

## Rebuilding The Bonds That Unite Us

Focus, for a moment, on the love that you feel towards your children. Remember the joy that flooded your heart when you held your beloved little one for the very first time. As your baby grew, you cared for it lovingly, providing food, clothing and shelter as was necessary. Never did you stop to think "Does this child deserve my support?". Won't you continue to do all that you can to help your child whatever its age? Whether or not your child is lucky enough to find work and make a contribution to society, won't you continue to care about it and support it? Won't your child have the right to your love simply because it continues to live as a human being on this planet? Love alone enriches life and makes it worth living. Love is the glue that bonds our families together.

So why do we not spread our love more abundantly throughout our community? Why must it be reserved for only our family members? Is not society merely a multi-generational collection of all of our children? Do we not all share a common humanity? How then can we be so stern in our judgement of others and be so quick to deny some the essentials of life? Has our morality become so embedded in our monetary system that we can now, without guilt or shame, deny millions of people the sustenance and support that we would never hold back from our own children? We teach our children to love and share, yet we do the opposite ourselves every day that we allow the suffering around us to continue. Are we innately so cruel or are we merely responding to difficult times? Most of us are struggling ourselves to survive in a heartless economic system that measures the value of a human being solely in terms of his or her productive output. But imagine if we judged our own children so harshly. "I'm sorry my child, but you can not have dinner tonight, for you did not make a productive contribution to society today."

When society puts productivity and profit before people, we *must* sacrifice community and family integrity. When competition replaces cooperation, we *must* lose love and compassion. The signs are everywhere. Our insane rush towards globalization is creating a cold and impersonal world. We must start rebuilding the autonomy and self-sufficiency of our communities. We must set our own local standards which define the minimum quality of life that is acceptable to us. We must treasure the talents and creativity of each and every person in our community and cultivate their potential by sharing the collective, inherited wealth of our community generously. Each and every one of us must assume the responsibility for ending the poverty and suffering that exists in our community.



## The Ants and the Elephant

Once upon a time, there was a place where ants and an elephant lived together. The elephant, being much larger and more powerful than the ants, made the ants work all day fetching peanuts for him. If the ants worked hard enough, at the end of the day they could keep a few of the peanuts for themselves. If, however, the ants had not worked hard enough to please the elephant, they got nothing. Although the ants were not happy working for the elephant, they were all certain that there was nothing that they could do about it. Whenever they complained to the elephant, or tried to stop working, the elephant simply crushed them with his huge and mighty feet.

One day, one of the ants had an idea. After work he called some of the other ants together to discuss his plan. "We have been working for the elephant for so long that we now eat like the elephant, sleep like the elephant and even think like the elephant. But we are not elephants, we are ants, and if we are ever to be free, we must do what ants do, we must dig!" exclaimed the ant. Most of the ants, upon hearing his plan, just laughed and called him crazy. A few, however, met later that night and began digging tunnels deep into the sand. A few days later, several other brave ants, bringing peanuts, joined the rebellious ants in the tunnels. As time went on, news about the progress of the project spread to every ant hill and thousands more ants joined in.

But the elephant was getting suspicious. "Where are the rest of the ants?" he screamed, as his huge foot stomped on an ant hill. "Find them and bring them back to me" he demanded. The rest of the ants went into the tunnels to bring back the others, but when they found them, they were surprised by how close to completion the plan was. Instead of returning to the surface, they all worked together to finish the job.

The next morning, all the ants returned to the surface and waited together for the elephant to come to his usual command post. But when he arrived, the ground beneath his enormous feet caved in and he dropped down into a pit that the ants had created just below the surface. Knowing that the weight of the huge beast would cause the remaining ground to give way once he set foot upon his spot, they were delighted to have finally trapped the elephant in a place that he was far too clumsy to ever climb out of.

From that day forward, all the ants made a solemn promise to never again act like the elephant, who thought only of himself. Instead, they would always be proud to be ants and would continue to cooperate together forever.

# HOPE

Canada's Good News Magazine

November/December 1995 \$2.00

## Full-employment Is Possible!

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## Why Is There Hope?

