Global Financial Crisis and Public Service Institutions: A Comparison of Responses in Commonwealth Countries[1]

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Abstract:
This paper analyzes how public service institutions in Australia, Canada, the United Kingdom, Singapore, South Africa, India, and Trinidad and Tobago have been dealing with the environmental turbulence created by the global financial crisis of 2007-8.

The first set of findings address the crisis and its impact on countries, commonalities and differences in experiences and reactions. The findings are as follows. First, all cases included in this report were influenced by the global financial crisis at varying degrees. Second, all of them have been implementing measures to revive their national economies and hence, mitigate the adverse effects of the crisis. Third, government measures in the form of stimulus packages resulted in significant budget deficits. Fourth, fiscal measures are mainly targeting infrastructure projects in Canada and Australia, but are aimed at social services for the vulnerable sections of society in the U.K., India, South Africa, and Trinidad and Tobago. Singapore directly targeted employment creation in the public as well as the private sector. Fifth, economic growth will not be as strong in the next five years as it was before the crisis.

The second set of findings address the impact of these experiences and reactions on the public service. The findings are as follows. First, governments have been under double the amount of pressure to serve more people with declining revenues from taxes. Funding is a common problem for all public service institutions in the concerned cases and are in the process of undergoing a series of restructuring measures such as institutional reorganization through organizational mergers, service cuts, employment reductions, salary freezes, and the deployment of information communication technologies. Second, public service institutions at the provincial/state level are under more strain than their federal counterparts. Pressure on provincial/state governments will increase in the coming years, as federal governments will lessen transfers to them in the process of balancing their federal budgets. Third, citizens are asked to pay more for services through increased user fees, custom and excise duties and more taxes.

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Introduction

Defined as a sudden and unpredictable change in the economic, political, social, legal, technological and physical environment, environmental turbulence or volatility adversely affects organizational structures and the performance of public service institutions (Boyne and Meier: 2009, 799). Turbulence has its roots in the rapidity of change as well as the degree of interdependence among organizations (White, Crino and Kedia: 1984, 98). Turbulent environments are dynamic and prone to unforeseen changes (Emergy and Trist: 1965, 26-31). Some of the factors that cause turbulence are sudden changes in economic, social and demographic conditions, actors, government policies, and technology (Perrott: 2009, 45). Turbulence is significant for understanding organizational change in that it affects the goals and structures of organizations, their financial resources, target populations as well as internal and external relationships (Mulroy and Tamburo: 2004, 113).

The purpose of this report is to assess the impact of the global financial crisis in 2007-8 on public service institutions in Canada, Australia, the United Kingdom (UK), Singapore, South Africa, Trinidad and Tobago, and India. It is a survey of actual and planned changes in public service institutions between 2008 and 2011, although some changes will take place beyond 2011. It is argued that the sudden and unexpected global financial crisis, coupled with softening economic growth, created a credit crunch and liquidity trap by forcing financial institutions to hold on to their cash instead of lending to each other as well as to individual and business borrowers. National governments have resorted to Keynesian reflationary fiscal policy measures to ensure that the twin difficulties of the liquidity trap and economic growth are overcome in the short term. They have mainly been concerned with the fact that turmoil in the financial sector could spill over into the industrial sector and might result in an economic depression, akin to what happened in 1929.

However, reflationary fiscal measures are planned to be temporary. Governments expect that tax revenues, coupled with spending cuts in public service institutions, will be enough to balance their budgets by phasing out spending gradually after 2011. In that sense, this u-turn in fiscal policy is seen as rather a short-term aberration within a broader neoliberal economic policy context in general. Such a perception has serious adverse implications for public service institutions, since economic growth after recovery will not be as high as before the crisis in most cases and balanced budgets will require more cuts in public spending. While the first part briefly defines key concepts and introduces the method and sources used in the study, the second section deals with the broader impact of the global financial crisis on national economies and fiscal policies in the concerned cases. The third part summarizes measures taken by respective governments to deal with the crisis. The fourth part assesses findings before stating conclusions in the fifth and final section.

Definition and Methodology

In this study, organization means “an organizing *activity, a process,* and a *structure* through which collective action takes place - for example, a university, a church, a private firm, or a government department or agency.” (Farazmand: 2009, 1015) Institutions as organizations are defined as social structures that consist of persons, funds, and buildings to accomplish a particular organizational task and function (Heiter: 2007, 5). Institutions as organizations have a physical presence, workforce, outputs to deliver, and budgets. The public sector means sub-sectors of the general government (mainly central, state and local government units) as well as non-corporate, quasi-corporate and corporate public enterprises that provide services to the public such as education, health, security, law and order, infrastructure management, environmental protection, and social welfare (Perrott: 2009, p. 40). As a concept, public service institutions refer to “human service organizations publicly held by government.” (Schiflett and Zey: 1990, 579) Public ownership, financial support, and service provision without profit motive are the three major defining features of public service institutions in contrast to private sector organizations. Government departments, schools and universities, public utilities, hospitals, government agencies and bureaus are some of the public service institutions one can recall easily (Drucker: 1973, 43).

This report investigates and assesses the reactions of governments to the global financial crisis (Ragin: 2007, 68). This study is aimed particularly at investigating and assessing policy initiatives taken in the concerned jurisdictions to find out whether there are any patterns of convergence as well as divergence (Hantrais: 2009, 11). Global financial crisis is not a phenomenon that can be stripped of its broader environment. Economic behavior is embedded in political and social contexts (Granovetter: 1985, 482). Economy, polity and society are not separate. Change in one part causes adjustments in other spheres because of the interdependency among them. The unit of analysis is the respective central and state/provincial governments in each country. With the inclusion of seven cases (small-N) in this study, the multiple embedded case study method is deployed to explain similarities and differences between the cases in terms of their response to the current global financial crisis (Yin: 1994, 41-52). The small-N approach makes focused comparison possible (Keman and Kleinnijenhuis: 2006, 21). The multiple case study method permits researchers not only to use different sources of evidence to investigate a particular contemporary phenomenon within its real life context, but also to deploy surveys to collect data (Yin: 1994). Overall, the multiple case study method makes it possible to take advantage of the strengths of both the case study and the comparative methods.

Besides focusing on seven cases, this study also compares them. The comparative method, 'as a method of political inquiry', is appropriate, when there is a small number of cases (Lijphart: 2008, 245-256). It is embedded because the study is focusing on the effects of the crisis on public sector institutions within the broader economic measures the concerned governments have been taking. Comparing these seven cases makes it possible to explore diversity among them, while discovering underlying similarities (Ragin: 1994, 108-112). Examining patterns of diversity is the key to searching for combinations of conditions that make categories of cases distinct without ignoring similar tendencies (Ragin: 1994, 115). In particular, assessing necessary and/or sufficient causes for taking particular measures in specific countries, which is

Table 1: Case Classification

Economic Structure/Political Structure	Unitary	Federal
Industrialized	United Kingdom Singapore	Australia Canada
Developing	Trinidad and Tobago	India South Africa

the advantage of a cross-case analysis, is targeted (Majoney and Villegas: 2007, 76).

In terms of research design, there are two criteria deployed to analyze the cases: the level of economic development and political structure. There are four developed countries (the UK, Canada, Australia and Singapore), and three developing countries (South Africa, India and Trinidad and Tobago). Four cases (Canada, Australia, India, and South Africa) have federal political structures and the U.K, Singapore, and Trinidad and Tobago are unitary polities, as Table 1 illustrates. To capture a more detailed understanding, the state/provincial level is considered in federal jurisdictions by selecting several cases. The rationale behind such an effort is that federal governments do not provide many public services directly. Analyzing state government policies reveal more about the impact of the global financial crisis on public service institutions. Altogether, these seven cases make it possible to conduct a two-dimensional comparison: developed/developing countries, and federal/unitary political structures, as Table 1 indicates.

