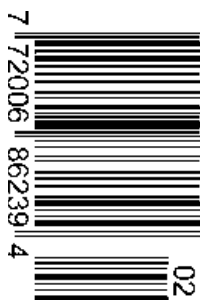


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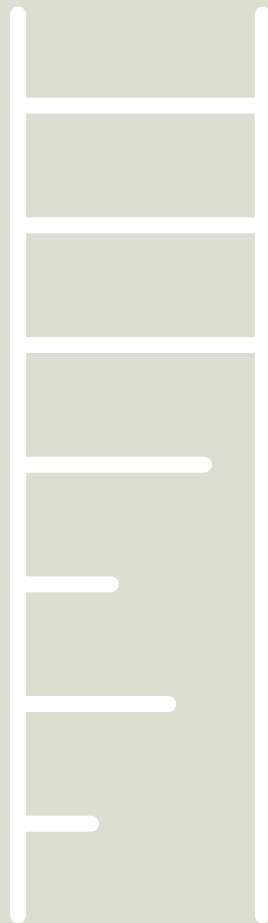
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Book reviews in the *Monitor* are co-ordinated by Octopus Books, a community-owned anti-oppressive bookstore in Ottawa.



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CLIMBING UP, KICKING DOWN CEO PAY AND INEQUALITY IN CANADA

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Canada's CEOs are breaking pay records, yet they are some of the first people to oppose raising the minimum wage and making our tax system fairer—key planks of any plan to reduce inequality. **David Macdonald** explains why CEO compensation is important and what we can do to shrink the gap between what Canada's richest corporate executives are paid and what average workers earn.

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STUART TREW

Disruption we can get behind

DISRUPTION. IT'S THE catchphrase du jour, usually wielded by one presumptuous tech upstart or another to challenge the market power of an allegedly ossifying incumbent. Frequently, but not always, to justify the displacement of low- or middle-income workers with an even more precarious, low-cost, on-demand workforce.

Uber and Lift (now in Toronto) are disrupting taxi and public transit systems, they say, by encouraging people to drive others around for relatively low pay and scant if any benefits. Uber's ultimate plan is to relaunch with driverless cars (and buses), putting even its current freelance workforce (and, they hope, many of today's public transit operators) out of a gig, let alone a job.

Airbnb, which takes a cut from home room and apartment rentals posted to its website, claims it is not just disrupting the power of the big hotel chains, but “empowering people and helping them combat wage stagnation and worsening economic inequality.” No doubt they are for many people filling a void created by stagnant incomes and rising household debt. But municipalities have found the company, and similar home-sharing apps, are also disrupting the housing stock, contributing to rental shortages and higher rents in some places.

Netflix, Amazon Prime and YouTube are the disruptors of our television watching habits, offering everything satisfyingly on demand, but without having to collect GST or HST in Canada—money that could be used to invest in popular Canadian content or (god forbid) just pay for more efficient transit systems, more affordable housing, and other social services where disruption is not a positive word.

The CCPA and many others have repeatedly pointed out that, conveniences aside, the life promoted by these upstarts is often nastier,

more backward, more unequal than the one we are living now. The main innovation of most self-declared disruptors is that they've found a way to take an even bigger share of the wealth from the workers who produce it than was possible before we all carried around the internet in our pockets.

It's not the disruptors who are the biggest problem, it's the inequality—in incomes, in power and in access to scarce resources—which is worsening in Canada, to the benefit of a small number of established and disruptive elites alike.

In fact, disruption to *this* status quo would be a very good thing. (It's been the CCPA's mandate for more than 35 years.) Even minor adjustments are welcome on the pathway to social justice. In this respect, we can look back at 2017 for inspiring examples of positive change. Perhaps most importantly on gender equality.

Last February, software engineer Susan Fowler took Uber down about five rungs when she exposed endemic sexism and a fratboy culture at the company, earning her the title of Person of the Year from the *Financial Times*, beating out French President Emmanuel Macron, Chinese President Xi Jinping and Saudi Crown Prince Mohammed bin Salman.

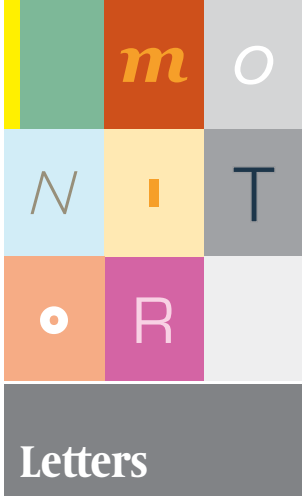
Fowler's intervention—she published a blog on the sexual harassment she experienced at the Silicon Valley firm, including being propositioned for sex by her boss on her first day and human resources turning a blind eye—“was one of the most important testimonies in what...has become an avalanche of allegations about sexual harassment and assault that have brought down some of the most important men in media, entertainment and business, and which hold the potential to improve the way women are treated at work permanently,” wrote Leslie Hook in *FT*.

