

Submission to the  
United Way  
of Edmonton & Area

**TASKFORCE ON PRIVATIZATION**

June 20th, 1987

Prepared by the  
Edmonton Social Planning Council

SUBMISSION TO THE UNITED WAY OF EDMONTON AND AREA

TASKFORCE ON PRIVATIZATION

As members of the Board of Directors and staff of the Edmonton Social Planning Council we are pleased to have this opportunity to meet with the United Way's Taskforce on Privatization. The question of privatization has been of concern to the Council for at least the past three years. We have attempted in this time to inform our membership, and the wider Edmonton community, of some of the potential consequences of a privatized approach to the delivery of human services, through our publications *First Reading*, our monthly 'brown bag forums' and through presentations offered by our Executive Director.

We believe that the privatization of human services will have considerable consequences for the United Way during the next decade. We are therefore pleased that the United Way Board of Directors has at last shown the degree of concern that the question of privatization so urgently demands. While we share the concern that union support may be withdrawn from the forthcoming United Way campaign it is our view that privatization poses a much greater threat to the future of the United Way and to its financial resources if the provincial government continues its determined policy of gradually withdrawing its support for human service programs.

Our approach in preparing this submission was to meet as a subcommittee of the Board of Directors and discuss our collective concerns and experiences. We quickly came to appreciate that it is a very complex issue with many shades of opinion. We have therefore prepared our comments with this in mind and with the hope that individual members of our group will be able to make their own

contributions in the discussion that follows.

What then is privatization? To the Council it is a policy which is intended to lessen the involvement of government in the **delivery, funding and regulation** of human services by encouraging added responsibilities for **families, community agencies and private enterprise**. We acknowledge that the provision of human services in this province has for decades been provided through a 'mixed economy' of government, community agency and private operator. It is also possible that there are some aspects of human services presently being provided by government that with careful planning and forethought might well be more suitably placed with a community agency. What is of particular concern to the Council is the dramatic shift in the relationship between the three elements - government, community agency and private operator - that privatization will bring about. We therefore firmly believe that we must all be prepared to seriously question the values and assumptions that are used to rationalize the shift, to challenge the purposes it pretends to serve, to carefully examine the processes that are used to bring it about, and above all else to understand the impact that privatization will have upon the clients of human service organizations and the existing resources in the community.

How do those who promote the privatization of human services justify their actions? The argument generally is that the first line of defense for an individual is himself, his own resources and those of his family. If these are found to be inadequate the second avenue of recourse is the local community, preferably through nonprofit agencies. Only when all of these options have failed has government a responsibility to step in, but of course only on a temporary basis for otherwise individual self reliance will be permanently

damaged. This ideological perspective is firmly entrenched in the thinking of Alberta Social Services.

"The department believes that while its services must be responsive to people's needs, services should not replace or interfere with the responsibility and initiative of individuals, families and communities to meet their own needs"

Such a limited, last resort, 'residual' role for government in the delivery of human services springs from a value system that has never been comfortable with a welfare state philosophy that genuinely cares about and for people. It runs counter to Canadians more traditional pragmatic acceptance that governments leave a moral obligation to intervene with a wide range of social and health services, and the belief that individual well-being should not be dependent simply on the market place or family connections.

Despite determined denials to the contrary those who support privatization see it as a means of cutting costs and meeting the needs for restraint in government spending. With the downturn in the provincial economy it has become common to hear government politicians complain that public expenditure on health care and social programs must be cut back. The cruelist irony is that these demands for cuts in social spending inevitably coincide with increasing social costs in the community which have resulted from our weakened economy. Those who support the need for restraint in government spending on human services will also argue that the apparent high costs reduce the ability of the government to invest and at the same time require higher taxation, with the result that economic growth is seriously restricted. On the

basis of this perverse logic the blame for our economic woes can be conveniently laid at the feet of those disadvantaged groups in our community who most need our help. Significantly both the MacDonald Commission and the Neilsen Taskforce firmly rejected the view that our present social spending is an unacceptable burden, or that the country's deficit should be lowered by slashing social programs.