Most similar and most different cases approaches are simultaneously used to accomplish comparison. The multiple case study method, combining the strengths of both the case and comparative methods, permits researchers a deeper and comprehensive understanding of the causal processes behind this new phenomenon (Johnson, Reynolds and Mycoff: 2008, 15-24). It is easier to control contextual features in similar cases and contrast the effects of the crisis in the cases with systematic differences. In other words, holding the context constant and varying, it is possible with these two groups of cases to find out patterns of convergence and divergence between the two groups of cases with comparison (Pennings, Keman and Keinnijenhuis: 2006, 7-37; Robson: 1993, 146-149; Platt: 2007, 112). The study covers the period between 2008 and 2011 to find out major differences between the cases, while determining similar trends (Gerring: 2007, 94-098). Comparison concentrates on measures taken to revive economic growth, and cuts in public spending to control budget deficits in mainly central and state/provincial governments. Government budgets, budget speeches and newspaper articles are used as the source of empirical evidence in investigating the impact of the crisis on public service institutions in the concerned cases.

Global Financial Crisis and Macroeconomic Conditions

The global financial crisis has its origins in a meltdown in the structured securitization instruments that created a financial turmoil in the U.S. and the U.K. in mid-2007. However, the meltdown has become a full-blown crisis with a quick spread to other economies around the world thanks to the economic globalization over the last thirty years (Demirguc-Kunt and Serven: 2010). As for the factors behind the initial financial meltdown in the U.S., some would point to a rapid expansion of an otherwise healthy mortgage market in 2004 because of too many market participants at every level and their desire to take on dangerous levels of leverage (Barth et al: 2009, 2). Others identify structural factors such as a rapidly evolving financial system, low interest rates, an eroding responsibility of lenders and borrowers, a large amount of cash flowing to the U.S. from new and emerging market economies, a lack oversight by policymakers and regulators, aggressive mortgage lenders, compliant appraisers, incorrect ratings, and an animal spirit of investors and business enterprises as the principal factors that contributed the bubble (Zandi: 2009, 2; Murphy: 2009, 2; Shiller: 2008).

All of these factors can be reduced to two underlying causes: reckless lending by the financial sector which was closely related to the second cause that is a fragile economic recovery in advanced industrial economies after the technology bubble in 2000 (Kregel: 2008; Wray: 2009). The deregulation of the financial services sector in the U.S. in 1999 and the low interest policy to promote economic growth created a real estate bubble between 2001 and 2005. In the absence of demand for credit by industrial firms, the financial sector did not have much choice other than lending to unqualified people under the adjustable-rate mortgage (ARMs) category at a higher return instead of holding cash which would mean no profit. Interestingly, these highly risky mortgages were repackaged and sold to investors as mortgage-backed securities around the world. Rising interest rates to control inflation after 2005 resulted in the decline in demand for real estate and hence, house values. Besides, increasing mortgage rates also caused a sharp increase in mortgage delinquencies and bankruptcies, thereby making mortgage-backed securities worthless. Financial institutions in the U.S. and in Europe suddenly preferred to hold on to their cash and stopped lending each other as well as to corporate and individual borrowers after several high-profile bankruptcies like Bear & Stearns in the U.S. and Northern Rock in the U.K. due to the credit crunch, in spite of the fact that central banks declined interest rates historic low levels and made available credit facilities to the financial sector (Baskoy: 2010).

Table 2: GDP Growth Rate: 2005-2014[1]

Country/Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Australia	3.1	2.7	4.8	2.2	1	2.3	2.7	2.9	3	3.1
Canada	3	2.9	2.5	0.4	-2.6	2.9	1.8	2.2	2.7	2.6
India	9.2	9.7	9.1	6.1	6.8	7.7	8	8.2	8	7.9
Singapore	7.6	8.7	8.2	1.4	-2	5.1	5	4.9	4.7	5.3
South Africa	5.3	5.6	5.5	3.7	-1.8	2.8	3.7	4.1	3.6	3
Trinidad & Tobago	6.1	12.1	5.5	3.5	-3.5	2.1	2			
United Kingdom	2.2	2.9	2.6	0.5	-5	0.7	0.9	1.2	1.5	1.4
United States	3.1	2.7	2.1	0.4	-2.4	2.8	1.6	1.9	2.2	2.3

Besides rising interest rates, the stagnation in economic growth in the U.S., Canada, and other advanced industrial countries after 2005 was the main source of the problem. Four generalizations can be made from Table 2 above. [2]ViewsWire 5-Year Country Forecast Tables.First, economic growth in North American economies – American and Canadian – already stagnated by 2005, in contrast to growth trends in the national economies of the U.K., Singapore, India, Australia, and Trinidad and Tobago.

Second, British, Trinidad and Tobagon, Canadian, and American economies were hardest hit by the global financial crisis. Third, the Indian and Australian economies did not experience negative economic growth. Finally, it seems that economic growth in the British, American and Canadian economies will be comparatively low in the next five years. Overall, these trends indicate that the global financial crisis has more impact on public service institutions in the United States, Canada, and the United Kingdom than those in other cases, but Table 2 indicates that economic growth will be lower in the next five years in all cases but Australia. Understanding how national governments have been and are going to react to the crisis as well as the nature of measures, engenders a closer look at trends in government consumption, budget balance, and government debt, besides the rate of economic growth. Table 3 [3]demonstrates change in government consumption expenditure as a percentage of gross domestic product (GDP). It is possible to make several observations on government consumption in the concerned cases. First, all but the Australian government increased government consumption one year after the eruption of the crisis. Second, government expenditure was already growing in Australia, Canada, India, South Africa, and Trinidad and Tobago between 2005 and 2007, in contrast to reverse trends in the U.K. and Singapore. Third, government consumption will decline in all cases after 2010. However, government consumption will still remain positive in all cases except for the U.K., indicating that the British government will cut its consumption significantly in the next five years. Canada will make a considerable cut in 2011 before slightly raising and keeping it stable. Government consumption in Australia will decline after 2011, but there will more spending compared to Canada and the U.K. after 2012. In contrast to the negative and very small positive growth in government consumption in the U.K., Canada, and Australia, government consumption will be higher in India, Singapore, South Africa, and Trinidad and Tobago.

[2] Economist Intelligence Unit. (2010). ViewsWire 5-Year Country Forecast Tables.
[3] Economist Intelligence Unit. (2010). ViewsWire 5-Year Country Forecast Tables.

Table 3: Government Consumption as % of GDP: 2005-2014[2]

Country/Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Australia	2.2	3.6	3.3	3.3	2.4	2.6	2.4	2.2	2.1	2.1
Canada	1.4	3	3.2	3.7	3	3.3	0.8	1.1	1.5	1.4
India	5.4	7	7.6	20.2	8.2	9.3	9.1	9	8.5	8.5
Singapore	6.6	6.5	0.1	10	8.3	8.2	5.7	4.1	4	3
South Africa	4.6	4.9	4.7	4.9	6.2	6.5	5.8	5	4.5	4
Trinidad Tobago	4.2	8.6	7.4	8.1	4.5	5.5	4.3			
UK	2	1.6	1.2	2.6	2	1.6	-1.5	-2.1	-2.1	-2

The next item to be considered is the budget balance as a percentage of GDP because governments are concerned about whether they can achieve balanced budgets in the next couple of years. They also plan their consumption in relation to budget balance. Table 4 below [4] demonstrates that Australia, Canada, Singapore, and Trinidad and Tobago achieved budget surpluses before the global financial crisis. Only India and the U.K. experienced a consistent budget shortfall, while South Africa had mixed results. With the crisis, all countries run into deficit, ranging from Singapore with only -1 percent to the U.K. with -11.4 percent of its GDP. Finally, all countries in the study except for Singapore are forecasted to have a budget deficit until 2014.

The final indicator to be considered to get a broader picture of government finances is government debt which Table 5 shows.[5] The U.K., Singapore, Canada, and India have considerable amounts of government debt in contrast to Australia, South Africa and Trinidad and Tobago. Government debt will be higher in the U.K., Australia, Canada, and South Africa by 2014 compared to what it was before the crisis. India, Singapore, and Trinidad and Tobago are planning to reduce their debt by several percentage points by 2014. Overall, these macroeconomic indicators demonstrate that governments will be under significant pressure to cut spending and control government debt. Such efforts will definitely have an adverse impact on public service institutions.