We scored wins on the Airbnb file last year, too. In December, Vancouver and Toronto took steps to regulate the online service, based in part on research about its impacts on housing and rental stock from the CCPA. And as David Macdonald reports in our cover feature (page 22), Canada's CEOs—richer than they've ever been since we started recording their compensation levels—have not been able to stop the \$15 minimum wage hikes introduced in Ontario, Alberta and soon B.C. That measure has the potential to lift millions of people out of poverty with modest impacts on the revenues of only the largest Canadian companies.

There's obviously much more work to do, most obviously on climate change. “Real change” and a few green energy partnerships with Canadian tech start-ups and Chinese investors have not disrupted the hold that Canada's fossil fuel industry has on power in Ottawa and the provinces (see Jeremy Appel's interview with Kevin Taft on page 58). On our *Behind the Numbers* blog in December, Marc Lee pointed out Canada is still a “rogue state” on climate under the Trudeau government.

“Industry, the largest source of emissions in Canada, largely gets a pass on direct regulations to reduce emissions,” he writes. “Special treatment for fossil fuels, chemical production and other carbon-intensive sectors is wrapped in vague calls for innovation and technology, which basically amount to wishful thinking.” Only a serious just transition plan (see Michael James on page 8) will be able to break Big Oil's grip on policy levers in this country.

On trade (page 32), infrastructure spending (page 27), Canada's national security practices (page 49), reconciliation with First Nations (page 56), pensions (page 4), and so many other areas, I'm hoping we'll see much more positive disruption in 2018. **M**



Pappé review rings false

Michelle Weinroth's polemic channeling Ilan Pappé's condemnation of Israel rings false on a whole series of points ("A handbook for a just peace in the Middle East," September/October 2017). Most particularly, she writes off in passing the endless history of anti-Semitism, and indirectly the Holocaust, as legitimate rationales for the foundation of a predominantly Jewish state, and scorns the defensive psychology those historical forces have produced, as if Israel has been making a mistake all along in thinking it has to defend itself.

It's one thing to condemn the Jewish settlements in the West Bank and the Netanyahu government, or the displacement of the Arab population in 1948, or even the return of Jews to Palestine if you're so inclined. It's another thing to dismiss the forces of suffering and persecution that led to the creation of Israel as of no applicable consequence, which effectively she does. Without that understanding—by blanking out or tossing off that core reality—Pappé's book, or Weinroth's interpretation of it, isn't going to help anybody find a just peace in the region.

Weinroth fingers Jews as thinking of themselves as "God's chosen people," in the context of being superior to, and disdainful of, others, an anti-Semitic trope. She refers to the phrase as one of the "proverbial idioms of Jewish exceptionalism." The root meaning of the phrase (I had to look it up because I've never considered myself chosen one way or the other) is that Jews, in a covenant with God, were chosen to be "a light unto the nations" by practising monotheism.

Nor, however, does the phrase preclude a belief that God has a relationship with other peoples. Sometimes it's interpreted simply as being chosen to do good things. The only time it's used the way Weinroth uses it is as an anti-Semitic slur. The applicable Jewish "idiom" here, surely, if one looks at the creation of Israel in context, is "survival." The exceptionalism is having a good part of your ethnic group exterminated.

Pappé and Weinroth try to trivialize the identification of Jews with Palestine. They say that in the pre-Zionist period, that identification was just religious and spiritual, not political. "Political" isn't defined in the review. Presumably, it means anything that has to do with the story of a people as different from strictly religious practice. That connection, however, deep in Jewish tradition, never went away, as the energy of the Zionist movement ultimately showed in practice, an energy animated by the profound connection. Nothing even remotely like it would have

happened otherwise. Are Pappé and Weinroth also trying to tell us that the ancient, formative history of the Jews in Palestine doesn't count? That it's all a big put-on?

Mulling all this over, I passed the review by a cousin of mine, a lawyer in Jerusalem who is originally from Vancouver. He's a genuine liberal and opposes the Israeli settlements on the West Bank. He began by pointing out that although the article is entitled "A Handbook for a just peace in the Middle East," there is no proposal for peace. It's simply a diatribe against Israel. "There is not even a hint of a direction in which to go to solve the conflict," he writes.

Weinroth may think she's talking truth to power, as she claims for Pappé, but genuinely talking truth to power means having critical acuity, and her gushing over the book doesn't show that. Critical analysis is especially important in this case because of Pappé's questionable reputation as a propagandist. See, for example, "The Liar as Hero," by Benny Morris, in *New Republic*, March 16, 2011.