First the good news, then the bad news, and then some more good news. The good news is that the economy is still fixable. The real solutions to our problems are actually quite simple. Many knowledgeable economists have tried-and-true alternatives that will get us out of the fiscal mess we are in. The bad news is that the government really isn't interested in fixing things. In fact, our leaders are bent on destroying the power of the government and maybe even the country. The economic policies they are implementing will actually make things worse. The other good news, however, is that once enough Canadians realize what is going on, we will be able to stop them democratically and begin implementing the real solutions that will save us.

HOPE magazine was created specifically to increase the public's awareness and understanding of the real issues and solutions to our country's problems. Using the everyday language of average people, HOPE will guide its readers, through the doom and gloom and political double-talk, to a fresh vision of a sane society which values the potential, and rewards the contributions, of all Canadians equally. HOPE will debunk the myths that the mainstream media and the government spin doctors have a vested interest in perpetuating and will highlight the research and recommendations of hundreds of individuals and organizations that are working tirelessly, in spite of the odds, to make Canada a better place to live. The real solutions to our problems would result in a strong vibrant economy with full employment, no government debt, low taxes, a high standard of living, increased leisure time and a healthy sustainable environment. Such a world is possible, once enough of the public becomes aware of the way to get there.

HOPE is published six times a year by Don Findlay, an independent researcher living in Kingston. Single issues cost \$2.00 plus tax. Annual subscriptions are \$10.00 plus tax plus postage. HOPE will soon be available on the Internet. Letters to the editor, opinion pieces and local news stories are welcome and should be addressed to:

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## A Better Society Is Possible!

While millions of people who are eager to work are idle, vacant factories sit empty. If the idle could use the empty factories, goods could be produced to satisfy their unmet needs. A person requiring medical treatment can not get into a hospital because all of its beds are full, yet other hospitals are closing forever, despite the unmet need for beds.

In both these cases, we are told that it is a shortage of money that is at the root of the problem. Yet wasn't money created simply to facilitate production in order to service unmet needs? How then could there be a lack of money in the presence of both unmet needs and idle productive capacity? If those presently idle used the excess capacity to produce goods, it would increase the wealth of the nation. Having a greater wealth, the nation would then also need to create additional money to represent that wealth. Why then do we not simply create the money in front of the increased production to enable everyone to work, allowing the needs of all to be met?

If it is really that easy, then why is it not done, you might ask. The answer is simple. A planned scarcity of goods causes those with money to spend to be willing to pay more to acquire those goods than it costs to produce them. This system is very profitable for those who control the production and their profit taking, in turn, makes money even scarcer.

Technology has given us an almost limitless productive capacity. In a truly free market economy, production would continually adapt to satisfy the unmet needs of society. If there was a need for more hospitals, for example, then more labour would be devoted to fulfilling that need until it was met. As that need was fulfilled, labour would again shift to other areas (in order of their importance to society) where unmet needs were present. It is the availability of labour and natural resources that determines the true wealth of a nation, not the amount of money that it creates. Money is merely a symbol. Without labour and natural resources, all money is worthless!

Why then do we waste such an enormous amount of both human labour and natural resources by competing for money? We would all be much better off if we simply cooperated to use the available human and natural resources of our planet to the best of our ability. We could then concentrate on developing the most efficient ways to produce high quality, durable goods using environmentally sustainable processes. Rather than exhausting our ecological capital with "disposable" consumption, aggressive competition, excessive packaging and other marketing litter, we could sell our products based on how long they would last or on how little

## Where Does Money Come From?

As kids, we learned from our parents that money doesn't grow on trees, but they never told us where it does come from. Neither did our teachers at school or at university. Was it because they didn't know themselves or was it because we never asked? Most people assume that the government prints all the money that is needed to run the economy. Nothing could be farther from the truth.

