

After tiny tax hike

Canada's *Globe and Mail* demands Trudeau "stop whacking the 1 percent"

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The *Globe and Mail*, Canada's newspaper of record and the traditional mouthpiece of the Bay Street financial elite, has accused the new Liberal government of "whacking" the super-rich and stoking "class war."

In a February 11 editorial titled "Stop whacking the one percent," the *Globe* denounced the Trudeau government for fulfilling an election pledge to slightly raise the taxes of the 1 percent of Canadians with taxable incomes of over \$200,000.

The editorial noted that Prime Minister Justin Trudeau had made effective use of the rhetoric of "inclusion" in his election campaign, in marked contrast from Harper and his Conservatives who stoked anti-Muslim chauvinism, baited the unions, and suggested that their bourgeois opponents had a soft spot for criminals and terrorists.

But, railed the *Globe's* editors, Trudeau had betrayed his own inclusionary claims with "vicious politicking" at the expense of those enjoying "merit-based economic success."

Forced to concede that the Liberals' pledge to hike the taxes of the wealthiest had proved popular, the *Globe* chastised them for having employed the "language of unthinking class warfare." The Liberals—big business's preferred party of government for most of the last century—had, or so claimed the *Globe*, adopted the "fashionable but intellectually lazy labeling of the 1 percent," so as to pit "a faceless, presumably undeserving elite against everyone else."

The hostility of the ruling class to anything that impinges, however slightly, on its profits, income, and wealth is something to behold. But the *Globe's* visceral reaction to the Liberal tax hike is occasioned not only by anger, but also by fear.

Under conditions of unprecedented levels of social inequality, an unending assault on jobs and living standards, and ever-growing economic insecurity and poverty, the financial oligarchy fears that even the most limited and dishonest appeal to antiestablishment feeling could fuel social anger and inadvertently help trigger explosive social opposition.

It is only in this context that the *Globe's* use of the term "class warfare" in reference to the policies of Trudeau and his Liberals, who are entirely devoted to advancing the interests of

Canadian big business, can be understood.

The Liberals' minor increase in the taxation rate of the 1 percent comes after decades in which federal and provincial governments of all political stripes have slashed income, capital gains, and corporate taxes, while mounting a devastating assault on public and social services and workers' rights. The result has been an unprecedented redistribution of wealth, from working people to the top 1 and especially 0.1 percent

Trudeau, in explaining his proposal for a slightly higher tax bracket for incomes over \$200,000 to the blue-chip Canadian Club last June advanced two arguments. It would leave room for a Liberal government to further reduce corporate taxes and, even more importantly, it would serve to mollify social discontent. "If we don't deliver fairness," warned Trudeau, "Canadians will eventually entertain more radical options."

While Trudeau did fulfill his populist pledge to combine a tiny tax hike for the 1 percent with an equally meagre "middle class tax cut," his provincial Liberal cousins are already citing the federal tax hike on the wealthy as the pretext for rewarding them with further tax breaks. Earlier this month, the New Brunswick Liberal government rolled back tax rates for the top 1 percent, then more than made up for the shortfall by imposing a 2 percentage-point hike in the provincial sales tax (HST), a regressive charge whose burden falls overwhelmingly on ordinary working people and the poor.

With an incredible degree of cynicism, the *Globe* editorial that decried the modest increase in the taxes of the top 1 percent also denounced the "middle class" tax cut to which it was twinned in Liberal election propaganda for creating a so-called revenue shortfall. "Instead of filling a fiscal hole, overtaxing of highest income earners has dug Canada a new one," intoned the *Globe*.

This under conditions where Ottawa and the provinces have handed over hundreds of billions of dollars to big business and the rich in foregone tax revenues over the past two decades and the federal government forked over billions to back-stop the banks and the financial elite in the wake of the 2008-09 economic crisis.

The *Globe's* proprietors—the Thomsons, who with a fortune

of some \$25 billion are Canada's richest family—are among the small minority who have benefited from the redistribution of wealth upwards in recent decades.