Herschel Hardin, West Vancouver, B.C.

Liberalism and neoliberalism

I appreciated the article on Justin Trudeau where Richard Nimijean held him to account for his unfulfilled promises ("A portrait of Justin Trudeau," September-October 2017). However, the author should have observed there are clear consistencies in his

policies with regard to economic liberalism versus civil liberties.

Trudeau seems sincere in supporting the civil concept of liberalism, but he adheres strongly to the neoliberal ideology when it comes to economics. (Harper was against all forms of liberalism.) The prime minister's position is well aligned with the Business Council of Canada, with their belief that the market is always right, that GDP solves everything and that we must be aligned with U.S. corporate interests. (Trump is a complicating factor; U.S. business is worried about him.)

There is consistency in Trudeau's economic liberalism when it comes to electoral reform, jobs over human rights, militarism, globalization, big business vs. small entrepreneurs, economic growth over climate change action, corporate taxation and private-public partnerships. This can be contrasted with his support of feminism, services to Indigenous peoples, restitution versus retribution, immigration, etc., although we may feel his actions fall short of the verbiage.

Liberalism is a difficult word. *Economic liberalism* is problematic whereas *civil liberty* is positive and the distinction must always be identified clearly.

Don Kerr, Collingwood, Ont.

Send all feedback, corrections, poems, praise or complaints to monitor@policyalternatives.ca.



New from the CCPA

The high cost of doing nothing for MMIWG

The inquiry into missing and murdered Indigenous women and girls (MMIWG) was showing strains heading into 2018 from the resignation of key staff and commissioners and growing calls to reset the process. A new study from the CCPA-Manitoba outlines the root causes of violence against Indigenous women, and finds that the **Cost of Doing Nothing**—for families, business and government—would be high.

“While acknowledging the wrongdoing from a moral perspective...we’re able to estimate that at least \$7.0 million was spent in 2014 in direct expenditures to deal with the issue of MMIWG in Manitoba, revealing only the tiny portion of the cost of doing nothing,” write **Marina Puzyreva** and **John Loxley** in their report, which was commissioned by and prepared in consultation with the **Assembly of Manitoba Chiefs** through the **Manitoba Research Alliance**.

“More importantly, apart from direct economic impact, there is a whole population of co-victims—families,

relatives and friends of the MMIWG—who are left dealing with their grief with very few government supports available.” **Cost of Doing Nothing** gives an insight into the emotional journeys of the families left behind, highlighting the need for government to take action to reduce the cases of MMIWG, whatever its cost, and whatever the outcome of the current inquiry.

CCPA in the news

The CCPA is frequently asked to comment on issues of social and economic justice and the fall was especially busy in that respect, with journalists coming to us for feedback on the census, the Paradise Papers leak, corporate pension shortfalls, the NAFTA renegotiations and rising child care fees among other topics.

In late November, the *Toronto Star* editorial board backed demands from the Equal Pay Coalition, the CCPA-Ontario and others for governments and companies to improve pay transparency after newly released census data revealed persistent gender-based wage gaps across all labour fields.

“Whether it’s a male-dominated field like STEM (science, technology, engineering and mathematics) or a female-dominated field like nursing, men continue to earn more and that is a result of direct sexism in the labour market,” CCPA Senior Economist Sheila Block told the *Star*. According to the census, women holding a bachelor’s degree had a median income of \$68,342 in 2016

while men with the same level of education earned \$82,082—a difference of more than \$13,000.

“What this data suggests is that women with the same credentials at the same point in their working lives are being paid less than men and that, really, is a call for more pay transparency,” added Block, who suggested that employers should report and post hourly pay arrangements, especially for temporary, part-time and contract employees who are more often than not female.

Also in November, CBC’s *Power and Politics* asked CCPA Executive Director Peter Bleyer on the show to talk about the bombshell release of the international Paradise Papers. The leak included millions of tax-related files from two major offshore law firms, reigniting the debate about tax haven use by Canadian companies and individuals, including former prime ministers.

At around the same time as the Paradise Papers leak, Canadians for Tax Fairness released an important report that found that Canada’s 60 biggest publicly traded corporations have more than 1,000 subsidiaries in offshore tax havens, diverting up to \$15 billion annually away from government coffers.

“We’re talking about huge amounts of money, major corporate players, extremely wealthy individuals, who are getting away with murder,” Bleyer said during his *Power and Politics* appearance, where he discussed the leak and need to close existing tax loopholes. “I’m not saying it’s all illegal, but the question is, is it morally

justifiable? Is it doing any good for our economy and our society?”