Overall, there are several common trends that the seven cases share. First, the global financial crisis influenced all countries regardless of their location. Second, all countries increased government spending and took emergency measures between 2008 and 2011. Third, economic growth will be slower in the coming years. Four, there will be cuts in public spending after 2011 to reduce public debt. Finally, country reactions to cope with the impact of the crisis show some divergence, depending on the immediate and long-term impact of the crisis, the shape of public finances and the expected economic recovery, nonetheless. The next two sections surveys measures taken in the seven jurisdictions to stimulate economic growth and control government spending in the federal and unitary jurisdictions separately.

[4] Economist Intelligence Unit. (2010). ViewsWire 5-Year Country Forecast Tables.

[5] Figures for South Africa and Trinidad and Tobago show net public debt. Economist Intelligence Unit. (2010). ViewsWire 5-Year Country Forecast Tables. (Net Public debt, Economist Intelligence Unit, Country Report, South Africa, March 2010, p. 20); (Net Public debt, Economist Intelligence Unit, Country Report, Trinidad and Tobago, March 2010, p. 14).

Table 4: Budget Balance as % of GDP: 2005-2014[3]

Country/Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Australia	1.7	1.8	1.7	0.9	-3.7	-3.1	-2.1	-1.3	-0.9	-0.7
Canada	1.4	1.5	1.5	1.5	-4	-3.7	-2.9	-2.1	-1.3	-1.2
India	-4	-3.3	-2.6	-5.9	-7.7	-6.4	-6.1	-5.8	-4.9	-4.6
Singapore	-0.3	0.5	3.2	1.5	-1	-2.7	-1.2	-0.2	0.9	1.7
South Africa	-0.6	0.6	0.1	-1.1	-5.8	-6.6	-5.3	-3.3	-3	-2.5
Trinidad Tobago	2.5	1.6	0.2	2	-5.9	-5.4	-3			
UK	-3.3	-2.6	-2.6	-4.9	-11.4	-13.5	-11.5	-10.1	-8.9	-8

Table 5: Government Debt as % of GDP: 2005-2014[4]

Country/Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Australia	16.6	15.8	14.8	14.3	18.4	21.4	23.3	24.1	24.5	24.6
Canada	71.6	69.5	65	64.5	75.1	75.2	75.8	74.4	71.6	69.1
India	61	59.3	58.6	54.9	59	61.1	61	60.6	59.4	57.9
Singapore	99.1	92.4	90.5	95.9	113.1	107.1	101.9	96.8	91.5	86.5
South Africa	34.7	32.5	31.2	31.2	36.2	33.2	41.6	45.6		
Trinidad Tobago	36.1	30.8	27.8	26.9	25.9	25.9	24.6			
UK	42.2	43.2	44.2	52	67.6	78.4	85.6	92.1	98.1	104

Government Measures to Stimulate Economic Growth in Federal Jurisdictions: Australia, Canada, India, and South Africa

In federal jurisdictions, federal governments initiated generous stimulus packages to revive economic growth. However, the nature of stimulus packages depends on the status of the case, i.e. whether it is a developed or developing country. Developed countries adopted more infrastructure-oriented packages that require indirect government involvement, whereas developing countries preferred more social-service oriented packages to protect the most vulnerable in the society. For instance, the Australian government announced three stimulus packages immediately after the crisis – two in late 2008 and one in February 2009 – mainly in the form of cash handouts and new infrastructure projects (Economist Intelligence Unit: 2009a). The packages announced in October (A$10.4 billion Economic Security Strategy) and December

2008 (A$4.7 billion Nation Building Package) targeted pensioners, careers, and seniors for immediate financial help, education, research, health and hospitals, and transportation (roads, railways, ports) and communications (Prime Minister of Australia: 2008). In February 2009, the federal government unveiled a second stimulus package of A$42 billion dollars over a three-year period to complete infrastructure, schools and relevant facilities, performing art centres, and housing (Fed govt announces $A42bn stimulus package, halves 2008/09 GDP forecasts to 1%).

There were also announcements of some other federal funding initiatives, including the funding for 70 new teachers to increase staff numbers and reduce class sizes to 21 students, a new library, the hiring of 44 additional government staff to help deal with challenges facing Australia today: 34 allocated to government ministers, seven to the Opposition, one to the Greens, two to Senators; and Centrelink, the body responsible for delivering human services to Australians, hiring 1500 new staff and equipping its call centres for the increased consumer demand for its services due to the recession. At the state level, we see similar trends. The state of Western Australia, for instance, announced a record A$8.3 billion infrastructure investment in 2009-10, in areas like social housing, schools, roads, hospitals and regional development, in addition to A$209 million for 500 additional police personnel and 200 expert civilian staff over five years, and improved wages and conditions for teachers (Harvey: 2009).

As part of the expansionary fiscal policy, the Conservative government passed Bill C-10, legislation for Canada's Economic Action Plan in March 2009. It includes $8.3 billion for the Canada Skills and Transition Strategy to help Canadians by providing them with training, $7.8 billion for housing construction, and $12 billion over two years for infrastructure (Government of Canada: 2009a). Infrastructure initiatives consist of funding for roads, bridges, broadband internet access, electronic health records, laboratories and border crossings across the country. In addition, investments for social housing to support low-income Canadians, seniors, persons with disabilities and Aboriginal Canadians are also included in the broader project (Ministry of Finance Canada: 2009b). Despite the recession, the federal public service has been on an extensive hiring campaign recruiting students from universities and colleges. This is to keep the public service at it is current rate requiring 9,000 people to be hired per year. New pay systems were proposed to attract top candidates to the federal public service (PS to stay on hiring spree, clerk says). The 2010 budget continues infrastructure investment by building better roads, bridges, border crossings, public transit and college and university facilities (Ministry of Finance Canada: 2010, 13-14).

The Ontario government committed $32.5 billion over the next two years for new infrastructure that would support more than 300,000 jobs in its 2009 budget. The government also raised training support for the unemployed, while creating more than100,000 summer jobs for students in 2009. Another government action stated in the budget was a write-off for new machinery and equipment and a 100 per cent write-off for new computers. In Ontario, the government announced more than $700 million to be invested in building research infrastructure, supporting life science research, green technologies applied research and genomics research. In terms of social services, the government proposed to raise the Ontario Child Benefit to $1,100 per child effective July 2009, increase social assistance rates by two per cent in 2009–10, improve funding for rent banks, with plans to invest more than $1 billion to build new homes and improve existing housing for families, seniors and persons with disabilities. Finally, the government stimulus plan included tax cuts as well (Ministry of Finance Ontario: 2009).

In Alberta, the government's operating expenses is increasing 3.7 per cent overall in 2009. The provincial government identified health, education, advanced education, seniors and children as priority areas that received a 75 per cent operating increase. In terms of budget increases, health and wellness operating expenses increased by 4.6 per cent, education funding rose by 3.2 per cent, advanced education and technology increased by 3.4 per-cent, and seniors and community supports funding soared by 8.7 per cent (Ministry of Finance Alberta: 2009). The provincial government also allocated money for enhancing career and employment training ($164 million), and to hire 200 more law enforcement officers over two years, and several more Crown Prosecutors (Ministry of Finance Alberta: 2009).

