

From The Athenaeum

"That's the free enterprise system that the Liberal and Tory governments and their corporate friends are wedded to. It is a mutual relationship. Government ensures the profits of corporations and the corporations accordingly finance the free enterprise parties at election time. They support each other and hold hands in your pocket."

(A disgruntled NDP party leader.)

It is commonly imagine that the state removes the sting of out economic system by transferring the excess wealth of the rich to the poor.

Nothing could be farther from the truth.

Three quarters of all taxes are regressive (everyone pays the same amount regardless of income - sales, excise, property taxes.) There are over one hundred and fifty of these indirect regressive taxes in a loaf of bread alone.

Whereas someone earning \$2,000 per year pays an astonishing 60 percent of her income in taxes, someone earning over \$10,000 pays only 38 percent. The only important progressive tax - the federal income tax - does not affect the most important sources or wealth - capital gains and interest from savings.

The overall transfer of income can be measured by a complex formula called the GINI, where 0 represents complete equality and 1 complete inequality. In 1971 the before tax GINI figure was .42. After all personal taxes and transfer payments (including social security) the GINI figure is .37 - hardly any difference at all.

The sweep or government policies - from the tactic of fighting inflation by profits to continue their domination of creating unemployment, to anti-labour laws, tariffs, repressive legislation, loop-holes, regulatory commissions and legal and judicial structures - all operate in the best interests of monopoly capital. The result has been that US multinationals and other corporate interests have gained ours and other economies.

There has been no "trickle down" effect - only a "trickle-up" effect. Poverty has actually increased in Canada over the past twenty years.

the unfair state

In the early 1900's volunteer and charity organizations looked after those who because of age or handicaps, were incapable of working. The protestant and frontier ethic was dominant in this era. It was believed that everyone could and should work to support themselves and their families. By the 1920's the burden of supporting old persons was beyond the means of charity organizations and local municipalities, and in 1927, the Canadian federal government adopted a pension plan.

After the depression, widespread unemployment was recognized as inherent in the economic structure and requiring large scale solutions. The various "social assistance" acts of the next forth years were passed largely in response to the parliamentary pressure of reformists. Still, they were financed regressively - the worker paid a high percentage of his income for unemployment insurance and towards welfare schemes than did the millionaire.

There has never been any indication that the government intended to eliminate poverty. Benefits were never tied to need but only to earnings (as in unemployment insurance) or to minimal subsistence levels (as in welfare payments.)

In 1966 the helter-skelter of social assistance services was organized under the Canadian Assistance Plan. Aside from a slightly improved co-ordination of services, its main new wrinkle was to promise provincial governments that the federal government would match all their social assistance payments with equal federal grants. Of course, the poorer provinces who most need the welfare subsidies could least afford to allocate money in that area.

war on the poor

The function, if not the design of these welfare programs, has been to take the steam out of social unrest by providing a subsistent standard of existence and to co-opt any possible unity of exploited workers and unemployed. The image portrayed by the media of the welfare recipient as a "chiseler" polarizes the low-wage workers against the welfare recipients.

When welfare grants rather than corporate scandals are highlighted by the media, it is natural that someone who can barely afford the deductions for social assistance programs, who is not entitled to the free drugs and services received by welfare recipients, will become angry at those on welfare and blame them for her deprived economic conditions.

There are similar frictions between Canadian workers and

immigrants, mainly in the low-wage industries, the latter often perceived as stealing the former's job.

And students are most hated, because, of all groups they are given the sweetest bribes.

Not only do 70 percent of revenues come from 100 companies, mostly American and supporters of the Liberal and Conservative Parties, but the media themselves are owned by only a few powerful interests.

Together, they perpetuate and image of middle-class life which Porter in the "Vertical Mosaic" found only four percent of all Canadians can actually afford.

The "liberal class" if you will, composed of professionals in the therapy and rehabilitation business, welfare administration, government bureaucrats, doctors, lawyers, and academics are engaged in the repair of the more damaging of capitalism's consequences. They "fix" people up so that they can live a while longer and if made "healthy" competitively rejoin the "rat-race."

The liberal may correctly see that capitalism distorts human potential and dignity. But, because he imagines that man's experience and social relations can be separated from his economic activity, the liberal surrenders the possibility of developing a critique of human experience and social relations under capitalism.

He forsakes any investigation into man's nature and therefore easily capitulates to the dynamic of capitalism which promises, though rarely delivers an ever increasing material abundance.

Although in the pitfalls of his soul he may vaguely sense the dead-end of such acceptance, he had developed to no theory to counter this temptation. He is left with no choice but to accede to the apparently logical demands of capitalism - albeit administered in a kinder and more sensitive fashion.

Liberal ideology hides from itself the very economic foundations upon which it is dependent and from which it grows. The extent to which the structures of capitalism dominate the vocabulary in which problems and solutions are posed, are typically lost on liberals. The liberal fails to grasp the very ideological structures by which capitalism finally seduces him and conceals its deadly workings. In failing to penetrate this the liberal employs his ideas and self in the arsenal of capitalist weaponry.