Those who support increased privatization also believe that market place competition in the field of human services is the key to ensuring that the best quality service will be provided at the most competitive price. As a Council we are concerned by the inherent contradiction between the goals of human services and the profit orientation of market competition. Shifting the burden from the tax supported public system to the users of the services, through the introduction of user fees means that the biggest cost burdens will fall upon those who are already poor and vulnerable and therefore quite unable to compete in the market place. As well the desire for profit, coupled with the fact that human services are labour intensive, inevitably results in cuts in staff salaries, staff training and staff numbers. There is mounting evidence that market place competition in human services can only lead to a deterioration in the quality of care, and to minimal accountability to the consumer and the general public. It will also bring added pressure upon governments to both increase their level of financial support and decrease their regulatory standards; all in the interests of allowing the large commercial operators to maintain a healthy profit. It is also apparent that privatization is seen by those in government as a means of weakening the influence of public sector unions and thereby demonstrating to potential investors that this is a government that is in charge. By firmly controlling public sector wages, by replacing trained professionals with low paid clerical staff and computers and threatening to

privatize various programs the government is able to indirectly influence wages in the rest of the economy and thereby bring about a general lowering of the standard of living in the province.

What are the impacts of the privatization of human services upon families and community groups?

First it is important to appreciate that the government 'is us' and that in a caring society there is a social contract that guarantees a right to adequate food, shelter, clothing, health care and protective services for all without guilt. It is this social contract between a government and its citizens that is now up for negotiation with increasing privatization. If the fundamental principles of universality, equity and accessibility are to mean anything in this province it is critical that some agreement be reached on the statutory services - the basic needs of life, health care, support for the disabled and the protection of children - that the provincial government must continue to provide. Without this acceptance of government's responsibility to protect the disadvantaged an intolerable burden will be thrown upon those groups, such as the United Way, who are expected to provide charitable support, as well as upon those individuals and families who are forced to accept it.

The privatization argument that in these tough economic times family caregivers will have to do more for their kith and kin has been much in evidence with respect to recent cutbacks in Children's Handicapped Services and the Aids to Daily Living Program. The belief that family caregivers will always be available as a substitute for formally organized public services is based on the misplaced assumption that women are willing and able to care for elderly dependents or for disabled family members. Supporters of privatization

also conveniently ignore a number of significant social and demographic changes that have occurred in the past few years, that have dramatically changed the demand for and the supply of informal caregivers. The declining possibilities of extended families being available to help, divorces and single parent families and the dramatic increase in the number of women joining the workforce - 53,000 since 1981 - has meant that fewer women are available to support the increasing number of elderly and disabled. Clearly responsibility cannot simply be delegated by government. Families must be willing to assume responsibility without undue reluctance and with the necessary financial support to ensure that they are not required to bear an impossible burden. It is also important to acknowledge that the traditional obligations to family have not been abandoned and that families already provide a major portion of the care and support of dependent members.

The desire to turn services over to the community incorporates an assumption that people can come together to help one another with genuine compassion and concern for the less advantaged citizens. While this in fact may be evident in the work of the United Way, the stress on individual self reliance and the fragmentation and isolation that are the cruel outcomes of high unemployment and poverty suggest at best that this is an uncertain assumption.

Governments who privatize have come to appreciate the potential of the non-profit human service agencies in a community, but unfortunately this new awareness is for all of the wrong reasons. The hope for a great reserve army of volunteers that will presumably materialize in the new dawn of privatization fails to understand the dynamics of the present voluntary sector, the social and economic changes that have gone on in the community, the increase in tension that is likely to arise between the volunteers and the professionals already employed in the voluntary agencies, and the type of experience that volunteers

of today are looking for.

Evidence from the United States shows that when governments are determined to reduce their investment in the delivery of human services voluntary agencies are increasingly unable to meet the financial demands that their new involvements impose upon them. Under these circumstances necessary services have to be eliminated, longer waiting lists become inevitable, smaller centres of population are unable to provide the help that is required, specialized needs are ignored and budgets are balanced at the expense of hiring qualified staff. As a result, community agencies are required to become even more determined in their fight for the limited philanthropic dollars that are available.

