

INSIGHT/COLUMNS

McGovern to Carter: You pinch the poor

Jimmy Carter's determination to balance the U.S. budget will hurt the poor and unemployed, George McGovern, Democratic senator from South Dakota and 1972 presidential candidate, say in these excerpts from the October issue of Harper's.

By GEORGE MCGOVERN

Las April, in a Washington speech I suggested that the Carter administration was trying to balance the budget on the backs of the poor and the jobless; that our great cities were deteriorating while the administration held back on public investment and the reform of our tax, welfare, health, and railway systems.

The president replied that it was too early to make a judgment, and that I was the only prominent Democrat who felt that way.

Late in July, Vernon Jordan, the director of the Urban League, charged that the administration was betraying its promises to the residents of our cities — especially the blacks. I again the president answered that it was too soon for such a charge, adding the warning that this sort of criticism would "amaze the hopes and aspirations of those poor people."

Carter's response brings to mind Lyndon Johnson's and Richard Nixon's rebukes that critics of their war policies were hating the chances of a negotiated peace in Viet Nam.

Carter has placed one goal above all others — balancing the federal budget by 1981. But with the Carter military budget rising, who will pay the cost of balancing the budget?

It might be both possible and desirable to achieve a balanced budget that could be accomplished on a foundation of full employment, a prosperous urban and rural economy, basic tax reform, and substantially reduced military spending.

But the Carter formula for a balanced budget would weigh most heavily on the 10 million unemployed and underemployed Americans, on the minorities trapped in decaying central cities, and on the majority of Americans who need health insurance, decent housing, and efficient transportation.

The president's response to the New York blackout expressed

both the spirit and the substance of his policies. After three days of silence, the administration announced that New York was not entitled to disaster relief, even though federal law would have permitted it. The \$11 million finally proffered was equal to 1 per cent of the damage incurred.

I would like to believe that the president wanted to do more, but, determined to balance the budget in his own way, he can hardly assist the small shopkeepers of New York, let alone finance a genuine program to restore the economy and neighborhoods of all the cities of the northeast and the midwest that gave him his margin of victory last November.

Carter's method of seeking a balanced budget reflects obsolete economics, or a misreading of present economic conditions, or both. A balanced budget is not inherently sound or competent; its utility is a function of specific economic conditions.

Yet the Carter administration is acting as though investments in jobs and domestic programs will inevitably fuel inflation. Under Carter, continued unemployment, postponed public investment, and budgetary cutbacks have become the formula for price stability — the exact formula of the Nixon and Ford years.

Formula failed

That formula failed then, and it will fail now — either to balance the budget or to balance the scales of economic justice. The consumer price index rose 60 per cent between 1969 and 1975, and budget deficits increased even while the brakes were being applied to progress in the cities and throughout our society.

Through the past three decades, there has been no relation between the size of the federal deficit and the rate of inflation. In fact, larger deficits have sometimes been followed by smaller price increases, greater economic prosperity, and greater subsequent federal revenues.

Federal spending for social needs is not the root of the recent inflation. Budget increases add to the demand for goods and services, but the problem of 1977 is not one of excess demand pushing up prices for a scarce supply of commodities. A large portion of our industrial plant lies idle, with 7 per cent unemployment nationally and 20 to 40 per cent of the work force in the central cities without jobs.

The principal source of inflation now is the economic dominance of oligopolies such as the



Senator George McGovern

oil and steel cartels which can raise prices regardless of demand or supply. In 1972 the Federal Trade Commission estimated that monopolistic industries were overcharging consumers by an amount equal to 6 per cent of the gross national product. In 1977 that overcharge exceeds \$100 billion.

Spur inflation

Ironically, tight budgeting in today's economy may actually spur inflation. As federal restraint slows demand, oligopolists engage in "anticipatory pricing." They raise their prices to assure the same return on fewer sales.

During the campaign, Mr. Carter pledged to break up concentrations of economic power, especially in the energy industry. But in his energy message he merely indicated that he would monitor the situation to find out if and when he should do what he had promised.

The energy plan itself actually relies on higher prices to achieve conservation, leaving poor and middle-class Americans with both ends of a bad bargain. They will have to pay more, and, given the administration's assumption that the resulting price increases can and must be offset by budgetary restraint, they will have fewer jobs, poorer housing, less secure neighborhoods, lower farm income, and worse health care.

