

## Bring back the jobs

By Anne McDonagh

In February of this year, the residents of Smith Falls got a shock. The primary employer of the area, Hershey's Chocolate has decided to move its operations to Mexico. Five hundred people who work for the company will lose their jobs. Other people, employed in spin-off jobs, will also be out of work. The tours of the factory and the chocolate shop attached to the factory will no longer attract the thousands of tourists who used to come to the area every year.

"We just...feel lost," said one of the workers to a CBC radio journalist. Although it is no consolation, he should know that he is not alone.

Since 2002, over 200,000 well-paid manufacturing jobs in Ontario have disappeared and have usually been replaced with poorly paid service jobs such as telephone sales or customer service jobs. As recently as April 7, 2007, the Toronto Star reported "In the first three months of this year alone, the economy churned out 158,000 new jobs, the strongest first quarter in five years... [But] slightly more than half the new jobs were part-time and most were in the service sector, including in the lower-paying accommodation and food sectors. The goods producing sector, such as manufacturing, forestry and construction, lost 11,000 jobs in March."

Manufacturing is the linchpin of our economy, providing about 17 percent of our GDP. We cannot survive without a strong manufacturing sector. It provides the best-paid jobs, and, as the authors of a special report on Work, Wealth and the Economy (CCPA Monitor, March 2007) said, "We cannot all work in banks or at Wal-Mart stores; somebody actually has to produce something."

At first glance, our economy looks good. Unemployment is lower than it has been for thirty years. Headlines tell us that each Canadian household on average has a net worth of \$146,000. The Federal Government had a surplus of over \$13 billion for 2006 because we were all working and paying our taxes, though one in eight of us were working for under \$10 an hour. Corporations are recording record profits: Canada's six largest oil companies posted \$21 billion in profit last year and our six largest banks, \$19 billion.

But something isn't right with this picture. The economy is booming, yet people are homeless and starving. The waiting list for affordable housing in Toronto is 67,000 and 350,000 people visit food banks in Ontario every month including many children. Indeed, Statistics Canada has documented that the gap between the rich and the poor is widening in Canada. The only people who are substantially increasing their incomes in Canada are the already wealthy—and they are working less. For example, CEOs are earning millions of dollars a year in salary and stock options, whether they lead their companies successfully or not. If they are fired, they walk away with millions more in severance pay. The ordinary worker, however, has seen very little increase in wages in the last twenty years, yet is working more hours than ever, according to Statistics Canada.

The gap between rich and poor is widening all around the world. Corporations through globalization are building international wealthy elites. For instance, the growing middle class in India gets a lot of attention in the West, but it is a small minority. We are not told of the peasant farmers in India being forced into cities, where there is no work for them, so that agribusiness can flourish. Or that half the world's malnourished children live in India.

As long as corporations are free to move wherever the labour is cheapest and as long as they are solely motivated by profit, our manufacturing sector will continue to hemorrhage, and the gap between the rich and the poor will continue to increase.

Although off-shoring (moving your factory to the cheapest labour jurisdiction) is a major contributor to the gap between rich and poor, technology is also competing for our jobs. Jeremy Rifkin in 1994 in his book, *The End of Work*, predicted that by 2020 there will be fifty percent fewer jobs in North America because of automation. He suggests that there will be a few jobs for the technical elite and the owners of the technology. The rest of us will be permanently displaced in an automated world without work unless society comes up with some alternatives to the conventional idea of work and some way of redistributing income.

Another cause of "the gap" is outsourcing. Outsourcing means using another business to perform a task for you more cheaply than you can. For instance, some of the Toronto city councillors want to

outsource garbage collection. A company that pays \$10 to \$12 an hour to its workers would save money for the city which pays around \$20 an hour to its garbage collectors plus benefits. Generally outsourcing is cost-saving in terms of wages and increases the gap one more notch.

The recent appearance of the contingency work force is another factor in the increasing gap between rich and poor. Contingency workers are contract workers, part-timers, temps, casual labourers etc. They are hired to do a piece of work for a company; they get no benefits and no security. In some cases, they are not even protected by employment standards legislation which we have had in place for decades. When the job is done, they are gone. Because they do not know from one week to the next if they will have an income, their financial lives are precarious and usually lived in poverty.

Neo-liberalism, the belief in the mysterious but ultimately wise behaviour of the market place, is another contributing factor to the gap between rich and poor. This economic doctrine is shared by the world's elite, both government and corporate. This group opposes what it calls "big government." Neo-liberals believe government exists to defend its citizens from its enemies and that's about all. It is not there to regulate industry or to improve the lives of its citizens although politicians will never admit to such beliefs.

Like other recent federal governments, the current Conservative government in Ottawa insists upon giving tax cuts even though tax cuts are about thirteenth on people's lists of priorities. Why? They claim it is to make us more competitive and "so that you can keep more of your hard-earned money in your pocket."

Certainly one reason for the tax cuts in Canada is that the corporations have governments over a barrel. Corporations, and the jobs they bring with them, won't come to Canada unless they get huge tax breaks. If they are already here, they threaten to leave unless the government gives them tax breaks or makes other concessions.