The truth is that the government is now creating only about 2% of all the new money in Canada. The other 98% is being created, as loans, by privately owned financial institutions. When a person borrows money from a bank or trust company, that institution is prohibited, by law, from lending out the savings of its depositors. Instead, it simply issues an electronic credit to your account that equals the amount that you have agreed to borrow. You may then withdraw that amount in cash if you wish, but most people feel uncomfortable carrying large amounts of cash and choose instead to pay for their purchases by writing cheques on their account. Bankers try to estimate how much cash will be demanded during a given period and keep only this amount of cash "on reserve" at the bank. At any given time, the amount of cash that is circulating in the system is only a small percentage of the total money supply (or credit supply) that the "monetary system" includes. Most of the capital in the monetary system consists of cheques and electronic debit and credits, obligations and commitments which are based solely on trust and good faith. The moment a new loan credit is entered into the computer of a financial institution, "new money" is created. Conversely, as the principal of a loan is paid back, that same money is destroyed.

Such a system is very convenient for bankers and governments because it reduces the amount of printed currency that is required to operate the economy. Printed money wears out and must be replaced, a cost to the government, and printed money must be counted and handled as it moves from place to place, a cost for both financial institutions and the government. Electronic debit and credits, on the other hand, never wear out and the manual counting of currency is avoided. The problem with creating money this way, however, is that only the principal amount of the loans are ever created. The interest that is charged on the loans is never created. Therefore, consumers can only repay the interest that becomes due on their loans by either reducing the amount that they spend on other goods and services or by borrowing more money.

Since businesses and governments pass on all of their interest costs to the consumer/taxpayer, eventually society's collective borrowing costs absorb so much of consumers' available income that the demand for (or the ability to finance) new goods and services stalls and the economy begins to collapse. A recession occurs not because the need for goods and services disappears, or because the ability to

produce those goods and services is lacking, rather, it occurs solely because there is not enough interest-free money widely available to sustain the monetary system. Once the assets of all of the defaulting debtors have been liquidated, and any creditors who are unable to collect the money owed to them have "written off" their loans (which reduces the debt money in the system to a more reasonable level), the economy can then begin to grow again. Usually a recovery occurs because low interest rates (a result of the recession) encourage consumers to begin borrowing again. This starts the money supply growing (by introducing new debt money into the system) and the boom/bust cycle begins anew.

High interest rates are an economy killer. Compound interest is simple usury. Both are incredibly cruel, in human terms, and should be illegal. Under the British North America Act (the B.N.A.), the federal government alone had the right to create money. In 1913, however, the government began sharing its right with privately-owned, financial institutions and, in 1935, the Bank of Canada (the government's own bank) was established. At first, the amount of new money that the private banks were allowed to lend into circulation was tightly controlled by the government through the use of mandatory reserve requirements (an amount of cash-on-hand, plus collateral deposits at the Bank of Canada, that is dependent upon the value of a financial institution's total customers' deposits). In addition, the interest rates that the private banks could charge were kept quite low (below 4%). In 1967, however, the government raised the legal maximum on interest rates from 6% to 60% and, in 1994, mandatory reserve requirements were abolished altogether giving individual financial institutions the power to decide what reserve amount was appropriate. Reserve requirements are important because they affect how much debt money the private banks can create in new loans. When reserves are low, the value of all outstanding loans can be high compared to the value of all customer deposits, when reserves are high the reverse is true. Today most banks have only about 90¢ in cash and BoC deposits for every \$100 of customer deposits. If you compare the damage caused by the collapse of the financial system in 1929 (when the banks' deposit:reserve ratio was 5:1) to falling from the window of a five-storey building, the damage that would be caused today by a similar bank failure would be like falling from a 110-storey skyscraper. There would be no survivors.

The public needs to be aroused. The current monetary system is dying from debt cancer. The government must reassert its right to use the Bank of Canada to create more interest-free money. It can do so without causing inflation if, at the same time, it reinstates strict reserve requirements for all private financial institutions to control the money supply. Doing so, will also enable the government to eliminate its operating deficit immediately.



## Volunteer Labour Exchange Tests a Made-in-Kingston Employment Alternative

The Volunteer Labour Exchange (V.L.E.) is a local supplement to the traditional employment and monetary system. The purpose of the V.L.E. is to publicize cooperative "employment" opportunities and to record the volunteer labour transactions of its users.

The V.L.E. operates on two simple assumptions: that everyone's time is of equal and infinite value; and that by volunteering to help others reach for their dreams, people earn the right to ask others to help them reach for their own. The V.L.E. is like a labour-only barter system except that it does not attempt to assign a value to anyone's time. In not doing so, it avoids the debt, profit and taxes trap of the current economic system entirely.

