy for the Public interest is the government’s economic policy of program spending cuts. In fact, in the case of the 1995 provincial survey, even the opposition Liberals appeared to agree with the Klein government’s strategy to cut program spending to reduce deficits. The only divergence of views amongst all publics was by public sector employees.

INDIVIDUAL VS. PUBLIC INTEREST

It is challenging to define the public interest given the tradeoffs that must occur to negotiate a collective interest. Consequently, the public good maybe non-existent or transient, but, nonetheless, through time, individuals and interest groups frequently strive to define the collective interests of other individuals and groups. At best, the public interest is used generously to refer to majority interest, and, at worst, it is a group's interest pretending to be everyone's – the public's interest. Rand et al. (1986) describe this paradox; they argue that if public interest is to be “regarded as something apart from and superior to the individual good of its members, it means that the good of some men takes precedence over the good of others” (p. 12-13).

The reality is that quite often individuals and groups mischaracterize their interests as the proxy for the public interest, but, ultimately, it is governments, as the manager of public resources, that aim to pursue macroeconomic strategies that are appropriate and in the best interest of the Public. The opposition party, on the other hand, often adopts a contrarian macroeconomic view, which they argue is in the best interest of the Public. While the individuals who constitute the government and the opposition are consumers of public services, they subscribe to the superordinate goals of their political party, which may not necessarily align with the Public interest. Nonetheless, each public – the government, the opposition, organized interests, and public sector employees – all purport to speak for the public. The obvious question, then, is to who does the public trust to speak on their behalf?

We argue that the governing party, as a reflection of the Public pulse, decides what's in the Public interest. Consequently, governments that stop enacting policies aligned with the Public are replaced by a new government that the Public believes will enact policies in its interest. At times, the interests of the Public and other publics converge, and at other times, they diverge. Regardless, actors arguing for the interest of a public should not be positioned as arguing in the Public interest.

As politicians implement the economic agenda they believe is in the public good, they continue to balance the political costs of their policies. Klein's popularity dipped from 65% in January 1995 to 56% by November (Hughes et al., 1996) as he implemented austerity measures. In 2019 Kenney's approval ratings dropped from 55% in September to 40% in December, after the budget was released (Craddock, 2019). Hughes et al. (1996) observed that, in a second Alberta survey in 1996, 70% of respondents agreed that the budget cuts of 1994 had reduced health care quality, but 62% of decided voters indicated they supported Klein: "This suggests that Albertans may indeed have bitten the bullet of 'new right' fiscal restraint" (Hughes et al., 1996, p. 282). We propose an alternative explanation, consistent with our earlier analysis of Hughes et al.'s (1996) findings from the 1995 survey: If the public sees the implementation of an austerity economic strategy as what they demanded, they reward the governing political party with another mandate; and if they see the strategy as not in the Public interest (after they've had the opportunity to evaluate the implementation), they correct for this in the polls.

Bozeman (2007) argues that "there is no widely agreed upon means of intersubjective understanding of public values" (p. 70). We counter that although it is difficult to agree on what is in the Public interest, we cannot resort to a society where there is no Public interest but individualism. Defining the Public interest is contentious yet necessary. Public policies that may hurt some members of society individually (e.g., public sector employees, at the micro and meso levels) can still be in the best interest of society collectively (macro level). Moreover, the government, which acts for the Public, is the key player that sets out and implements policies intended for the public good.

CONCLUSION

On March 30, 2020, the price of Alberta crude dropped to USD\$4.94, a sharp decline from December 31, 2019, shortly after Kenney's new UCP government released its maiden budget, when the price of crude was \$36.82. Table 1 compares some key

macroeconomic data from 2013 (the last year of economic growth) and current period (2019–2020).