Perhaps the president's brand of budget balancing reflects the political risks of other, more effective policies for price stability. Antitrust action would threaten "business confidence" — another Carter priority and another economic myth that John Kennedy denounced 15 years ago as "a false issue."

In early August of this year the Dow Jones industrial average fell sharply; the stock market was reflecting the objective reality of massive trade deficits, and Carter's reassurances to business were beside the economic point. After labor's experience with the inequities of the Nixon wage and price controls, the unions have joined management in ferociously resisting federal initiatives to restrain inflation by selective controls.

In July the steel industry

liked prices despite a cautious slap on the wrist from the White House; the industry knows, as Carter has conceded publicly, that his policy is confined to very gentle persuasion, that inside the velvet glove there is only a velvet hand.

Even without military cutbacks, and within a balanced budget, there could be additional resources for social needs through tax reform. But the Carter tax proposal apparently will not yield substantial additional revenues and may result in an actual revenue reduction. The president has told his economic advisers that he does not want the federal government to take a higher percentage of the gross national product by closing tax loopholes.

Thus the tight circle around needed public investment closes: A balanced budget, increased military spending, and tax cuts leave only a trickle of dollars for the programs the president promised the Urban League.

It is not "too early" to decide that there is no secret plan for social justice. Instead, Carter largely rides with the popular tide.

Meet bills

At his press conference after Vernon Jordan's criticism of his programs, the president took special exception to the charge that the administration did not care about the poor. But caring alone will not provide paychecks, rebuild neighborhoods, or meet a family's higher medical bills.

Last year I urged Democrats to unite behind Jimmy Carter, urging that if we "have disagreements with Governor Carter, let us save them for President Carter." It isn't pleasant to express those disagreements even now. Democrats such as Vernon Jordan, the members of the Congressional Black Caucus, and the private dissenters in the House and Senate classrooms would like to be loyal to a Democratic president.

But there is also the higher obligation of the president and the Congress to the dispossessed, the unemployed, the victims of social and economic injustice.

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Separation by any name still would split Canada

OTTAWA

Before dropping your eyes to the next paragraph, would you please take the precaution of first sitting down.

The bad news is that Confederation does not exist. It never has existed. It never will, we all must pray, ever exist.

Canadians did not, in 1867, create a Confederation. We did not, in 1967, celebrate the centennial of Confederation. We are not now, a Confederation. If Canada ever does become a Confederation, Canada at that instant will cease to exist as a country.

The good news is that although all those statements are correct, speaking literally and technically, none of them affect our political reality. Yet.

A Confederation, says my Shorter Oxford English Dictionary, is "a league, an alliance, between states." The European Economic Community, which is a commercial league of sovereign states, thus is one example of a Confederation. The U.S. Confederacy, which grouped into a defensive alliance southern states that otherwise maintained their autonomy, is another example.

Canada instead is a federation. This type of political animal, says my Shorter, is "the union of several states under a federal government."

Levesque's usage

In a federation, the members of the central government are elected directly by the people of the entire country. In a confederation, the members of the central government are appointed to be representatives or diplomats of the constituent, sovereign, states.

So what, you might ask? When we use the word Confederation we know what we mean by it even if, speaking technically and literally, we are misusing the word. As Humpty Dumpty put down Alice: "When I use a word it means just what I choose it to mean."



RICHARD GWYN in Ottawa

A sound answer. Except that others can play the same game. Quebec Premier Rene Levesque has started to use the word confederation to mean what he wants it to mean and — annoyingly so for us — to use the word correctly.

In a recent speech in Calgary, Levesque declared he would be ready to listen. "If these people (Ottawa) put something close to a true confederation up . . . the kind of confederation we've never had in Canada." Several commentators rushed into print to speculate that Levesque was signalling his readiness to negotiate something (special status? two nations?) short of formal separation.

All that print can be erased. By "confederation," Levesque had in mind "an alliance between states." That is, his 10-year-old formula of political sovereignty for Quebec within a Canadian economic association. The European Economic Community model, in other words.

In Calgary, Levesque fired only a ranging shot. Flip forward now to late '78 or to early '79. Quebecers are voting in their referendum. On their ballot sheets, they find this question: "Are you in favor of a renewed Confederation based on the principle of political sovereignty within an economic association?"