The Volunteer Labour Exchange is a supplement to the existing exchange system, rather than an alternative to it. The V.L.E. extends the scope of the system by rewarding volunteer services that, although valuable, are not currently priced in the economy. By recording the volunteer contributions of its users, the V.L.E. helps people with similar interests and ambitions pool their resources to develop new "real business" opportunities. Often the largest cost when starting a new business is labour. To get the business off the ground, usually requires some staff and a great deal of public awareness building. With sufficient numbers of people this can be achieved relatively inexpensively, but without volunteers the cost of staffing and marketing and advertising can be enormous. The V.L.E. helps people to recognize this and provides a way to access labour without incurring a financial outlay. This can enable a new business to grow and build equity which can then be used, if enough of a market exists, to attract traditional financing sources. At that point, at least some of the volunteers, in addition to having acquired valuable training, may also become paid employees.

The V.L.E. registers all members (free membership) into a computer database that is accessible to all members to browse. During the registration process, each member provides a brief description of themselves which profiles their interests, experiences, expectations and plans or desires for the future. Also, each member lists what type of volunteer labour that they are willing to provide or need, when they are available or needed, and what other resources that they are willing to share or are required (ie. a car, computer, tools and equipment, etc.). Members are encouraged to use the database to find and meet others who share their interests and aspirations and to form teams to reach their common objectives together. In addition, the V.L.E. records all completed volunteer labour agreements once both parties have confirmed that the agreement was completed to their mutual satisfaction.

For more information about the Volunteer Labour Exchange, contact Don Findlay at 384-9749.



## Why Aren't We Called Human Doings?

Why do we call ourselves human beings? So little of our time is ever spent just being. We're always busy doing something. Wouldn't it be more accurate if we called ourselves human doings.

As children we learn from our parents that life is about doing...doing the laundry, doing the dishes, and doing the right thing. We are scolded when we sit around and do nothing and we become distressed when there is nothing to do. At school, we learn the importance of doing our homework and discover that, to be somebody, we must do well in competitions, be they academic, sporting or social in nature. To get hired, or to advance, in the world of business, we must outdo our competitors, be they other job applicants, fellow employees or rival firms. All through our lives, who we are is judged by what we do.

But is that all there really is? Isn't life also about observation, contemplation and appreciation? Has society forgotten the importance of a sense of wonder as a source of emotional and spiritual renewal? Only when we pause to reflect can we step outside of ourselves and appreciate life's bigger picture. Only by being aware of the energies of life all around us can we refocus our vision and reconnect our purpose with that of creation's. Otherwise we remain trapped in the futility of our own personal struggles and limitations and the glory of life slips away into the shadows of greed, vanity and corrosive self-interest. With such horizons, work becomes an attempt to escape from a meaningless reality, and entertainment becomes an addictive but mindless diversion.

Each moment in life contains an infinite number of possibilities. Each problem has an infinite number of possible solutions. If our search for truth is constrained by focusing only on our own experiences or is limited by our own definitions of what is possible, then we cut ourselves off from the much larger pool of possibilities that exists in the collective ether that envelops us. All natural possibilities exist whether we are aware of them or not. We may not have yet developed the science to know that such possibilities exist but their existence in nature does not depend on us. Creativity and genius so often is little more than a uniquely developed ability to perceive a yet unknown natural possibility. Many times, at the moment new knowledge is discovered, it seems to be not so much learned as remembered. It is, in fact, that intuitive anchoring that creates the feeling of certainty that a deeper, collective wisdom has been accessed.

We must all stop doing, for a moment, draw a deep breath, and look around us. We must learn to experience life in its fullest present intensity. We must not be afraid to be silent in the presence of others, nor should we be fearful of being observed by them. We must learn to communicate with our entire being and we must be willing to merge our energies, recognizing that individually we are all such an infinitesimal part of the one totality of energy that we all share. We can create a better world, but first we must learn how to be humans, being.

## A Better Society Is Possible!

energy and resources were used up during their production or in their disposal.