Alberta Economic Indicators	2013	July 31 2019	2020	Source
Population (Calendar Year End)	4,029,951	4,371,316		1
% Increase in population Vs 2013				
Last year of growth		8.5%		
FYE (Mar 31st)	2013	2019E	2020	
GDP CAD \$'000s	330,548,000	349,595,293		2a- 2013, 2b- 2019E
Real GDP Growth	5.7%	0.9%		
Debt CAD \$'000s	6,000,000	62,700,000		3
Debt / GDP ratio	1.8%	17.9%		
% Increase in Debt		945.0%		
% Increase in Debt / GDP ratio 2019 Vs 2013 Last year of growth		888.1%		
FYE (Mar 31st)	2013	2019	2020	
Deficit CAD \$'000s	114,000	6,711,000		3
Deficit / GDP ratio	0.03%	1.92%		
% Increase in Deficit		5786.8%		
% Increase in Deficit / GDP ratio 2019 Vs 2013 Last year of growth		5466.1%		
	2013	2019	2020	
Alberta Unemployment	4.7%	7.3%		3
Canada Unemployment	7.0%	5.5%		3
% Increase in Unemployment 2019 Vs 2013 Last year of growth		55.3%		
Capital & Program Expenditure	2013	2019	2020	
Public Spending CAD \$'000s	41,453,000	56,335,000		3
Public Spending to GDP ratio	13%	16.1%		
% Increase in Public Spending / GDP ratio 2019 Vs 2013 Last year of growth		35.9%		
% Increase in Public Spending / GDP ratio 2019 Vs 2013 Last year of growth		28.5%		
Oil Prices USD	2013	2019	2020	
WTI Dec 31st	\$ 94.86	\$ 57.68		4
WCS Dec 31st	\$ 65.69	\$ 36.82		4
WCS Mar 30			\$4.94	5
Sources:				
	Alberta Government, retrieved May 26, 2020, https://open.alberta.ca/dataset/aa2bce64-c5e6-4451-a4ac-cb2c58cb9d6b/resource/6b3d96a0-81af-42c5-8c47-0e55fc32c178/download/2018-q4-population-report.pdf			
	1 population-report.pdf			
	2a Government of Canada, retrieved May 26, Stats Canada Table: 36-10-0222-01 (formerly CANSIM 384-0038)			
	2b ATB, retrieved May 26, 2020, https://www.atb.com/siteassets/pdf/company/insights/outlook/atb-alberta-economic-outlook-december-2019.pdf			
	3 Alberta Government, retrieved May 26, 2020, https://open.alberta.ca/dataset/budget-2020			
	4 Alberta Government, retrieved May 26, 2020, https://economicdashboard.alberta.ca/OilPrice			
	5 Oil price charts, retrieved May 26, 2020, https://oilprice.com/oil-price-charts			

Table 1: Key Alberta macroeconomic data from 2013 to 2019–2020

Even with oil at \$36.82, there was general consensus that the province was going through severe austere times exemplified by a stagnation in GDP levels from, a 945% increase in total public debt, a 5786% increase in the deficit, and a 55.3% increase in the unemployment rate (Table 1). As Barbara et al. (2020) argue, “recent economic and fiscal crises have rekindled attention to private and public sector organizations’ capacities to respond to shocks and disturbances” (p. 530). We suggest that in a binary universe defined by consumption or abstinence policy, objectively considering macroeconomic context suggests there is a time for both. If there was ever a time in Alberta for austerity based on economic reality and forecasts, 2019 was it, as the province was experiencing a period of economic contraction.

In spite of the macroeconomic data evidence, public spending had increased by 35.9% between 2013 and 2019 (Table 1). Nonetheless, when the Kenney government proposed a 2.8% cut in program spending over three years, it was met by staunch criticism from the opposition NDP and public service employees, both of whom equated the cuts to the Klein government’s 20% cuts (1997 vs 1993) and argued that the cuts were not in the Public interest.

