

## **How to save Canadian capitalism from itself: Walkom | Toronto Star, February 28, 2015**

The economy is not working. A new one needs to be built.  
It is not working on a global level, where the world continues to falter.

It is not working at a national level, where incomes stagnate, unemployment persists and good jobs are outsourced abroad.  
As a study released Friday by the United Way shows, it is not working at a Toronto level.

That study makes the point that, even within Canada's premier city, the gap between the rich and poor is growing.  
Experts may tie themselves up in knots over the precise trajectory of inequality, depending in part on what is measured and when.

But the general point is beyond dispute: On its own, the free market is providing increasingly less equal rewards.  
That inequality, in turn, hampers the very forces that favour the free market.

In Canada, this trend is offset only by remnants of the great postwar bargain hammered out between capital and labour, a bargain that included unemployment benefits, pensions and strong unions.

That bargain is no longer operative.  
Labour unions are weak; most of the jobless don't qualify for employment insurance; most workplaces don't offer pensions.

Jean Chrétien's Liberal government began the job of dismantling the so-called welfare state. Stephen Harper's are finishing it.

But the factors that really killed the old bargain were globalization and the changing nature of work.

The old welfare state was built for a world where much of the workforce laboured in big factories.  
Now, big factories are passé. The new normal is part-time work and alleged self-employment.

I say "alleged" because many companies reclassify their workers as self-employed contractors simply to avoid paying statutory benefits.  
So far, Canadian politicians have been abysmally slow in responding to the new reality of work.

The fact that they are still debating the need for a national child-care program some 50 years after women began to flood into the paid workforce is evidence of that.

So what needs to be done?

First, we must recognize that capitalism will not save itself. It never does. To let the free market have its unfettered way is to degrade the workforce that business needs and impoverish the customer base upon which it depends.

As the current slump demonstrates, private business — no matter how low the tax rate — won't invest to produce commodities that it believes customers won't buy. Failing a social revolution (which, I suspect, most Canadians don't want), the alternative is to save capitalism from itself.

Here are three modest ideas.

Build a national pharmacare program. This would continue the process, begun in the 1960s, of socializing the costs needed to keep workers healthy.

At various times, politicians from across the political spectrum — including Harper — have called for pharmacare.

Done correctly, a national drug program would save money for both employers and the public at large.

> Reform the employment insurance system. The aim here should be to ensure that all who are involuntarily unemployed, including part-timers and the self-employed, have full access to EI.

This would diminish downward pressure on wages, which, in the first instance, business won't like.

But it would also stabilize buying power, which business will like.

> Rebuild the entire collective bargaining system. Developed in the 1930s and '40s, the current one was premised on a world of factory production. A new arrangement would have to take into account the dramatic new changes in work.

This will face sustained political opposition. Enlightened employers know that, in the long run, unions create the conditions for a broad and politically stable middle class, thus allowing corporations to prosper. But enlightened employers are in the minority.

These are just three areas. On issues ranging from pensions to climate change, more needs done.

In a perfect world we would encourage social justice because it was the right thing to do. In this world, we appear to act only when pushed by something called the economy.

This is one of those times. The economy is crying for change. The old ways aren't working. New ones are required.

***Thomas Walkom's column appears Wednesday, Thursday and Saturday.***