In fact, it may be possible to do away with money altogether. Replacing it, would be people's willingness to commit their labour to a particular task or occupation in order to eliminate unmet needs. If everything was free and a shortage of houses occurred, for example, then all those who knew how, or were willing to learn, to build houses would be called upon to do so until all such needs were again met. The same would hold true in any occupational category. Training would be hands-on and free, and every citizen could choose to learn a variety of occupations.

In such a society, every human being would be entitled to receive the essentials of life (food, housing, medical care, education, etc.) regardless of the level of their contributions. If an individual chose to work a standard work unit (ie. the total person hours required to run society divided by the total number of available workers...this would probably turn out to be about 4 hours a day) he or she would be entitled to "use/own" all the basic commodities that an average, middle-class worker today would enjoy (a car, television, computer, appliances etc.). If an individual wanted a higher living standard or was just exceptionally motivated to contribute to society then he or she could earn additional entitlements by working one or two more standard work units per day. At this level, a person would be able to "own/use" a luxury house or cottage, a top-of-the-line sailboat or yacht, a high-performance automobile, etc. Each year's entitlements would be determined by the previous year's contributions. Retired persons' entitlements would be determined by averaging their lifetime contributions.

Demand and the ability to produce would be held in perfect balance. If the capacity to produce exceeded the demand for a certain product (or service) then who had the right to continue producing that product would be determined by how efficient, in terms of the environmental impact, amount of resources consumed, product durability, etc., each producer was. In this way, society could strive to minimize its impact on nature and conservation and reconstruction of the environment would be highly valued. By cooperating in production and sharing the usage of many resource intensive commodities, such as cars, boats, machinery, etc., a higher standard of living for all would be possible with much less environmental degradation. In addition, the elimination of poverty and unemployment would reduce crime and insecurity and make life far more enjoyable for everyone.

In such a society, the use of cars in cities could be eliminated and a truly convenient, comfortable and ecologically friendly rapid transit system could be implemented. With cars off the road, the time that it would take to travel by transit would diminish, as would the wait between rides. Delivery vehicles would still be permitted and bicycle paths and walking trails would flourish. When you needed a car to go to another city, you would simply go to a car depot and take a car to use for your trip. At the other end you would leave the car at another depot for someone else to use. Why would anyone want to own their own vehicle if public transit was efficient and free, the delivery of all goods was free, and you could get a car anytime you needed to leave the city for free? The same would apply to housing. If you moved to a new city and needed a house or apartment, you would simply contact a real estate agent who would show you the vacant homes that were available. When you found one that you liked, you would just move in and it would be yours to use for as long as you needed it. No purchase, no rent, no fees. The home you vacated would then be available to someone else to use. Upkeep would be the responsibility of everyone, but if you weren't able to do the maintenance yourself, qualified people would be willing to help you, for free.

A better society is easily possible. The only thing that is holding us back is the pessimism that our current way of living creates. If we all dared to imagine a better way, we could achieve one. Without a vision, however, we will remain under the spell of the ruling elite, imprisoned by the impossibilities of their money system.



Oh how like oxen we have become, laboring all day for our masters.

Carrying the burden of taxation, profit and interest, we struggle on, exhausted.

As the road beneath our feet begins to crumble, the whip is cracked and we must work harder.

We cannot remember or envision any other life. Our domestication is complete.

Our aching spirit has been subdued by an illusion of freedom, which subtly transfers all guilt and responsibility for our unhappiness, squarely upon our shoulders.

If only we weren't such lazy and stupid beasts, we too could find a way to ride high on the wagon of life.

Although our feed bags contain less each year, we will not bray or stampede, for we have been doped with entertaining diversions,

and the slaughter of other cattle, to produce steak for our masters, has frightened us.

Oh where is the stallion who will break the yoke of the monetary system that shackles us?

There is enough grass to feed us all, if only we could stop long enough to enjoy it!

# Full-employment Is Possible!

Full employment is not only possible, but is essential, to sustain a healthy economy and a stable society. Yet as governments and corporations continue to layoff workers, achieving full-employment seems increasingly unlikely.