Confusing? Yes. Could any political scientist fault Levesque's choice of words? No. The result? Enough votes, by separatists who would know perfectly well what was going on, and by federalists who wouldn't, for Levesque to be able to proclaim the day after, "I won."

Now precision isn't always a virtue and muddle isn't always a vice.

In the circumstances we are in, though,

muddle can get us into trouble. Consider the headlines, "support for separation fading" and "Separatist strength wanes" which blossomed this week above stories which set out the results of a survey by Toronto pollster Martin Goldfarb. The source of this optimism was Goldfarb's finding that only 17 per cent of Quebecers now consider themselves "separatists," compared to a high of 28 per cent last February.

That sounds encouraging, until you realize that more and more separatists (even Parti Quebecois members reject that label) are rallying under the banner of sovereignty/association, which is just separatism under another, less threatening, name. Quebec opinion about sovereignty/association is almost evenly divided, according to a survey done for Readers Digest Magazine in the Montreal firm CROP: 38 per cent for; 44 per cent against. According to CROP, Levesque would win the referendum if he softens his position.

What's a nation?

Now that we've wrestled to the ground the distinctions between confederation and federation and unmasked sovereignty/association and separation as being the same thing, the only semantic challenge that remains is to figure out what we mean by that pesky word "nation."

Did you know that when they say "nation," English Canadians in mind the 19th century French definition (a single sovereign state composed of people of different cultures) while Quebecers have in mind the 19th century German definition (people of a single culture, with a claim therefore to have a sovereign state). It's an example of Canadian muddle at its creative best when anglophones use a French definition and francophones use a German definition of the same word — allowing both, conveniently, to misunderstand the other.

Richard meets the Avengers

There are days when everything is just right and Tuesday was such a day for our Richard (who is 12).

He spent the entire day on Toronto Island with the stars and crew of the New Avengers television series.

Yes, with Steed and Purdey and Gambit. For Richard that was a bigger thrill than beating his sister to the bathroom or getting out of the house without combing his hair.

It even topped having the bell go in music class just as it's his turn to answer a question, or sing.

Thanks to producer Ross McLean, Richard watched chase scenes being taped, saw actor Jack Creley spluttering in the water, held the script, and was close enough to almost touch a make believe villain (hiss, hiss) speeding past in a wooden swan rented from the Island's amusement park.

Oh, it was glorious all right.

Even better, he was invited to have lunch with the crew and ate the same food they ate — pork chops, salad, jelly roll — and didn't even have to touch the lunch his mother gave him in a paper bag.

He saw Gareth Hunt (who plays Gambit) juggling oranges for fun during a break; he



GARY LAUTENS

listened (so he informed me) to Hunt talk about hunting boar in some faraway place — in Poland, Richard thinks.

He also saw, with his own eyes, the very shoulder holster Gambit wears while stamping out rottenness in the world.

Steed? (Richard never thinks of him as Patrick Macnee.) He looked right at Richard — and smiled! So did Joanna Lumley, the gorgeous agent who disarms sinister types in the series with a simple kick of her lovely legs.

Proof of the meeting is locked inside the family Instamatic, and Richard will show us the prints (he assures us) as soon as they come back from the drug store.

When I arrived to fetch Richard, he didn't want to leave. After about seven hours with the TV world, he was ready to become as much a permanent fixture of the Avengers as Steed's bowler.

But, alas, reason (and father) prevailed, and Richard came home to a dull old house where nobody splits boards with a bare hand, and his mother hasn't kicked an enemy agent senseless for weeks, or even months.

It was pretty embarrassing not to be able to swing across the kitchen from the light fixture at least once during dinner, or save the nation from certain disaster by crashing through the glass door to the sundeck, feet-first.

However, your servant was able to get the top off the ketchup bottle when no one else could, which is something, I suppose.

By 9:30 Richard was exhausted from the adventure and suggested going to bed — on his own.

"Dad," he said, "it was a fantastic day. Everything was perfect."

And then he nodded off.

Why have I told the story?

Since Richard may be the only person in Canada who didn't complain about something on Tuesday, I thought it would be a good news item for the newspaper.

And now, back to the regularly scheduled depressing stuff already in progress . . .