With an economy based largely on oil, Alberta experiences boom and bust commodity cycles that could be mitigated by diversification. The question we pose, however, is whether austerity measures, such as Kenney’s spending cuts of 2.8% over three years, are a reasonable economic strategy given the economic reality and outlook when the budget was set. More broadly, is there an appropriate time for austerity measures? Furthermore, this paper helps to explain how the UCP, which ran on a promise of cutting spending, won the largest mandate in Alberta’s history with 54.9% of the popular vote. Unpopular economics receive populist electoral support, which some researchers see as a paradox. We attempt to explain this paradox by disaggregating the publics.

In the 1980s and 1990s, across the country and political spectrum, Canadian provinces appeared obsessed with the tenets of neoliberal Keynesian economics, including deficit eradication, as evidenced by all provinces passing BBL (Simpson & Wesley, 2012) and by various political parties pursuing public spending cuts (Kneebone & McKenzie, 1999) in austere times. Since the 1980s, Canada has experienced three major recessions, and Alberta has had four. Alberta's longest and most severe recent recession began in 2014 and stretched into 2017. This period of contraction happened as the Canadian economy was growing. Some would argue that this most recent recession isn't over yet, as Alberta continues to struggle economically. Following the 1990–1992 recession, most provincial governments, across the political spectrum, responded with program spending cuts or a combination of cuts and tax increases.

However, since the 1990s, good economic times have prompted increases in public spending, while slow economic times have not prompted reductions in public spending. As a result, the proportion of public spending and size of government as a whole has grown, which represents a reversal of political and economic trends of the 1990s. This trend is reflected in contemporary Alberta, where left-leaning political parties that are supported by public sector employees now see any cut to public spending as bad and requiring resistance. In other words, there is no longer a place for austerity in public policy. As Schui (2014) puts it, austerity is dead. Political critics cite inflation as the reason why 3% cuts are really a double-digit cut (Simpson & Wesley, 2012). Furthermore, as Schui (2014) remarks, “the participants in the great debate about austerity often do not talk to each other, but rather past each other” (p. 7). The differences in views have become more ideological and political with several publics purporting to speak for the Public.

We disaggregate the public to include government, the opposition, organized interests, public sector employees, and the Public. Only the Public is a proxy for society as a whole and the Public interest. All the other publics have superordinate goals that could conflict with the Public interest. In the case of Alberta's

most recent austerity measures, although the opposition party and public sector employees argue that the cuts were not in the Public interest, the Public disagrees. They elected a government that ran on a promise to cut public spending, which suggests that the Public believes that there is a time to curtail public spending – and 2019 was the time. This put the Public at odds with the opposition and public sector employees. Individuals' understanding of economics at the micro level of society perhaps explains their macroeconomic perceptions; individuals expect that if they can make adjustments to their operational and capital spending to adjust for revenues and debt loads, then so can government at the macro level. This naïve understanding of economics clearly has implications for government economic policies.

The Public and government were both aligned on the need for cuts – a familiar scenario for Albertans, where Klein's government (1992–2006) also seems to have reflected an alignment of government and the Public interest. Public endorsement implies that the government is the actor that has the legitimacy to speak for the Public in democratic societies, because its policies are reflective of public desires. The effectiveness of its policies are only as strong as its political will and public support it enjoys.

We acknowledge that political parties also are intentional and work to shape public opinions. We also acknowledge that public support is transient and, therefore, so is the power the Public delegates to a government to make policies in the Public interest. The day the Public decides that a government's policy isn't in the Public interest, they correct for it electorally, and another government becomes the new proxy for Public interest. Austerity measures still have a place in public policy (Barbera et al., 2020). The true paradox is acknowledging that cuts can have long-term adverse consequences for social programs. Therefore, we require research into how policy-makers can implement cuts when appropriate and avoid long-term devastation to social programs and infrastructure. Other areas worthy of investigation include explaining when austerity measures are appropriate and providing

empirical evidence from other jurisdictions. Lastly, assuming that there is indeed a time for austerity, we should explore ways to improve the likelihood of the success of austerity measures, especially given that enactment of economic strategy is subject to the translation of political actors.

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