## Why Is Unemployment So Persistent?

Two main factors are causing our "structural" unemployment: globalization and computerization. Globalization enables capital to relocate anywhere in the world in order to ensure that resource extraction and manufacturing occurs wherever the cost advantages are the greatest. To compete globally for capital investment, countries have been deregulating their economies to remove the "obstacles" to profits that decent labour laws, environmental controls and fair taxation represent. Since Third World governments are relatively unencumbered by the existing moralities of the First World, they have been attracting most of the new employment generating investments of the transnational corporations for over a decade. The exodus of manufacturing operations to third world nations has contributed to the surplus of labour in all of the developed countries in North America and Europe.

At the same time, computerization is reducing the total number of workers required in the "new economy". Silicon-driven technology is being adapted and applied to production and distribution systems at an ever accelerating rate, replacing the need for human labour everywhere. In his new book entitled "The End of Work", Jeremy Rifkin, predicts that soon only about 20% of the workforce will be able to find full-time employment. While computer technology may be increasing each worker's productivity significantly, the financial benefits of these productivity gains have not yet been passed on to most workers.

To further compound the problem, those who are still working are working longer hours both to compensate for their stagnant wages and in order to build a financial reserve to protect themselves in case they too become unemployed. By requiring existing employees to work up to fifty or sixty hours a week, employers seek to avoid the additional expense of hiring and laying off workers as business conditions fluctuate.

## What's In Store For The Future?

What the future will hold depends entirely on who regulates the employment marketplace. If the government abdicates its responsibility for ensuring full employment and allows the private sector to regulate the terms and conditions of all employment opportunities, then surely the future job market will be bleak. Low-paying, part-time jobs and contract work, with few benefits and lots of overtime, will be the norm. The desperation of the unemployed will push down wages, even in highly skilled sectors. Employment insecurity will prevent workers from striking, thereby reducing the power of labor unions. Unsafe working conditions will increase and whistleblowing to expose corruption will be eliminated. As unemployment levels rise, business leaders will push harder to remove all labor market "rigidities" such as minimum wage legislation, payroll taxes and the 40-hour work week. They will argue that in order to create jobs in the global economy, they must be free from all government regulations. To compete against Third World countries effectively, we will need to create Third World conditions at home. If, however, the government makes full-employment a top priority, strengthens its regulation of the employment mar-

ketplace and reforms its fiscal and monetary policies to support small business development, then the future could be bright. The three most important changes, that must be implemented together, are a shorter work week and two tax reforms.

## A Shorter Work Week

In his book "Working Harder Isn't Working", Bruce O'Hara clearly explains the need for a shorter work week and provides a detailed numerical accounting of the costs and benefits involved. He suggests that our current unemployment situation is directly related to society's failure to adjust to our increased productive capacity by sharing the gains from technology and the reduced need for labor equitably. O'Hara exposes the lunacy of trying to solve our economic problems by simply working harder to produce more than we really need, given the finite supply of the earth's resources. He points out that in doing so we have become a consumption-driven, throw-away society obsessed with marketing disposable products based on image and illusion rather than on durability and substance. As our productivity increases, fewer and fewer companies are needed to satisfy all of our needs, which increases competition in the marketplace. As the strongest companies swallow the weaker companies, in an attempt to limit the total productive capacity of the market, people lose their jobs and consumer demand weakens. Rising debt levels can camouflage the system's inherent weakness for a while, but eventually the economy must crash as accumulating interest charges become unsustainable.

Bruce O'Hara discusses a practical way to implement either a 32-hour work week (a 4 day week @ 8 hours a day) or a 28-hour work week (a 3.5 day week @ 8 hours a day, which would split the current week into two equal shifts). Another possibility would be a 30-hour week (a 5 day week @ 6 hours a day). O'Hara shows that the take-home pay of employees who work a 32-hour week would only be about 5% less than their pay from a 40-hour week. Likewise, a 32-hour week would only raise employers' wage costs by 5%. A 28-hour week, however, might actually lower employers' total costs when all efficiency increases are calculated. Workers might be better off financially, as well, when reduced childcare and transportation costs and other employment expenses (ie. meals) are factored in.

