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Inequality

I have been concerned about inequality in our world for quite awhile now. It became obvious to me once I left the workforce and realised that my children were struggling to make a living in today's marketplace. Up to that point I was busy with my work life, and I couldn't see the forest because of the trees. I have been fortunate enough to be able to fund my children's education, which allowed them to make their career choices through continued education. This allowed them to enter the marketplace without having an education debt to repay while they struggled to make a living. Even this was not enough for them to achieve a level of earning that I had attained at their age. Inequality has seemed to increase by leaps and bounds since the 1980's, and this I am afraid is continuing unabated.

So where are we today? Let's begin with a few facts. Buying power is approximately four times less than it was in 1980¹. This is quite shocking when you consider the strides in manufacturing and the technology advances we have seen in the last forty years. In the USA there has been a decline in GDP since 1980, resulting in a mean average of around 3%². This impacts Canada greatly as the USA is our largest trading partner. Here in Canada the GDP has floundered since the crisis in 2008¹. The average income for workers has not kept pace with inflation, or with the CPI, while the income of the top 1% has increased dramatically. The average hourly wage rate in Canada in 1981 was \$20.80, in 2019 it was \$25.72¹. Our corporations are making more money than ever before, yet workers are making less. This is quite astounding really, and is the main reason for the inequality we have in the world today. In addition, rents are increasing, and are contributing upwards to around 80% of many corporations income, this means that research and development are no longer happening on the scale it was back in the 1980's³.

In my opinion, western capitalism is selfish and materialistic, and caters to the individual. I also contend that free markets on their own can't achieve prosperity for the nation and its citizens. Sources of wealth in any country are its productivity, creativity, and vitality, which are enhanced through science and technology. Nations grow wealthier with higher standards of living and productivity⁶. This does not appear to be happening in the western world today. Our standard of living for the general population is waning, and this includes not only the ability to earn a salary, but includes health care, housing, and provisions, which translates into quality of life.

What is needed is a new social contract, one that will allow everyone to have a decent quality of life. Corrections are needed, on the scale of the corrections of the 19th century. The major corrections were in the justice system from vigilante to government, the penal system from corporal to psychological, civil rights for all, and anti slavery, to name a few. The workplace today has changed considerably since the 1980's. Whereas in the past we relied on manufacturing, today we are more oriented towards a service industry base.

We are allowing corporate interests to rise above those of the worker, the consumer, and the environment. We see this happening on a regular basis. Such as tax cuts for corporations and the wealthy, deregulation in the banking system, and deregulation of the controls over the environment, and also by allowing large corporate takeovers resulting in less competition. These actions have allowed the market power of corporations to increase dramatically in the last 20 years. The best example is the subprime crisis of 2008. The banks caused this meltdown, and they were bailed out and ultimately rewarded on the backs of society⁶. This set in motion deregulation for the banking sector globally. In Canada the government via the CDIC insures deposits to member banks to the maximum of \$100,000 for private individuals. However, Prime Minister Trudeau put Bill C15 into law in June 2016, which is the "Bail-In Regime", allowing banks to seize your deposits if they go bankrupt. How this is affected by the CDIC is unclear⁵. We have deregulated the pharmacy industry and it is very difficult to make big pharma liable for drug related complications, especially for government sponsored vaccines such as we now have for COVID 19. Market power is allowing big pharma, the petrochemical industry, the telecom and IT industry, as well as big data including AI, to basically do what they please, and charge whatever they want for their products and services. A good example here is the cost of telecom services in North America, which is considerably higher than the same service in the EU.

Change is needed and it is needed urgently. If we look at the change needed to be purely economical, we are missing the big picture. Economic change is not difficult, what is difficult is the politics that is needed to effect this change. To achieve economic reform, we must first have political reform. We need our politicians to stand up and propose a new social contract, one that will encompass not only inequality, but also the way we govern, the way corporations operate, and the way we treat our planet.

A new set of checks and balances need to be put into place, as the old checks and balances are no longer functioning as they should. We need to ensure that the rule of law is followed at all times, and not ignored when it is convenient. We need to ensure that science and technology is used to benefit mankind, not to control it. And we need to do all this while ensuring that society as a whole benefits⁴. Our corporations enjoying free markets should have some of their capital channelled into ventures that will provide equality for everyone, and at the same time ensuring that a living wage is provided, and that our environment is protected, resulting in better civil liberties for all citizens. We need fair market regulations, intellectual rights should be protected. Taxes and expenditures should be more in line with income; controls need to be placed on big pharma, big data, petrochemical and telecom companies, to ensure equitable pricing of products and services. Big corporations should be more socially responsible, which would go a long way to reduce inequality. We need to reduce the amount of money in politics which would result in fair and honest elections, equitable reform, and equitable regulations, resulting in government for the people by the people, not by big money.

There are no easy solutions to resolve the inequality we are seeing today. The challenges are numerous, and the solutions will require due diligence, political will, corporate buy-in, and empathy.

1. Stats Canada www.canada.ca, <https://www.statcan.gc.ca/eng/start>
2. <https://www.multpl.com/us-real-gdp-growth-rate>
3. <https://www.britannica.com/topic/rent-economics> -(See Modern Economic View)
4. Recommended reading. "The Third Pillar" by Raghuran Rajan
5. <https://canadafreepress.com/article/trudeaus-bail-in-now-law-to-allow-banks-to-confiscate-your-deposits>
6. "People Power and Profits". by Joseph E. Stiglitz