Not surprisingly, *Globe*'s purported aversion to “class warfare” is, to say the least, highly conditional. Canada's newspaper of record supported the Liberal governments of Jean Chretien and Paul Martin during the 1990s and early 2000s when they carried out the largest social spending cuts in Canadian history; then, with a view to pushing politics still further right, it embraced Stephen Harper and his new Conservative Party in the 2006 election.

The *Globe* subsequently endorsed Harper's antidemocratic constitutional coup of December 2008, and during the 2011 election campaign explicitly praised the Conservative leader for his “bullheadedness” in running roughshod over public opinion and democratic norms to enforce the interests of the ruling elite.

The consequences of such policies are clear for all to see. As hundreds of thousands of workers across the country fear for their jobs and livelihoods amidst an economic downturn, the super-rich have never had it so good. Figures released at the start of 2016 showed that Canada's top 100 CEOs earn 184 times the annual earnings of the average worker. Top CEO pay has risen by 25 percent since the 2008-09 financial crisis, which was used as an occasion in Canada as in the world over to further slash social spending and launch deep attacks on workers' wages, jobs, and pensions

A recent Nanos Research survey sheds light on why the *Globe* editorial board is apprehensive about an eruption of working-class anger and struggle. Of those surveyed, fully 51 percent said they expected the next generation would have a lower living standard than this one, while just 14 percent thought living standards would rise. In the four years since Nanos last asked this question, the proportion of those who think living standards are declining shot up from 37 to 51 percent.

Nick Nanos, the chairman of the polling company and a regular *Globe* contributor, bluntly summed up the implications of such data when he wrote last week, “If you were told that one of every two people in a country somewhere else thought their children would be worse off than their parents, would you imagine civil unrest and protests in the streets? Perhaps anger? Maybe frustration?”

The dampening of the oppositional sentiments building up in the working class to social inequality, the growth of militarism and attacks on democratic rights was a central goal of the Liberals' 2015 election campaign, and a significant consideration in prompting important sections of the ruling elite to back a change in government. Acknowledging that a decade of Conservative rule under Stephen Harper had resulted in a dramatic growth in anger towards the government for its social spending cuts, criminalization of workers' struggles, waging of imperialist wars and attacks on democratic rights, the ruling class concluded that a “progressive” government capable of

combining right-wing policies with “left” sounding rhetoric would be better able to pursue the Canadian bourgeoisie's interests at home and abroad.

The new government won strong support from the trade union bureaucracy, whose leading figures held closed door talks with Trudeau days after he took office and pledged their loyal collaboration. The unions and the social-democratic NDP played a decisive role in enabling the bourgeoisie to seamlessly return the reins of power to the Liberals, their traditional alternate party of government. They systematically isolated and suppressed the struggles of the working class and shamelessly promoted the Liberals as a “progressive” alternative to the Conservatives.

But after just three months in office, the Liberal government is already showing itself to be a regime of crisis and an enemy of the working class. The rapid deterioration in economic conditions, brought on by the oil and commodity price collapse and the deepening global capitalist downturn, has resulted in thousands of job losses and a dramatic worsening of the government's fiscal position.

While there is strong support in ruling class circles for the government to use deficit spending to boost economic activity and corporate profits, there is an even larger ruling class consensus that the long-term “competitive position” of Canadian capitalism requires further corporate tax cuts and the dismantling of Medicare and other public and social services. Meantime, the ruling class is clamouring for the Liberals to massively hike military spending in order to provide the planes, ships, and weapons to dramatically expand Canadian imperialism's foreign interventions and global reach.

The greatest fear among the *Globe*'s editorial staff and the ruling elite for which it speaks is that the widespread disaffection with the current social set-up among workers and youth will find conscious political expression. This requires a political reorientation of the working class: the rejection of the bankrupt capitalist economic order and a turn to a socialist and internationalist program.



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