The End of Class Politics

by John F. Conway

When you combine recent reports on the earnings of the rich in Canada compared to those earning average wages and salaries, with the recent political behaviour of Canadians, a stark conclusion seems unavoidable – class politics in Canada appears to have been successfully snuffed out by the business lobby’s relentless twenty-five year propaganda offensive.

Canadians in very large numbers now routinely vote contrary to their class interests. Millions of workers, farmers, small business people, and students helped elect Stephen Harper, and thousands helped elect Brad Wall in Saskatchewan. Yet these leaders will use their power to pursue an economic and political agenda that will drive them into the ground, keep their incomes stagnant, shut down their industries, see them bankrupted and driven from their farms, cut publicly funded services, increase the cost of post-secondary education to students and their families, and impose tax cuts that primarily benefit the wealthy.

And indications are that they will get away with it without so much as a peep from the afflicted. After all, Canadian political leaders of all political stripes – Tories like Mulroney and Harper, Liberals like Chrétien and Martin, and New Democrats like Harcourt, Rae and Romanow – have been doing just that for the last 25 years.

In “The curious absence of class struggle,” an essay published in the January 5, 2008 Globe and Mail, Peter Nicholson, President of the Council of Canadian Academies, noted that the average Canadian has enjoyed no growth in real income between 1982 and
2004 even as the economy grew by a robust 50 per cent. Meanwhile, the top 10 per cent of income earners enjoyed significant gains, but it was the top 1 per cent who gained massively. The Canadian Centre for Policy Alternatives (CCPA) reported that the top 100 CEOs of Canadian corporations earned an average of $8.6 million in 2006, 218 times the average Canadian earnings of just below $39,000. Canada’s top 100 CEOs each earned the national average wage in 2008 by 10:30 am on January 2, and each will earn it very 9 hours and 33 minutes for the rest of the year. The statistics for those earning the minimum wage are even worse – each of the top 100 CEOs pocketed the entire earnings in 2008 of a minimum wage worker by 1:04 pm on January 1, and will continue to pocket it every 4 hours and 4 minutes for the rest of the year.

But it is not just the gap between the very richest and the average Canadian that has become even more obscenely unequal. The obscenity characterizes the general pattern of income and wealth distribution. Looking just at individual “market income” (income earned in the market place through wages, salaries, interest, dividends and profits, excluding all government transfers), the richest 10 per cent of market income earners in 1973 earned 21 times the income earned by the bottom 10 per cent – by 1996 this ratio reached 314 times. In terms of family income, since most families now have two earners, the richest 10 per cent of families took an average 23 per cent share of all earnings in the 1970s, while the poorest 20 per cent (that’s right, 20 per cent) of families took a measly 4.5 per cent. But those were the “good” times. In the 2000s, the richest 10 per cent of families took 29.5 per cent, while the poorest 20 per cent had been pounded down to 2.6 per cent. In terms of wealth, defined as all assets less all liabilities, in the 1980s the top 10 per cent of Canadians possessed 42.8 per cent of all wealth, while the
bottom 20 per cent possessed 0.06 per cent (yes that’s six one hundredths of 1 per cent). By 2000 these figures had changed to 44.6 per cent for the top 10 per cent and 0.007 per cent for the bottom 20 per cent (yes, that’s seven one thousandth of 1 per cent). In 2000 the top 20 per cent of Canadians possessed 65.9 per cent of all wealth, while the bottom 60 per cent of Canadians possessed 11.3 per cent.

The CCPA also issued a report on the 20th anniversary of the Free Trade Agreement. A survey of 41 of the top non-financial corporations who participated in lobbying aggressively for free trade reports that they enjoyed a gain in revenues of 127 per cent during the first 20 years of free trade, while their paid work force was cut by just under 20 per cent. Free trade brought them more money even as they implemented massive job cuts.