Davis' wit is perilous in Japan

OSAKA

The wit and humor of William Davis is convoluted and tough to follow at the best of times. When the premier's little jokes have to be translated into Japanese it is a matter that raises some tension among Canadian officials.

The Davis brand of humor, a mixture of verbosity and teasing, can easily wind up as a mild insult or can make the premier look plain stupid if the translator gets it slightly wrong.

Take what happened the other day when Davis met representatives of the Canadian-Japanese Parliamentary League. It was a most formal affair with set-piece speeches being delivered across a vast boardroom table in a large conference room.

The chairman of the league, Suigesaburo Maeno, began the session with diplomatic words of welcome and a brief synopsis of current trade and cultural relations between Japan and Canada.

Davis began an equally formal reply, but quickly tired of the diplomatic niceties and threw in one of his witticisms to lighten the mood. "I was very encouraged to hear you say that you felt that we are beginning to compete with some areas of Japanese manufacturing and I would like to know just where these are so I can tell the companies back in Ontario which ones are doing something right," he said.

As a one-liner this is not going to get the premier on the Johnny Carson show, but as a touch of humor it is typical of his style. A little straight-faced self-deprecation and a convoluted compliment.

But it could equally have left the Japanese parliamentarians with the impression that this man had come only to pinch a few ideas. Such things are not unknown and a Canadian embassy official audibly and nervously sucked in breath when Davis delivered his line.

"How would you translate that?" the embassy official was asked in a whispered conversation. "I wouldn't touch it," the official said. "I would flatten it out."

Meanwhile embassy second secretary Denis Desjarlais had got to the sensitive sec-

JONATHAN MANTHORPE in Japan



tion in his translation of Davis' words. He battled through it and broad grins came to the faces of the Japanese parliamentarians.

"He made it," said the Canadian diplomat. "Brilliant."

This visit to Japan by the Ontario trade mission is unlike the other foreign excursions undertaken by the premier. This is very much a working tour and Davis has started complaining that he is seeing nothing of the country. "All I saw of Tokyo was some hotel rooms and offices," he said yesterday.

How different from his travelling roadshow through Italy in 1975, which was one bygone, wine-lubricated festival up the length of the country. Everywhere there were banquets and crowds gathered to honor and to see the man who rubs the land where his sons and daughters, nieces and nephews, brothers and sisters now lived. It was a grand, colorful pilgrimage.

The strength of the Italian trip for Davis was that everywhere he met people and everywhere they knew exactly who he was.

Here in Japan the reverse is true. For the most part his meetings have been confined to formal encounters with officials and business leaders who often equate him with one of those pesky governors of some American state that are always over here asking for money and offering all kinds of tax concessions for Japanese businesses.

Meetings with people outside this circle are almost impossible. "You will find," said Ontario's representative here, Harry Nesbitt, at a briefing for the mission last weekend, "that in this country you are entirely illiterate."

That is absolutely true. Both the written and the spoken language are so different from European languages that even minimal understanding is impossible. The formal po-

liteness and reserve of the Japanese is not, however, such a social wet-blanket as myth would have us believe. On the opening formalities are over the Japanese are just as chatty as anyone else.

Davis' bland, impassive nature has often been considered a political liability in Ontario. Well, here it's a little different. Davis may only be able to win a minority government back home, but in Japan he possesses all the manly virtues.

"He's perfect for Japan," said one Canadian embassy official. "He gives forthright, straightforward answers to questions and he is unflappable. The Japanese admire that very much. They admire someone who does not get flustered."

Apparently any public display of emotion, and our dear premier could never be accused of such a weakness, is considered by the Japanese one of the least desirable of their many imports from the outside world in the last 30 years. Traditionalists regard stoicism in the face of adversity to be the highest manly grace.