In response to the crisis, the British Columbia (B.C.) government made a five percent reduction in personal income taxes retroactive to January 2008. Providing more than $425 million tax relief and support for B.C. for families, businesses and individuals over the three years is part of the recovery plan (Reynolds, 2009). In the 2009 budget, it was announced that the government would spend around $28 billion in infrastructure and capital projects some of which would be in collaboration with the federal government and private business over the next three years (Ministry of Finance British Columbia: 2009, 3). Of this, $1.3 billion would be allocated for schools, $1.7 billion for projects in the post-secondary sector, $2.5 billion for healthcare facilities, $2.3 billion for transportation projects, $40 million to expand health education to meet the increased demand for nurses and other health care professionals, and $23 million to train more physicians. A major part of new increases would go to funding the Ministry of Health Services (an increase of $4.8 billion or approximately 90 percent of all new spending in the next three years) (Government of British Columbia: 2009, 4). An increase of $228 million over three years has been allocated for post-secondary education ($165 million targeted to make higher education more accessible), more police, prosecutors, jails, and secure courts (Ministry of FInance British Columbia: 2009, 6).

In Quebec, the government cut taxes and initiated massive investments in infrastructure ($30 billion) and energy development ($12 million over four years to support innovative technologies relating to water and soil), as stated in the 2008-9 budget. Putting aside $1.8 billion budgetary reserve in order not to scale back government services during the recession was part of the plan in dealing with the crisis. Additional measures like eliminating the tax on capital for all Québec manufacturing companies, introducing a new investment tax credit for all regions, investing in education and training (additional investment of $250 million over five years in Québec universities), creating 20 000 new daycare spaces over five years, improving the tax credit for child care expenses, creating two funds one for the development of children from underprivileged backgrounds and the other to support informal caregivers, and improving seniors' living conditions are some of them. The government also decided to receive 75 per cent of Hydro-Québec's net profit in the form of dividends to reduce government borrowings (Ministry of Finance Quebec: 2008a, 3-6). The government's 2009-10 budget implemented similar policies. Overall, the provincial governments in Canada followed the federal government in adopting stimulus packages to revive economic growth. Canada is not very different from Australia in that they both adopted similar indirect infrastructure related measures to stimulate economic growth, in comparison to South Africa and India.

In the 2008 Budget, South Africa's government highlighted five priorities, including improving the quality of education, health, the criminal justice sector, public transport, and addressing rural poverty (Ministry of Finance Quebec: 2008b, 11). The government also put forward policies to mitigate higher food prices, and raise the value of old age, child support, and disability care dependency grants. Allocating an additional R51.3 billion to provincial and local governments to improve education and healthcare services was also part of the budget. Finally, initiating a public works program to create new longer term and more stable employment in provinces, municipalities, and non-governmental organizations was another measure to stimulate the economy (Ministry of Finance Quebec: 2008b, 11-16).

The 2009 Budget allocated more money for social grants to provinces in improving education, health, roads, and rural development, housing, water, sanitation and municipal services, the criminal justice sector, public transport, and railways (Government of Republic of National Treasury: no date). The government opted for spending heavily on infrastructure mainly by state-owned enterprises, besides cutting personal income tax to increase the spending power of individuals. Similar to 2008, the government committed itself to giving more money to the provinces for increasing services mainly in health and education in the next three years, while spending on social grants, expanding the public works program to create new jobs, alleviating hunger, improving the criminal justice system, and building various infrastructure, housing, small enterprises, etc. (A time of crisis, a window of opportunity: no date, 5). Finally, the federal government in South Africa proposed a moderate tax relief for individuals to sustain economic recovery in its 2010 budget (Ministry of Finance Republic of South Africa: 2010, 14).

As part of dealing with the crisis, tax reductions and investment in infrastructure projects are two major tools in the Indian case. The government set up the India Infrastructure Finance Company Limited (IIFCL) to stimulate public investment in infrastructure. The first act of IIFCL is to refinance 60 per cent of commercial bank loans for public private partnership projects in critical sectors over the next fifteen to eighteen months. The main infrastructure projects include highways and railways, urban infrastructure, storm water drainage system, utilities, and agricultural development (Ministry of Finance India: 2009). The measures include the extension of social protection, unemployment benefits, training, a rural employment guarantee program, a health insurance scheme for the poorest families in the unorganized sector, and social security for informal workers (Global financial crisis calls for international cooperation….: 2009).

Individual country experiences in the federal jurisdictions illustrate that infrastructure projects made up a significant percentage of the stimulus packages. Although some funding was allocated for social services directly, it was a small portion of the total package. There was relatively more emphasis on social services by financial transfers to state governments in India and South Africa, in contrast to Canada and Australia, for the reason that the decline in economic growth influenced a large percentage of the population in these jurisdictions. The respective governments aimed at providing basic necessities to those in dire need directly.

Government Measures to Stimulate Economic Growth in Unitary Jurisdictions: The U.K., Singapore, and Trinidad and Tobago

In contrast to the federal jurisdictions, the unitary jurisdictions targeted preventing unemployment, protecting the poor and following prudent fiscal policy. Government capital investment in the U.K. was in the areas of housing, transport, schools, public health, higher education, and a home renovation programme (HM Treasury: 2009, 119-122). The government has taken a number of measures to revive the economy and protect the poor, old and unemployed, while creating new sources of revenue with disciplining government spending in other areas. The 2009 budget had a number of public spending measures to support home owners, the unemployed, small and medium sized business firms, banks, new home buyers, training, a vehicle scrappage scheme, an interest-free loan for the poor, and Winter Fuel Payment for 2009-10 to provide extra support for pensioners (HM Treasury: 2009). The 2010 budget is a continuation of the previous budget with more emphasis on spending discipline, as the next section explains in detail (HM Treasury: 2010).

In the case of Singapore, to deal with the crisis, the government announced aS$20.4billion (US$13.6billion) Resilience Package in early 2009. The government budget had five components. First was a spending package of S$5.1 billion to help preserve jobs. Second was stimulating bank lending as part of a Special Risk-Sharing Initiative by earmarking S$5.8 billion. Third was spending around S$2.6 billion to enhance business cash-flow and competitiveness in the form of tax measures and grants. Fourth was supporting families (S$2.6 billion). Lastly, the government invested S$4.4 billion to develop infrastructure, education and healthcare. The package included hiring more people in the areas of education and healthcare - close to 7,500 in teaching positions and teaching support staff for schools and tertiary, institutions, 4,500 healthcare professionals and administrative staff for hospitals and 1,400 for Home Team and over 2,000 personnel for the Ministry of Defence. Additionally, the rest of the public service planned to create an additional 2,600 jobs for policy, operational and administrative positions in various government agencies, as well as positions in more specialised areas such as Project Management, IT, Accounting and Urban Planning the next 2 years. In total, the government is planning to create around 18,000 public sector jobs in the next two years (Ministry of Finance Singapore: 2009, 11-18).

Finally, Trinidad and Tobago took a number of measures as well. To deal with the adverse effects of the global financial crisis, Prime Minister Patrick Manning announced a reduction in expenditure of more than $5billion for 2008/2009 ($3.6 billion from recurrent expenditure, $1.4 billion from capital expenditure) as revenue expectations fell short of planned budget in December 2008. This would eventually lead to a deficit budget and hence, the potential use of savings of $10.4 billion obtained on last year's budget. The government did not want to cut back wages and salaries, social programs such as pensions, disability grants, training programs, and programs dealing with crime (Talitt: 2008).

Overall, it is safe to conclude that the U.K. has been taking more direct measures to protect the vulnerable sections of the society from the crisis, in comparison to Singapore where the objective has been to maintain private sector jobs and create more public sector jobs. However, the U.K.'s difficulties with its public finances have reduced the government's flexibility to deal with the adverse effects of the crisis properly. In that sense, it is similar to Trinidad and Tobago which has been more concerned with sound fiscal policies rather than spending heavily to stimulate the economy due to its resource-dependent economy. Temporary stimulus packages, coupled with declining GDP growth, have forced the governments in concerned cases to reduce their spending in the long term and generate new sources of income to provide their current services. Next two sections summarize how the federal and unitary governments control their spending to achieve sound public finances by the middle of the decade.