There was a time when class was fairly central to Canadian politics. Even in the 19th century everyone know that the Tories represented big capital and the wealthy, while the Liberals tended to represent smaller capital, small business, workers and agrarian reformers. Every now and then working class or farmer organizations would put forward a clearly class-oriented candidate, and even win a seat from time to time. In the 1911 Reciprocity Election the Liberals’ strong hold on the working class was fractured to some extent, as many workers in tariff protected industries voted Tory to stop the free-trading Liberals.

The centrality of class in Canadian politics increased in the 20th century, as farmers and workers battled unsuccessfully within the Liberal party to shift it to a more pro-farmer and pro-worker agenda. When those efforts failed, farmers and workers began to set up their own political parties, winning some small success in provincial and
national elections. Farmers and workers finally united in the Progressive party for the 1921 election. Though the Progressives faltered and declined thereafter, despite winning enough seats to have become the Official Opposition in Ottawa, the intensity and militancy of class politics actually increased with the collapse of the Progressives. During the Great Depression radical class-oriented farmer and worker parties began to win more seats in various provinces, culminating in the victories of Aberhart’s Social Credit party in Alberta in 1935 on a shrill anti-finance capitalism program, and of the CCF in Saskatchewan in 1944 on a more general anti-capitalist, democratic socialist program. Meanwhile the fledgling Communist Party was growing in numbers and influence, successfully leading important unionization struggles in mining, forestry, automobiles, and among the unemployed.

This popular upsurge in class politics did not just happen in Canada in the post-Great Depression, post-World War II era. It swept the industrialized world, unceremoniously defeating Winston Churchill in Great Britain even before the war was over, repeatedly electing Roosevelt and his New Dealers in the U.S., and threatening to bring the Community Party to democratic political victories in France, Italy and Greece.

It was then that the welfare state was born. Facing a deepening political crisis, the capitalists, who dominated the economy and the major political parties, and facing the prospects of victories by democratic socialist and communist parties, held out the olive branch. Great concessions were made, unions were embraced, and real wages began to grow rapidly for the working class. It was hailed as the new consensus of democratic capitalism which would stop the march of the left and provide workers and their families – indeed, all members of society – with a new capitalist economy with a human face and
a helping hand. From the end of World War II until the 1970s the welfare state consensus reigned supreme as more and more concessions were made in the form of social programs, expanding the “social wage” paid to all as a right of citizenship. Progressive taxes were imposed, capital gains and estate taxes were applied to the wealthy, corporate profits were taxed – and the wealthy saw their shares of the wealth and income generated by the economy fall even as the real incomes of the mass of Canadians rose dramatically.

The neoconservative/neoliberal counter-revolution has its roots in the resentment of the wealthy, and of all owners of capital, about these concessions. In the 1980s the capitalist class, through the governments they dominated, began to take back the concessions they were forced to make to stop the popular class offensive of the post-Depression, post-War period. And that is what has been happening since the early 1980s – take backs in the form of cuts in social spending, massive tax cuts (on yeah, you get to keep $10 or even $100 more of your pay packet each year, but the wealthy and the corporations get millions from the same cut), de-regulation, union busting laws, deindustrialization as industries are moved off-shore to cheap wage areas, and attacks on public funding going to infrastructure, health and education.

And presto, guess what? Today the wealthy are right back where they were back in 1923, in terms of their share of the wealth produced and the income earned. The brief interlude of making concessions to the noisy, threatening rabble is over, and it is time to put them back in their place. And our captains of capitalism, and their political minions in the political parties and the media, have pulled it off.
As you walk the streets of any major Canadian city, except for the clothing fashions and the automobiles, the social landscape of today is more reminiscent of the 19th century than of the 1970s. Extremes of wealth and poverty. Exclusive neighbourhoods, sometimes gated and patrolled, for the rich, and slums full of a desperate and hopeless underclass. The streets teeming with beggars and the homeless. Substitute top hats and frock coats for the silk suits, and horses and carriages for the limos, and dress the homeless and beggars in rags, and it is a page right out of a Dickens novel.

It is a social obscenity.