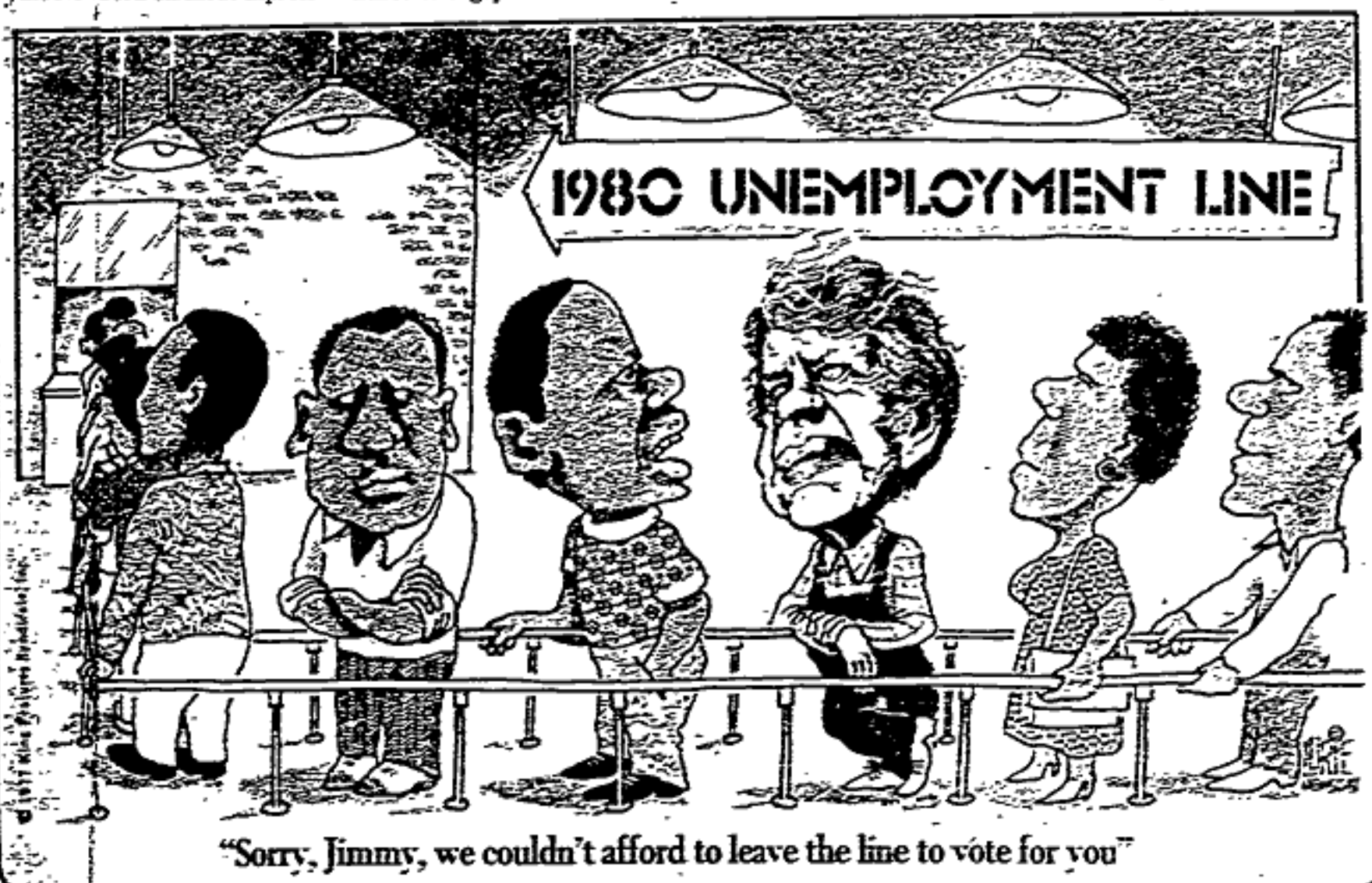
Care Westcott, the legendary special assistant to the premier, is not a snappy dresser. Give him a telephone and he feels completely debilitated, but for the rest he hardly ever thinks about it. The only tie he bothers with is the one hanging on the hook in his office which he puts on only when the boss calls him down the corridor for a discussion.

But his staidness was several thousand miles out of reach yesterday when Westcott found himself about to attend a meeting in a hotel with some influential businessmen and completely naked around the neck.

So he rushed down to a store in the hotel, grabbed the nearest tie that came close to matching the rest of his ensemble and offered some money to the lady at the desk.

"She shook her head, and I thought it was because she didn't have change," Westcott said. He had offered a lot of yen for the tie. "Instead she reached into my wallet and grabbed some more money. That's the cost me 20 dollars."

"Back that's more than I normally spend on a suit."



"Sorry, Jimmy, we couldn't afford to leave the line to vote for you"