Since all holidays would be celebrated on Mondays as part of a

normal three-day weekend, O'Hara assumes that workers would be willing to forgo their paid statutory holidays. O'Hara would also have the government raise the minimum wage (20% for a 32-hour week, 30% for a 28-hour week) and apply a 100% overtime tax on work hours over 1600 hours per year (for a 32-hour week) or 1400 hours per year (for a 28-hour week). At the same time these changes took effect, the government would stop collecting unemployment insurance contributions from both employers and employees (since a shortened workweek would reduce unemployment levels enough that income supports for the unemployed could be funded from general revenues).

Although it isn't mentioned in O'Hara's book, some people may resist a shortened workweek out of fear that they will have nothing to do or that they might start fighting with their spouse if they are forced to spend too much time together. Don't laugh, I know of real life examples of this. It is for this reason that I suggest that a 5 day workweek @ 6 hours a day may be more realistic than a 28-hour week. It would be easier for some people to adapt to and it would also fit neatly into both a 12 hour-a-day retail schedule and a 24 hour-a-day production schedule.

Another perspective that must be addressed is that of the small, independent business owner/operator. Most small business owners must work very long hours themselves just to survive. To many of them, a shorter workweek would hardly seem fair, since it would enable their staff to work less hours, yet earn more than they do, without taking any risks. In addition, many workers and business owners cannot afford to make do with less, no matter what the other benefits may be. For these reasons, it is essential that, at the same time a shorter workweek is implemented, the government also reforms the tax system to make it more supportive of Canadian small businesses.

## Tax Reform, the Missing Piece

In the global marketplace, small businesses have a number of disadvantages. The high-volume purchasing power of large transnational corporations give them an enormous cost advantage. Whether buying raw materials, energy, transportation, insurance, or even capital itself, large companies can negotiate much better prices than their smaller competitors. In addition, large corporations have the resources to set-up operations anywhere in the world. Accordingly they can choose to locate where labor costs are low, environ-

mental regulations are weak and where tax rates are favorable. Also, large companies can afford to hire the best lawyers and accountants to help them reduce their tax costs even further. In fact, profit itself is little more than a notional construct or an interpretation of the consequences of a series of business activities. It is an arbitrary declaration having no precise empirical substance. To base corporate income tax collections on such an elusive measure is clearly an advantage to big businesses.

To help "level the playing field" for small business in Canada, the government should change the tax system so that corporate income taxes are calculated on the basis of sales rather than profits. Setting a relatively high exemption for initial tax-free sales, of say half-a-million dollars, would give small businesses an advantage that would help to counter-balance some of the other cost disadvantages that they face. A tax rate with an increasingly steep slope at the high end of the income scale would reinforce this effect. Overall the changes could be revenue neutral, but they should probably result in the doubling of corporate tax revenues in order to give smaller companies a slight price advantage with which to win consumer support. Being directly tied to income, the corporate taxes due would be much easier to measure and enforce and complicated tax avoidance schemes such as transfer pricing would disappear. Many might object that a fixed tax on income, so insensitive to profitability, would be unfair, but are not all taxes on labor income structured exactly that way? Does the small business owner's landlord, the phone or utility company or the bank care about his total costs? Capital-intensive industries may need a higher tax-exempt sales threshold than labor-intensive sectors and some large corporations may decide to pull out of a market, but only by encouraging smaller, labour-intensive corporations will we ever be able to achieve and maintain full-employment.

To provide consumers with an income boost which would more than offset the 5% drop in income that they would have to absorb by switching to a shorter work week, the government must also implement some form of financial transactions tax. In the September/October 95 issue of HOPE, a single flat-tax of 1% on all purchases was suggested as one way to eliminate the need for all other taxes, including income and sales taxes. Also, Jack Biddell, an accountant and specialist in corporate restructuring, (who also founded Clarkson Co., which later became Ernst & Young), is advocating that the Canadian government adopt a financial transaction tax. He projects that even a tiny tax of just .5 of 1% would provide the government with enough revenue to enable it to abolish the GST and all provincial sales taxes. This alone would give consumers an additional 10% in purchasing power. That's twice the amount that Bruce O'Hara's shorter workweek would take away.

Clearly, there are many possible ways to eliminate both unemployment and the deficit without the pain and insecurity that the government's current policies are creating. Until enough people understand, however, we will remain powerless to change the system. Please share this article with your friends so that together we can begin demanding the appropriate policy changes from our government.