Government Measures to Control Public Spending in Federal Jurisdictions: Australia, Canada, India, and South Africa

Sudden and unexpected spending which, coupled with low tax revenues from both business and individual taxpayers, resulted in significant budget deficits for all the cases concerned. Stimulus packages are seen as temporary. Besides, government revenues will not be enough to finance budget deficits because of slower economic growth in the coming years. As a result, governments in the concerned jurisdictions have been taking a number of initiatives to cut public spending and create new sources of revenue to reduce public debt. Organizational merger and reorganization, restructuring departments, making eligibility for public services difficult, outright cancellation of some services, increasing user fees, raising duties, slowing down or shelving previously proposed projects and freezing salaries are some of common measures that have been taken by the concerned governments.

The federal government in Australia has been seeking ways to cut public sector spending and save some money. For instance, in December 2008, Prime Minister Kevin Rudd asked a group of 10 Department of Finance officers to examine the budget line-by-line to come up with savings from public administration expenditures. Their recommendations included savings of A$200 million a year for a total amount of A$1 billion over 10 years by coordination of departmental information technology (IT) contracts and the rationalization of data centres and general government administration through means such as creating government-wide contracts for buying products, cutting back on travel, and streamlining arrangements for leasing office space (Franklin: 2008; Franklin: 2009).

The May 2009 budget highlighted further initiatives included a cap on public sector wages starting 2011, a one percent efficiency dividend on large government departments, reducing public sector jobs, a 20 percent hike in parking fees, increase in bus fares, traffic and parking fines, ceasing funding for Land and Water Australia with priority research activities transferred to other agencies, an Information and Communication (ICT) expenditure reform programme, where 50 of the largest Commonwealth Agencies identified annual savings of more than A$100 million, and the reduction in funding for natural resource management research (Harvey: 2009).

The State of Western Australia announced cuts, including improving efficiency to save $1.3 billion over four years, deferring or cancelling low priority capital works to save approximately A$3.0 billion, and implementing economic Audit measures equivalent of A$1.1 billion. The state government plans to achieve total savings of A$7.6 billion over five years, with savings redirected to record expenditure on capital works, health, education, and law and order, the establishment of a ceiling on public service staffing levels, and the development of a new public sector wages policy in line with inflation (Ministry of Finance Western Australia: 2009).

The State of Queensland decided to privatize five government-owned corporations, including Queensland Motorways Limited, the Port of Brisbane Corporation, Forest Plantations Queensland, Queensland Rail's (QR) above and below ground coal business and the Abbott Point coal terminal, affecting around 10,000 workers. Another government measure is restrictions on public service numeration and government spending. As part of this measure, the government restricted public sector pay increases to 2.5 percent a year (breaking the deal of increases of 4.5 percent, 4 percent and 4 percent over three years), aimed to wind back superannuation entitlements extended to many public sector employees (many receive 12.75 percent compared with the legislated 9 percent). Lastly, the government consolidated 23 stand-alone government departments streamlined into 13 with no employee layoffs (Parnell: 2009; Cave: 2009; Syvret: 2009; Queensland Government: 2009).

The State of New South Wales decided to merge 160 government agencies into just 13 super-departments, while targeting to achieve savings in the areas of IT, procurement and purchasing goods and services for agencies, and technology purchasing. It aimed to achieve efficiency through better coordinated planning of government policies, eliminating some government agencies such as the Office of Volunteering and several sports trusts and some development corporations, whilst freezing employment estimated to reduce the 360,000 person public service by 2000 people per year (Clennel: 2009). Other state governments in Australia are implementing similar policies of investment in infrastructure projects (schools, hospitals, roads, and rail system), education, health, criminal system (Ministry of Finance Victoria: 2009). They also reduced public sector employment, capped wage rises, increased fares for public transport tickets and other government fees and charges, and reduced spending on government cars, travel, boards and advertising (Neales: 2009).

In Canada, Jim Flaherty, federal Minister of Finance, proposed several recommendations for the 2009 budget to ensure that the budget deficit is not too high. The first is to use the Expenditure Management System of 2007 to help keep spending growth on a sustainable track by reviving all departmental spending and saving around $15 billion over the next five fiscal years. The second is reviewing state-owned enterprises such as Crown corporations, real property, and other holdings and their potential sale. Finally, the government proposed the introduction of legislation that would allow annual public service wage increases of 2.3 per cent for 2007-2008, and 1.5 per cent for following three years (applied to MPs, Senators, Cabinet Ministers, and senior public servants). This legislation would also temporarily suspend the right to strike through 2010-2011 (Ministry of Finance Canada: 2008). The 2010 budget indicates that the government will slow down military spending in 2012 and freeze foreign aid next year. Cutting government expenses through freezing government salaries, administration and overhead, overall budget of ministers' offices, introducing legislation to freeze the salaries of the prime minister, ministers, members of Parliament and senators, launching a review of administrative services to improve efficiency and eliminate duplication, and finally reviewing all departmental spending (Ministry of Finance Canada: 2010, 13-14).

The situations in the provinces are not much different. In Ontario, the government implemented new expenditure management measures and saved an estimated $111 million in the last five months of 2008-2009 as part of the 2008 Ontario Economic Outlook and Fiscal Review. This occurred through reduced travel and consulting costs, freezing purchases for government vehicles, freezing the existing real estate footprint and leasehold improvements, and increasing green workplace practices that reduce printing, photocopying and fax costs. The government also introduced a $1 billion efficiency target by 2011-2012. Restraining spending on public salaries is also part of these measures. The deputy ministers and senior managers earning $150,000 or more annually will have only 1.5 percent increase in their base-salary and salary in 2009-10. The new budget proposes changes to the Legislative Assembly Act that will freeze the annual salary of Members of the Provincial Parliament at their current level for that year, and reduce the size of the Ontario Public Service by 5 percent over three years through attrition along with other measures. Finally, the new budget expands the OntarioBuys program to include all broader public sector organizations funded by Ontario taxpayers. This will result in savings of $200 million in the first three years of operation through collaborative purchasing (Ministry of Finance Ontario: 2009).

The government also advised hospitals, school boards, and universities to impose the cap of 1.5 percent raises for anyone earning more than $150,000 a year, delay the hiring of 9,000 nurses and setting up of 50 family health teams, defer school repairs, and postpone the launch of the Ontario Social Venture

Capital Fund to finance the MaRS centre's work on social problems (Benzie: 2008). The Ontario government extended the salary freeze for members of provincial parliament for two more years, besides deciding to introduce legislation to freeze the salaries of non-bargained political and legislative assembly staff, non-bargained employees in the public sector for two years. Additionally, there will be no funding for incremental compensation increases for any future collective agreements in the 2010-11 budget. (Ministry of Finance Ontario: 2010, 13).

In Alberta, the government's operating expenses is increasing 3.7 per cent overall in 2009. The provincial government identified health, education, advanced education, seniors and children as priority areas that received 75 percent operating increase. In terms of budget increases, health and wellness operating expenses increased by 4.6 per cent, education funding rose by 3.2 per cent, advanced education and technology increased by 3.4-per-cent, and seniors and community supports funding soared by 8.7 per cent (Ministry of Finance Alberta: 2009). The provincial government also allocated money for enhancing career and employment training ($164 million), and to hire 200 more law enforcement officers over two years, and several more Crown Prosecutors. Like other provinces, Alberta also announced some measures to restrain government spending. This includes amendments to the Fiscal Responsibility Act that restricts in-year increases in operating expenses to 1% of total ministry operating expense, in addition to finding savings equal to $215 million in operating expense savings through value reviews (Ministry of Finance Alberta: 2009). In the 2010 budget, reducing administrative expenses was a part of the solution. The government decided on a reduction in expenses of Executive Council of 8.6 per cent, for Service Alberta of 15.6 per cent, and for International and Intergovernmental Relations of 7.7 per cent. Additionally, 700 government positions are axed. Some reductions are made to programs that deliver front-line public services, in addition to restructuring Child Intervention Services, community grants and rental assistance to realize some significant services. That means that it will be difficult to access such services in coming years (Ministry of Finance Alberta: 2010).

