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gentlemanly towards corporations (see V.2), have encouraged the concentration. For income form dividends — that is, profits that are distributed every so often to the shareholders — have been taxed in Canada at a stiffer rate than capital gains, which are realized when shareholders finally sell their stocks.

The shareholders, understandably, have encouraged corporations to hold on to their earnings, rather than pass them out in highly taxed (well, *relatively* high taxed) dividends; the earnings get poured back into the corporations and the corporations themselves become more valuable, which drives up the value of their stock; and when the shareholders sell the stocks, they get their share of the boodle at a lower tax rate.

If the money were passed out in dividends on a regular basis, smaller businesses, which need credit, could have a crack at it; instead, the money is kept inside the corporate walls and the capital and credit market is reduced in effectiveness. (And, of course, as long as a certain level of profitability is assured, the members of the "technostructure," as John Kenneth Galbraith has called it — that is, the top brass of the corporations — can do what they please. They are, in effect, laws unto themselves; and the smaller businesses can go whistle for capital. u!

The retained earnings of the corporations tend to be spent on technological improvements. These improvements not only do not open up more jobs to be filled by workers graduating from low-wage industries, but they cut down on the relatively highly paid jobs available within the high-wage industries. Galbraith points out that the technostructure

...seeks technical progressiveness for its own sake when this is not in conflict with other goals. More important, it seeks certainty in the supply and price of all the prime

"Machines do not go on strike"

requisites of production. Labour is a prime requisite. And a large blue-collar labour force, especially if subject to the external authority of a union, introduces a major element of uncertainty and danger. Who can tell what wages will have to be paid to get the men? Who can assess the likelihood, the costs and consequences of a strike?

In contrast mechanization adds to certainty. Machines do not go on strike. Their prices are subject to the stability which, we have seen is inherent in the contractual relationships between large firms. The capital by which the machinery is provided comes from the internal savings of the firm.

...Thus the technostructure has strong incentives, going far beyond considerations of cost (which may themselves be important) to replace blue-collar workers.

Of course, all technological development is accorded a certain degree of class by the corporate psyche, and, in the world of corporations and large industry, technological skill has come to be an objective in its own right, not entirely subject to considerations of profit. This is not completely based on considerations of prestige, for basic research is essentially a gamble, and a difficult one to hedge even with long-term planning. And to the extent that inventions are made by small businesses or individuals, they are generally bought up by large corporations. In any case, technology, at the corporate level, picks up a momentum of its own.

The result, of course, is that technology, and the investment that applies technology to improve production, has become almost exclusively the stamping-ground of the

corporations. The effects of that are twofold; first, credit and financing are denied to industries in the periphery economy; second, high-wage jobs in the centre economy become less accessible to low-wage workers. So workers are stuck in the periphery economy, and the resulting oversupply of labour holds down wages that are low enough already.

This pattern holds true both in Canada and in the United States; but in Canada the problem is compounded because the national economy is largely run from abroad. In 1965, according to the Dominion Bureau of Statistics, American investment in Canada amounted to almost fourteen billion dollars; and, as Charles Taylor has pointed out, that figure is almost certainly an underestimate.

This is distasteful to the nationalists. It is also directly harmful to the Canadian economy, for it aggravates the shrinking of high-wage jobs in a least three ways.

First, resources tend to be shipped from Canada to the United States *before* they are processed; the high-wage jobs, in the secondary refining and manufacturing industries which depend on those resources, are kept for American workers.

Second, the presence of American subsidiary manufacturers in Canada has created a kind of "miniature replica"

effect, which is directly harmful to the Canadian market. Charles Taylor outlines the problem this way:

A small country like Canada can only hope to be competitive internationally in manufacturing by specializing in certain product lines into which it can afford to put the research and development resources needed to stay a world leader. But the joint effect of the tariff and the American corporation has been to lead us away from this pattern. The result has been the creation in Canada of a kind of replica in miniature of the American manufacturing company, or certain parts of it, notably consumer-durables manufacture. This cannot but be inefficient. The *locus classicus* is the refrigerator industry. The 400,000 units sold each year in Canada could probably be more efficiently produced by two plants. Instead there are nine, seven of them American-controlled subsidiaries. This number of productive units makes sense on the American market but is madness here. In addition, the branch plants often try to

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Can Manpower find everybody a job?

The Department of Manpower, since it is supported by public funds, should exist for the purpose of finding employment for those who have not been able to find it themselves.

At present though, Manpower's primary purpose is to serve the

employer by providing him with the most suitable candidate out of the labor market. It does this with the least expense by selecting the one who is most qualified for the job or by training someone who needs little training.

Manpower places about one person out eight who apply to it. What about the other seven?

Those who need help the most because they are untrained or uneducated should be given the most help by Manpower but present policies tend to keep that unemployable that way.

Most Canadians believe that people are poor because they do not want to work but the truth is that many of them work hard, sometimes holding down two jobs, and still they remain poor.

More than two-thirds of the poor in Canada are working, and not on welfare. The majority of those on welfare are unemployable, the aged, the physically handicapped, widows, and single mothers.

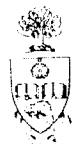
There are people who do not wish to work, but government policies should be concerned with the vast majority who do wish to pay their way but because of lack of training are unable to find decent paying jobs.

by Don Jones



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