Our recent governments have also been fond of tax cuts because they believe that government should leave Canadians alone to solve their problems as individuals. (They usually refer to individuals as taxpayers, rarely as citizens.) It is inefficient and unfair to expect each citizen to handle his or her own issues like unemployment,

retraining, childcare, affordable housing and so on. We get a “bigger bang for our buck” if we pool our resources as taxpayers.

Neo-liberals strongly disapprove of society's past attempts to care for its citizens because government intervention interferes with the “wisdom” of the market. We can expect no great national purpose to inspire our nation, from this crowd. And no solutions to world poverty and the increasing gap between rich and poor are likely to come from these true believers in what is really unbridled, nineteenth century capitalism.

As we face the threat of extinction on Planet Earth, it is tragic that those who are in positions of power—at least in North America—are unlikely to inspire their societies to take the necessary steps to develop a sustainable economy.

The consequences of the widening gap

Although the poor suffer the most from the gap between rich and poor, society as a whole also suffers because of the unfulfilled potential of the poor. Their life expectancy is lower; their ability to learn may be limited permanently by malnutrition and the stress of growing up poor. They cannot afford the cost of education and training. With all these strikes against them, they are unlikely to make the contributions to society they might have made, had they not been poor.

Inequality creates cynicism in society because it makes a mockery of democracy. Clearly equality of opportunity no longer exists enough for people to believe in it. When it takes three years for the Ontario MPPs to raise the minimum wage to the poverty level (\$10 an hour by 2010) and meanwhile raise their own already adequate salaries by about \$22,000, you know that there is not going to be much help from the government to decrease the gap between rich and poor.

Cynicism about the political process and the future indicates what a disconnect there is between ordinary people—especially the poor—and the politicians. Cynical people don't vote; they let others make their decisions. Those who have the most reason to vote are least likely to. And the government they get is not likely to serve their interests as we now see in the increasing gap between rich and poor.

What we can do

As an individual your first obligation is to understand that there is a problem and to learn what others suggest are their causes and their solutions. Don't accept everything in this article as "the truth." Do your own research. There are other points of view. Talk to your classmates. Take a course on globalization or social justice or economics or politics.

When it comes time to vote, vote for the party that understands that the gap between the rich and the poor is a serious threat to Canadian society. Make sure its solutions are serious and not just band aids tossed at problems to win votes. Let your MP and MPP know of your concerns and ask them what their parties are doing to remedy the inequities in our society.

Most of the changes that would create a fairer society economically are structural. Individuals cannot do much to implement them, but governments can, and our MPs and MPPs are supposed to do our bidding. Let your politicians know that you know there are solutions.

While we cannot compete in wages with poorer countries, we can limit the damage to our economy by having a well-educated, innovative work force whose efficiency and creativity is desirable to business, especially in manufacturing, even if more expensive than elsewhere.

To achieve a well-educated, innovative work force will require both levels of government to invest heavily in education at all levels from early childhood education to post secondary to re-training. And for people to benefit completely from education they must be free of the hunger and stress of poverty. So government must find ways to improve the standard of living for the poor.

Government must make post secondary education affordable so that everyone who is capable of it gets post secondary education and training. Continuing education or training for adults who want it could have a significant role to play in getting our work force up to a competitive standard. Those who want to get a high school diploma, a college certificate or diploma or a university degree, should be able to. Adult education should be as well-funded as education and training for

young people. It should be widely encouraged, and it should be organized so that whoever wants to access it can do so by making a phone call or striking a computer key.

Government should encourage Canadian businesses to increase their efforts in research and development so that they can compete with the rest of the world in innovation and creativity.

The federal government must also use Employment Insurance funds to provide immediate and appropriate retraining to laid-off workers. Today HRSDC, the Ministry that funds retraining, provides short-term training in whatever is the "career of the month." Recently it seems that everyone who applied for training became a PSW (Personal Support Worker). Of course, the government must consider labour market needs but it should also consider the interests and abilities of individuals and look further than the most recent labour market information. To make the best use of a worker, the government should consider longer term and individualized training.

The Tobin Tax, though not implemented because it requires international agreement, would impose a .1% to .25 % tax on all trade of currency across borders. The revenue from such a tax could go a long way to supporting casualties of globalization such as the residents of Smith Falls.

What if Jeremy Rifkin is correct that we will have fifty percent fewer jobs by 2020? If we continue down the economic path we are on, we are likely to see widespread poverty and despair. But we could change our path and develop a new social/economic model. After all, it is only recently that people have lived to work. If we all worked less, in order to give the available jobs to as many people as possible, our lives would be less hectic and stressful. We would have time to enjoy life. We could do this if there were a Guaranteed Annual Income.

A Guaranteed Annual Income is a base income, which would not be taxed and which would provide enough for the necessities of life. Any income on top of it would be subject to taxes. The GAI would replace the numerous existing social assistance programs; it would be more democratic because everyone would receive it; and it would be no more expensive than current social programs and certainly more efficient.

There are ways to do things differently that benefit all of us.  
Let's stop accepting the status quo and instead push for viable  
alternatives.

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