The B.C. government budget of 2009 includes a two-year wage freeze for employees of the provincial government (Reynolds: 2009, 3). There will also be a program review in the next two years to find additional efficiencies to return to the targeted balanced budget by 2011 (Ministry of Finance British Columbia: 2009). Saving some money through attrition as the aging workforce retires is part of the economic plan, but interestingly, the government will spend $75 million to figure out how to deliver services with fewer staff (Lines and Shaw: 2009). The government also directed every ministry to review their operational expenses. This will allow savings of $1.9 billion over three years through the reduction of all types of discretionary spending including, a 76 per cent reduction in the budget for advertising and publications, a 22 per cent reduction in travel expenses, a 23 per cent reduction in contracted professional services, and a 20 per cent reduction in the number of senior executives in government. There will also be program reviews over the next three years to find more savings (Ministry of Finance British Columbia: 2009, 6). In the 2010-11 budget, the government plans to save $320 million over three years by restricting common activities to refocus spending across the five resource ministries, including Forests and Range, Agriculture and Lands, Community and Rural Development, Energy, Mines and Petroleum Resources, and Transportation and Infrastructure (Ministry of Finance British Columbia: 2010, 7).

In terms of the adverse effects of the global financial crisis, the government in Quebec decided to raise revenue through raising user fees of public services by indexing all fees annually at the rate of inflation except for $7-a-day childcare services in its 2009-10 budget and increasing the Québec sales tax by one percentage point in January 2011 (Ministry of Finance Quebec: 2009, 27-28). In the 2010-11 budget, the government raised the fuel tax by one cent per litre in April, 2010 and one cent per litre a year for the next three years. The government reduced program spending growth from 3.2 percent sent in March 2009 to 2.8 percent in 2010-11. It will remain in effect until budgetary balance is restored, at least until 2014. One of the seriously affected areas is the health program and government plans to index health program spending to economic growth after 2014 (Ministry of Finance Quebec: 2010, 6-12).

Furthermore, the government decided to control spending through remuneration of personnel, organization of government and ongoing improvement of efficiency. With respect to the first item, the government offered a 7 percent salary raise to government employees over the next five years. This policy will apply to staff of political offices and to the directors and officers of the civil service, personnel in the health and education networks, universities, public bodies and government corporations. Additionally, incentive bonuses are suspended for senior officers of these same sectors for the next two fiscal years. The government will also ask senior officers of government corporations with a commercial or financial mission to make a comparable effort of discipline, based on their particular situation. In the case of departments and budget-funded public service institutions, there will be a global payroll freeze until 2013-14, in addition to decreasing administrative operating expenses by 10 percent and advertising, training and travel costs by 25 percent during the concerned period. The government froze the salaries of the premier, ministers and other high-ranking elected officials over the next two years (Ministry of Finance Quebec: 2010, 13-14).

As the second part of the strategy of saving, the government will amalgamate or abolish some 30 organizations in the coming years. Finally, the government will reduce the number of employees in the civil service, including administrative staff in the health and education networks, while examining contract professional services systematically (Ministry of Finance Quebec: 2010, 13-14). To improve efficiency in the health system, the government will re-arrange work processes in each institution, rationalize technological and computer infrastructures and implement promising new technologies and the health network's governance in the coming years. The government also introduced a general health contribution starting July 2010, applying to all adults in Quebec with the exception of low-income people. The health contribution will be $25 per adult in 2010, $100 in 2011 and $200 in 2012 ((Ministry of Finance Quebec: 2010, 18-19). The government will also raise university tuition fees as of fall 2012 (p. 25). Finally, the government will also increase the price of the heritage pool of electricity supplied by Hydro-Québec by 3.7 percent a year between 2014 and 2018. (Ministry of Finance Quebec: 2010, 34) In sum, the provincial public service institutions in Canada have been under immense pressure to deliver more with less, in comparison to their federal counterpart.

Although the government in South Africa did not mention any cuts in the public sector, it provided a hint that there would be efficiency measures in the new budget. "While the reach of South Africa's public services has expanded significantly since the late 1990s, many components of the public sector do not deliver services of an acceptable quality. The public-sector inefficiency imposes costs on ordinary South Africans and reduces economic performance." (A time of crisis, a window of opportunity: no date). The Finance Minister, in the Budget speech, highlighted that efficiency measures would be implemented in foreign travel, advertising and public relations activities and consultancy services, while scrutinizing executive remuneration in agencies and government enterprises (Ministry of Finance Republic of South Africa: 2009). Some privatization and public-private partnerships were also mentioned as part of tackling the crisis (Economist Intelligence Unit: 2009b). The South African government increased taxes on petrol and diesel, cigarettes, alcohol and energy-intensive light bulbs which are all part of the package of measures to deal with the effects of the global financial crisis time of crisis, a window of opportunity: no date).

The federal government in South Africa revealed a number of measures in the 2010 budget to create new financial sources. These are increasing monthly monetary caps for deductible medical scheme contributions, a new ad valorem carbon emissions tax on new passenger cars, increased taxes on fuel by 25.5 cents a litre, raising excise duties on tobacco and alcoholic products, using public private partnerships in the health sector, revising public sector revenues to create funding for further employment growth, and conducting comprehensive evaluations of several key spending areas and investigating possibilities of rationalizing some of public sector agencies and entities to achieve further savings (Ministry of Finance Republic of South Africa: 2010, 14-22).

In the case of India, the government opted for partial privatization of state-owned enterprises without losing control over them to create further financial resources (Ministry of Finance India, 5). There has been a trend of devolution to the states to empower state governments to actively undertake fiscal correction with taxation reforms and expenditure management (New India Budget 2009-10: 2009, 29). Although the 2009 Budget did not mention any policy measure to carry out drastic measures in public institutions, it provides a hint that there will be measures to cut spending, as the following excerpt shows:

> Primarily the fiscal consolidation during the period 2004-08 was revenue driven, and therefore it has created a stress when the revenue buoyancy has fallen on account of moderation in economic growth. The focus now should also be on expenditure reform in order to make the fiscal consolidation process sustainable and bring in inter-generational equity in fiscal management (New India Budget 2009-10: 2009, 33).

In the 2010 budget, the federal government continued its privatization policy and opted for public-private partnerships in road construction. Program reviews are also part of government plans to cut costs and improve effectiveness. The deployment of information communication technologies in tax collection is another way of enhancing efficiency. Finally, the government increased excise duties, including central excise duty on all non-petroleum products to 10 percent from 8 percent, customs duty on crude oil to 5 percent, on diesel and petrol to 7.5 percent, and on other petroleum products to 10 percent, and excise duties on cigarettes, cigars, and cigarillos (Ministry of Finance India: 2010). In sum, one can expect fiscal discipline in the coming years, but it will not result in drastic cuts in public services or the restructuring of public service institutions. It also means that there will not be any increase, either (Raghuraman: 2010).

At the state level, governments are facing constraints in financing expenditure because of slower revenue growth. To help maintain the momentum of expenditure at the state government level, the federal government advised the state governments to increase the limit of fiscal deficit from 3 to 3.5 percent. Now the states are allowed to raise in the current financial year additional market borrowings of 0.5% of their Gross State Domestic Product (GSDP) for capital expenditures (Reuters: 2009). The states are implementing such policies in the form of rural development projects, health care, and infrastructure investment. Public-private partnerships are preferred for cash-strapped states in India. However, the state governments are dependent on the federal or Union government for their finances. The current economic downturn influences the federal government. The state governments are now under pressure to control their spending and make it more efficient.

In Tamil Nadu, for instance, the state government will restrict its fiscal deficit to 3% of the State's GDP, although its expenditure is going up due to "the increasing expenditure on the various existing and new welfare schemes implemented by this Government, and the slowdown in revenue growth due to global slowdown" (Ministry of Finance Tamil Nadu: 2009). Similarly, the government of Karnataka emphasizes efficient and responsible spending of its fiscal resources. As part of this measure, the government proposed in its 2009 budget to set up an Expenditure Review Commission to reduce expenditure on less productive programs, among other measures (Ministry of Finance Karnataka: 2009). Such measures hint that there may be some cuts in the future and transfer of resources from less efficient programs to more efficient programs.

