Mixed Economic System
Types of Mixed Economies

- Democratic Socialism (Western Europe)
- Welfare Capitalism (North America)

Mixed Economic Systems
Welfare Capitalism
Canada
Welfare Capitalism

The state’s responsibility was to protect the sick, weak, and old.
Timeline of Canadian Welfare Capitalism

1930's
PM - Bennet(Con)
- Unemployment Insurance
- Housing Assistance

1940's
PM - Mackenzie King(Lib)
- Increase in income Tax Bracket

1950's
PM - St. Laurent(Lib)
- Public Housing Programs for disabled and blind
- Universal Old Age Pension
- Welfare extended to Aboriginals

1960's
PM - Diefenbaker(PC)
PM - Pearson(Lib)
- Mandatory Canadian Pension Plan(CPP)
- Universal Medical Care Act (Medicare)
We are all in this world together, and the only test of our character that matters is how we look after the least fortunate among us. How we look after each other, not how we look after ourselves. That's all that really matters, I think.

-Tommy Douglas
Welfare Capitalism: Canada

- Canada's government social assistance grew from 1945-1970s
- Canada developed public and private enterprise
  - Private - Owned by individual
  - Public - Owned by Gov’t
    - Purpose is for gov’t to prop up industry that might not otherwise exist in a free market
    - AKA Crown Corporations
    - CBC, Wheat board of Canada, etc
Welfare Capitalism: Canada

- Tax is important when having a multi billion dollar social assistance program
- Tax is looked at a way to create a more fair environment in a Capitalist world
- Two types of taxation
  - Flat Tax
  - Progressive tax
Progressive Taxation - Rate of tax increases for those who make more money

**NEW PROPOSED PERSONAL INCOME TAX STRUCTURE**

<table>
<thead>
<tr>
<th>CURRENT SYSTEM</th>
<th>NEW SYSTEM</th>
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<tbody>
<tr>
<td>$0 — $44,701</td>
<td>$0 — $44,701</td>
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<tr>
<td>15% tax rate</td>
<td>15% tax rate</td>
</tr>
<tr>
<td>$44,701—$89,401</td>
<td>$44,701—$89,401</td>
</tr>
<tr>
<td>22% tax rate</td>
<td>20.5% tax rate</td>
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<tr>
<td>$89,401—$138,586</td>
<td>$89,401—$138,586</td>
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<tr>
<td>26% tax rate</td>
<td>26% tax rate</td>
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<tr>
<td>More than $138,586</td>
<td>$138,586—$200,000</td>
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<td>29% tax rate</td>
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<tr>
<td></td>
<td>More than $200,000</td>
</tr>
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<td></td>
<td>33% tax rate</td>
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Lower tax rate on middle class incomes

New high-income tax bracket

**SOURCE:** LIBERALCA/FAIRNESS

ANDREW RAHR | NATIONAL POST
Flat Tax - All people's income is taxed at the same rate.
Our progressive tax helps pay for these social programs:
Democratic Socialism: Canada

- Democratic Socialists have never been the government in Canada
  - New Democratic Party is the most popular Democratic Socialist party in Canada
- Canada's medicare, was largely inspired by NDP leader Tommy Douglas in the 1950's
  - Modelled after Saskatchewan's Medicare system that he had set-up as Premier
- What are some pros and cons with Public Health Care? What is the two tier option?
Democratic Socialism
Sweden
Democratic Socialism:

Sweden

- Believe in “Cradle to Grave’ care by gov’t
- Redistribute wealth through taxation
- Extensive taxation program to provide for social programs
- Believe that gov’t should provide basic necessities to all people
- Private industry is still supported, although public is also present
Democratic Socialism: Sweden

What is provided in a Socialist state?

- Parental Leave (80% of wage, Daddy Month)
- Daycare
- University
- Retirement homes/Home care for elderly
- 60 weeks of Employment Insurance
- Job Training
- Mandatory 25 paid vacation days (not provided by state but state mandate)
Figure 2.14(a): Gini coefficients of income inequality in OECD countries, mid-2000s

Note: UK figures based on FRS.
Top 10 countries for gender equality, 2015

Score: 1 = equality

<table>
<thead>
<tr>
<th>Country</th>
<th>Score</th>
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<tbody>
<tr>
<td>Iceland</td>
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<tr>
<td>Norway</td>
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<td>New Zealand</td>
<td>0.782</td>
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</tbody>
</table>

Data: World Economic Forum