The decision to privatize services has already seen a much greater use of contracts between the government and non-profit agencies. While a contractual relationship may appear to be a satisfactory means of transferring both funds and responsibilities some of the limitations must be appreciated. A contract offers no guarantee of continuity from one year to another and agencies can become vulnerable to changes of government policy. As well agencies will find it expedient to orient their services to those areas where funding appears to be available rather than towards evident needs in the community. In any system of contracting it is fundamental that potential contractors be selected in an impartial and systematic manner and that regulations and performance criteria are clearly identified. To date there have been far too many examples that show the government has failed on both counts. A contract approach has already generated a pattern of inequality and patronage where friends of the government have found it comparatively easy to obtain the support they require. As well the provincial government has a dismal record of enforcing standards of



care, and in fact makes no secret of its desire to deregulate services.

But perhaps the most alarming impact of privatization for the non-profit sector is the potential damage to one of its principle virtues; its ability to represent and protect the collective interests of their respective client groups. With a government contract as a significant source of funding to be at the same time critical of the government of the province is tantamount to financial suicide.

It is therefore our view that services through government are better able to guarantee programs that are comprehensive, universal and accountable. In turn, the role of the voluntary non-profit sector must continue to be one that is subsidiary and where possible complementary to the services of government. The non-profit sector should never be expected to take over, or compete with, the mainstream of human service provision offered by government. The traditional role of the voluntary agencies must therefore be maintained: the ability to detect new needs and develop new strategies, to focus attention on minority or unpopular causes, to develop specialized expertise in areas not addressed by government programs, to represent the collective interest of their clients and members and to act as a watchdog over the services provided by government.

In conclusion we are interested in offering the Taskforce a number of recommendations that we believe will enable the United Way to respond more constructively to both the concerns of the labour movement and to the wider issue of privatization.

- The United Way should be prepared to publicly express its concern about government cutbacks in the area of human services and its opposition to the thoughtlessly <sup>destructive</sup> restrictive approaches being taken to transfer human services to families, communities and private enterprise. It should be noted that public support for the privatization of human services is decidedly limited. In a recent study of a random sample of Edmontonians, 45% replied that "government should be most responsible for actually delivering help to people facing physical,

financial, emotional or social hardships". A further 41% suggested that it was the primary responsibility of relatives or friends to help with these hardships, while 13% saw the responsibility falling to either churches or non-profit and a mere 1% saw a role for private enterprise. Almost two-thirds of those interviewed considered that government should be responsible for "paying for help provided to people facing physical, financial, emotional or social hardship" from the provinces tax base. As well two-thirds of the sample indicated that interest groups that represent the receivers of human services should be involved in the planning of social services in the province.

- The United Way should more actively promote the significant contributions made to the organization by its union supporters, as well as the volunteer contributions that individual union members make to the wider community and in particular to United Way agencies. The fundamental compatibility between the principles of the union movement and the earnest desire of union members to seek improvements in their communities through voluntary action must be given due recognition and should never be compromised.

- We believe that the United Way should include within its allocation criteria consideration of whether a proposal for funding a particular program is the result of a recent government move to privatize a human service. While any decision should be an individual one, bearing in mind the particular circumstances, we believe that the United Way should refuse to fund a program that is clearly an inappropriate form of privatization.

Saturday  
10:00 AM.

UNITED WAY

June 1987  
E.S.P.C.

TASK FORCE ON PRIVATIZATION

ISSUES FOR DISCUSSION

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I INFORMATION

Has your organization had any direct involvement with privatization or introduction of volunteer services in the past?

Describe the circumstances, effects of privatization you observed?

How was the change to privatization handled in terms of informing, consulting interested parties?

II PREDICTIONS

Do you foresee further change towards or away from privatization in social services, health care fields in the immediate future, or long term?

On what basis do you predict these future trends?

What future effects, consequences do you foresee arising from these trends?

III POSITION

Are you in favour of or opposed to the use of private agencies with paid workers in the social service, health care fields?

Are you in favour of or opposed to the use of volunteers in social service, health care fields?

Are there particular areas where you see the use of private agencies or volunteers as more or less acceptable?

Why?

IV SUGGESTIONS

What do you see as being the role of the United Way in dealing with these issues?

What suggestions would you have for the United Way to deal with privatization, volunteerism?