This survey of the four federal jurisdictions indicates that public service institutions have been under pressure at the federal and provincial/state levels recently. Compared to their federal counterparts, pressure on provincial/state governments will increase in the coming years, as the federal governments will lessen transfers to provincial/state governments in the process of balancing their budgets. With ever increasing demand for public services in a low economic growth environment, public service institutions at the state/provincial level feel the pain of restructuring in the form of mergers, employment cuts, service delivery cancellation, salary freeze, and slowing down or cancellation of some of the projects proposed earlier.

Government Measures to Control Public Spending in Unitary Systems: The UK, Singapore and Trinidad and Tobago

In contrast to the federal systems, the unitary systems show a pattern of centralized decision-making and immediate impact on public service institutions. For instance, the government in the U.K. increased income taxes for higher earners and will keep it at a higher level for some time, along with restraining public spending severely with serious cuts across government departments and squeezing public-sector pensions (Economist Intelligence Unit: 2009, 5-6). A massive increase in taxes (VAT and excise duties) and unprecedented cuts in public services were announced in April 2009 (Blond: 2009). In the 2009 Budget, the British government announced that an additional rate of income tax of 50 percent would apply to income over £150,000 and income tax personal allowance would be restricted for those with incomes over £100,000 from April 2010. Tax relief on pension contributions would be restricted for those with incomes of £150,000 and over from April 2011 and decreased until it is 20 percent (HM Treasury: 2009, 3). In the 2010 budget, the government decided to raise taxes and cut public spending to make sure that budget deficit is under control. Basically, people with more than £100,000 a year will pay more taxes, besides increased duties on alcohol, fuel, and cider and landfill tax. As part of efficient running of the public sector, the government asks government departments to find over £11bn of new savings through reforms such as spending reviews, relocating civil servants from expensive London offices elsewhere. Finally, the government is going to cut £5 billion in specific programs. Privatization is also included in the government plan to create new sources of revenue (HM Treasury: 2010).

Possible public expenditure cuts mentioned are abandoning or renegotiating planned road schemes, reducing subsidies to railways in transportation, using more technology to cut policy paperwork in home offices, privatizing jails and raising court fees in justice, reducing defense spending, cutting embassies' spending and closing smaller outposts in foreign office, cutting grants, increasing council tax rates, cutting bulk-buy services in local government, and reducing subsidies to art projects in culture, media and sport (Morris: 2009). Laying off thousands of police officers in large numbers of police forces is also another way of public service cuts despite the threat of a recession-driven surge in crime and disorder in the U.K (O'Neill: 2009).

The British government plans to make the central government smaller and devolve real power to lower levels in frontline public services after 2010 (Grice: 2009). The Labor government contemplates selling government buildings and privatization of state-owned enterprises like the Royal Mail and contracting out services such as some welfare services, despite increasing demand (Dudman: 2009; Brown: 2009). The fuel duty rose by 2 pence per litre on September 2009 and would continue to increase by 1 penny per litre in real terms each year from 2010 to 2013. Savings of around £9 billion a year by 2013-14 by improving government operations is mentioned in the 2009 budget (HM Treasury: 2009). In other words, the government plans to save around £30 to £35 billion from improvements in the public service. The 2009 Budget also mentioned efficiency measures in the areas of health, education, transportation, local government, privatization of jails, and restraining salary increases to public sector workers. The government announced in March 2009 that key senior public servants' (senior civil servants, judges, very senior managers in the National Health Service and chief executives of Non-Departmental Public Bodies) salary increases would be limited to 1.5 percent, same as for doctors and dentists, but would be 2.8 percent for the armed forces. Employee bonuses would be under scrutiny as well (HM Treasury: 2009, 125-127).

The Chartered Institute of Personnel and Development (CIPD) estimates a total of 350,000 jobs in the public sector will disappear between 2010/11 and 2014/15 and around 30,000 jobs in local authorities will be cut in 2010 (Huge job cuts for public sector: 2009). According to Steve Bundred who is the chief executive of the Audit Commission, the government's fiscal deficit will not be fixed by raising taxes simply. It will require unprecedented cutbacks in the British public sector (Public service funding cuts warning: 2009). Overall, the British government has been taking extraordinary measures to keep its spending and public sector borrowing requirements under control. Public service institutions have been under enormous pressure to operate with reduced financial resources to deliver services to more people.

Compared to the U.K., Singapore is not in dire straits. Nonetheless, the government also decided to cut the cabinet ministers' salaries and not pay mid-year bonuses (known as the annual variant component) to over 60,000 civil servants in 2009. Together with previous measures, this means that annual salaries (including bonuses) for civil servants will decline by 6 percent to 21 percent this year (Economist Intelligence Unit: 2009d: Prime Minister's Office: 2009). In terms of institutional reform, promoting public-private partnerships to develop new technologies and services is part of the budget (Ministry of Singapore: 2008, 18-19). Various government agencies are encouraged to introduce e-appointments through mobile phones and the Ministry of Education started releasing posting results for Secondary 1 and the Joint Admissions Exercise via SMS (Speech: 2009). Briefly, the government is optimistic about economic growth and public finances. The 2010 budget is a continuation of previous policies (Ministry of Finance Singapore: 2010).

In the case of Trinidad and Tobago, the situation is not very different. Although the government did not mention it directly, it alluded that there might be a reduction in infrastructural improvement in communities besides cuts in expenditure in all ministries including local government bodies (Trinidad and Tobago cuts back national budget over $5 billion: 2008). The 2009 Budget emphasized the continuation of the infrastructure program, but public-private partnerships, especially for the National Highways Programme and Rapid Rail Transit System, were spelled out to reduce inefficiencies and have access to private sector capacity (Ministry of Finance Trinidad and Tobago: 2009, 18). A number of measures were outlined in the budget. Cuts would be in the development program: a slowing down in the construction of new schools, new hospitals, new housing projects, and the new Carnival Centre bodies (Trinidad and Tobago cuts back national budget over $5 billion: 2008).

The 2009 Budget mentioned a number of reforms as well. The government will decentralize delivery of social services to improve efficiency. Partnering with the private sector is also included in the government's plan to deliver social services. Also, the government will establish a Social Services Delivery Agency (SSDA) to centralize the delivery of all social services under the Ministry of Social Development so that the ministry can monitor arrangements in accordance with best practices (Ministry of Finance Trinidad and Tobago: 2009, 31). Amalgamating the Inland Revenue Division and the Customs and Excise Division to establish the Trinidad and Tobago Revenue Authority (TTRA) was also included in the 2009 budget, as part of the efficiency improvement measures. Local government reforms are also in the government's agenda as part of the broader plan. However, these reforms are more part of the broader Vision2020 program than a response to the crisis. As an immediate response to the crisis, the government, however, increased the price of premium gasoline from $3.00 per liter to $4.00 per liter, while keeping the price of other grades of full same (Ministry of Finance Trinidad and Tobago: 2009, 35-43). By and large, the global financial crisis has a comparable impact on the public service institutions in Trinidad and Tobago as a country that is vulnerable to global demand and price fluctuations to its natural resources. Reduction in service delivery, project delay or cancelation and deployment of alternative service delivery mechanisms are seen as a solution to the government's fiscal problems.

Overall Assessment

Country experiences show that the global financial crisis has influenced public service institutions in different jurisdictions in varying degrees. For instance, the Australian case indicates that the global financial crisis has hit Australia seriously. The federal as well as the state governments have been taking measures to stop the deceleration of economic growth and create employment through fiscal measures and public spending. At the same time, the respective governments have been taking measures to improve efficiency and create resources to finance government spending. It seems that there is not a significant policy shift in terms of the role of the state in the society. Measures are mainly short term in nature to deal with the present effects of the crisis rather than a beginning of a major reversal of the dominant neoliberal ideology.

The federal and provincial governments in Canada are reacting to the global financial crisis in a similar way. A mixture of infrastructure, health and education spending, and rolling back of some public services are the two principal policy tools to mitigate the impact of the crisis and revive the economy quickly.

However, the Canadian experience, in comparison to Australia, demonstrates that the shock of the crisis was not felt quickly, but the longer term impact will be significant. So the effects on public service institutions will be seen in a longer time frame gradually. It will take some time to feel the impact of the crisis by Canadian citizens.

South Africa has not been influenced by the global financial crisis as much as Australia and Canada. Even though the influence is limited to unemployment and spending on infrastructure, education, health and other welfare measures are perceived to be adequate to deal with the effects of the crisis rather than shrinking the role public service institutions play in South African economy. Reforms in public service institutions do not seem to be favoured other than limiting high ranking personnel salaries and their expenditures. The measures taken by the government indicate that their nature is different, as they are primarily targeting the poor in the urban and rural areas.

India is similar to South Africa in that the financial crisis has not hit India to a great extent with the economy still showing a high growth rate. As such, no major initiatives or reformative practices have taken place in regards to public service institutions. The governments at federal and state levels are implementing expansionary fiscal policies and spending more than their revenues. As a result, they run budget deficits. It seems that it is not unexpected. There is not much urgency to cut services or reform public service institutions to create new sources of finance for a healthy fiscal policy, in comparison to Australia and Canada. In that sense, the Indian case is similar to those of South Africa, and Trinidad and Tobago.

In India, the GDP growth rate declined from an average of over 9 percent between 2005 and 2007 to 6.7 percent in 2008. However, it is still very high compared to many other countries. An Indian expert argues points out the following factors for lesser influence of the crisis:

> Principal reasons for this modest drop in economic growth include (i) a large and diversified consumption base for the Indian economy; (ii) India's trade to GDP ratio is much smaller than that of, say, China; and (iii) Indian financial markets are still relatively insulated from global financial markets. India has a healthy external balance, with high foreign exchange reserves, low ratio of short term external debt to GDP and less than complete capital account convertibility (Jha: 2009).

India's export intensive manufacturing and service sectors are affected badly due to their dependence on the markets in industrialized countries. To counter the negative impact of the global financial crisis on the Indian economy, the government responded with fiscal stimulus packages in the form of tax relief and increased expenditure on public projects

In contrast to the federal jurisdictions where public service institutions at the provincial/state level have been under significant pressure, public service institutions at the national level in the unitary jurisdictions have been coping with the crisis. The U.K. is a case in point. The impact of the global financial crisis is felt very deep. A previous fiscal deficit exacerbates the effects of the crisis on public service institutions. It seems that British public service institutions will suffer seriously in the coming years. While some services will be cancelled totally, others will be scaled back. Citizens will pay more for existing ones, as user fees will increase significantly. Moreover, local governments will feel more pressure, as they will be asked to provide more services with less financial resources. The British case indicates that public service institutions will suffer a significant capacity loss in the coming years, especially if the British economy does not recover quickly to improve government revenues.

In Singapore, much of increase in spending is directed towards development expenditure. According to Economist Intelligence Unit, "Total spending on 'economic' development rose by 113.6% to S$1.4bn, while spending on 'social' development fell by 14.7% to S$855m." (Economist Intelligence Unit: 2009d, 12) In other words, the budget redistributed spending instead of increasing it proportionally. The

Singaporean experience indicates that the government can react quickly to re-position the public sector institutions. Given that unemployment is the major issue in Singapore, the government could focus all its resources to create more employment opportunities directly in government as well as through its infrastructure projects in the broader economy. The government is implementing its policy by redistributing resources from social provisions to infrastructure projects in order to not increase budget deficit. That no services cuts are mentioned other than controlling wages demonstrates that the state in Singapore is already lean and there is not much to cut back like the U.K., Australia or Canada.

Finally, the Trinidad and Tobago experience shows that the crisis has not hit the country as much as the U.K., Australia, Singapore and Canada. Accordingly, the government has been taking precautionary measures to mitigate the impact of the crisis. As a resource dependent economy, slowing demand for natural gas from the U.S. was the main worry for the government. Although the government wanted to continue its infrastructure investment, it preferred to utilize public-private partnerships rather than using its own financial resources.

In sum, these country experiences indicate that the global financial crisis hit Canada, the U.K., and Australia hardest. Singapore and Trinidad and Tobago with their international dependence are comparable to the first three cases. Finally, India and South Africa were influenced least, but it does not mean that the effects of the crisis were not felt. The cases in the first group are also the ones that took measures earlier. Public service institutions are under enormous pressure to deliver more services with less financial resources. The situation in developing countries is somewhat different in that they were not at the epicenter of the crisis. However, their export revenues declined because of the reduced demand from developed countries. They have been implementing measures to keep jobs and support the vulnerable sections of the society.

Conclusions

This paper analyzed how public service institutions in Australia, Canada, the United Kingdom, Singapore, South Africa, India, and Trinidad and Tobago have been dealing with the environmental turbulence created by the global financial crisis of 2007-8. Temporary stimulus packages, coupled with declining GDP growth, have forced the governments in the concerned cases to reduce their spending in the long term and generate new sources of income to meet increasing demand for services provided by public service institutions. Sudden and unexpected spending which, coupled with low tax revenues from both business and individual taxpayers, resulted in significant budget deficits for all the cases concerned. Stimulus packages are seen as temporary. Besides, government revenues will not be enough to finance budget deficits because of slower economic growth in the coming years and increasing demand for services provided by the public service institutions.

With respect to the individual cases, Canada and Australia are similar in terms of their response to the crisis. They adopted similar indirect infrastructure related measures to stimulate economic growth, in comparison to South Africa and India where government measures have been directed to protect the most vulnerable sections of society in the form of social grants. It is safe to conclude that the U.K. has been taking more direct measures to protect the vulnerable sections of society from the crisis, in comparison to Singapore where the objective has been to maintain private sector jobs and create more public sector jobs. However, the U.K.'s difficulties with its public finances have reduced the government's flexibility to deal with the adverse effects of the crisis properly. In that sense, it is similar to Trinidad and Tobago which has been more concerned with sound fiscal policies rather than spending heavily to stimulate the economy due to its resource-dependent economy. Funding shortages in the developing countries such as India and Trinidad and Tobago have forced the governments to privatize or use alternative service delivery mechanisms such as public-private partnerships to provide public services. The U.K. shows similar trends as the only developed country, in contrast to Canada and Australia

The report has several findings. First, all cases included in this report were influenced by the global financial crisis at varying degrees. Second, all the cases have been implementing measures to revive their national economies and hence, mitigate the adverse effects of the crisis. Third, government measures in the form of stimulus packages resulted in significant budget deficits. Fourth, economic growth will not be as strong as it was before the crisis. Fifth, the governments have been under double the amount of pressure to serve more people with declining revenues from taxes. As a result, public service institutions have been under enormous pressure to deliver more with less. Institutional reorganization through organizational mergers, service cuts, employment reductions in public service institutions, and the deployment of information communication technologies to cut costs and improve efficiency are some of the common measures taken in all jurisdictions. Moreover, citizens are asked to pay more for services through increased user fees, custom and excise duties and more taxes. Sixth, the survey of the four federal jurisdictions indicates that public service institutions at the provincial/state level are under more pressure than their federal counterparts. Pressure on provincial/state governments will increase in the coming years, as the federal governments will lessen transfers to them in the process of balancing their federal budgets. With ever increasing demand for public services in a low economic growth environment, public service institutions at the provincial/state level feel the pain of restructuring in the form of mergers, employment cuts, service delivery cancellation, salary freezes, and the slowing down or cancellation of some of the projects proposed earlier, while directing measures toward protecting the most vulnerable sections of society from the adverse effects of the crisis. In sum, the governments around the world adopted Keynesian fiscal policy measures to stimulate economic growth, but they are seen as temporary. Public service institutions are coming under tremendous pressure to deliver more needed services with fewer resources. This is not very different from new public management practices that the dominant neoliberal ideology has prescribed to the public sector since the late 1970s.

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