Take action: B.C. needs a fracking review

British Columbia is long overdue for a thorough and transparent review of how natural gas is produced in the province. The CCPA-BC has launched an online campaign calling on the provincial government to establish a formal public inquiry to investigate the social, environmental and financial risks associated with fracking and what should be done about them. B.C. residents can read and add their name to the letter at www.policyalternatives.ca/fracking-inquiry.

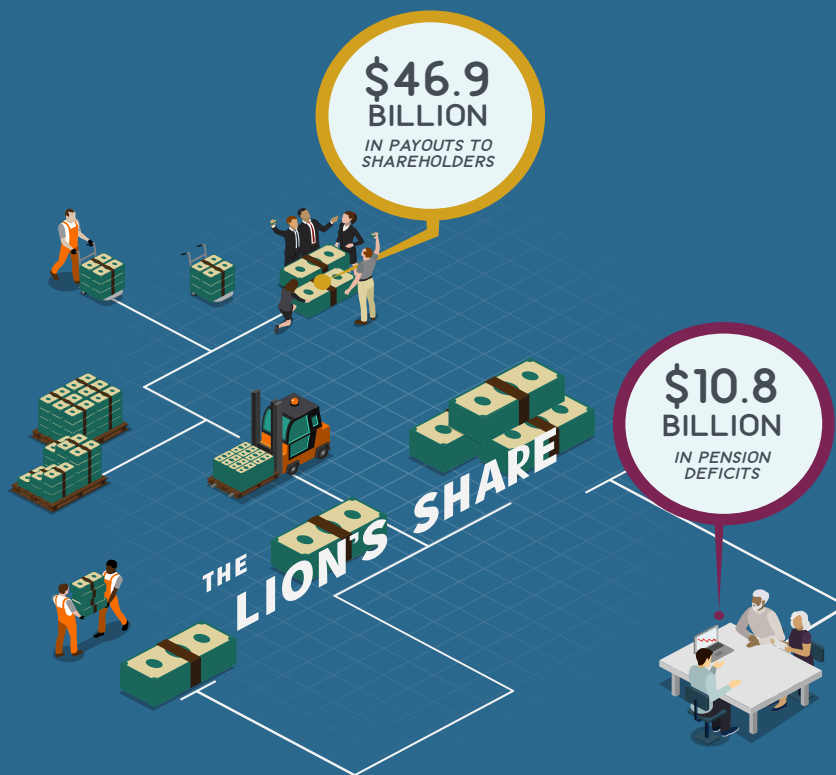
Pensions suffer as shareholders celebrate

A new study by the CCPA and the **Canadian Labour Congress**—**The Lion’s Share: Pension deficits and shareholder payments among Canada’s largest companies**—examines the status of the defined benefit (DB) pension plans of Canada’s largest publicly traded companies, and compares it to the healthy dividends and other payouts the same companies are showering on shareholders. The results may shock you.

Thirty-nine of the companies listed on the S&P/TSX 60 maintain DB pension plans whose total value accounts for one-third of all private sector pension plan assets in Canada. However, only nine of those plans were fully funded in 2016. To put it in perspective, the 39

Are Canadian companies leaving their pensioners high and dry?

In 2016, Canada's largest 60 publicly-traded companies paid out **four times more to shareholders** than it would take to eliminate their pension deficits.



If companies can afford to pay their shareholders, they can afford to keep their pension plans funded.

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companies oversaw a combined \$10.8-billion deficit in their pension plans last year. Meanwhile, they had no problem satisfying their shareholders, collectively increasing payouts from \$31.9 billion in 2011 to \$46.9 billion in 2016.

"For almost all companies, DB plan shortfalls could be rapidly eliminated with little impact on shareholder payments," said

CCPA Senior Economist **David Macdonald**, who co-authored the report with **Cole Eisen** and CLC Social and Economic Policy Director **Chris Roberts**. "This isn't a question of capacity, it's a question of priority."

Sears, for example, has a \$267-million pension shortfall as it shuts its last stores, but has paid \$1.5 billion in dividends

and share buybacks since 2010. The CCPA/CLC report recommends limiting shareholder payouts when pension plans are underfunded, increasing premiums (in the case of Ontario's Pension Benefits Guarantee Fund) for companies not making up shortfalls, and requiring sponsors of severely underfunded pension plans to notify and obtain

permission from regulators before making shareholder repayments.

A path to \$15/hour in B.C.

British Columbia's current minimum wage keeps far too many people in poverty. More than 400,000 people—22% of all paid employees in the province—would get a raise and significantly benefit from a new \$15/hour minimum wage, as introduced in Alberta and Ontario. In its submission to the B.C. Fair Wages Commission, the CCPA-BC proposes increasing the minimum hourly wage to \$13 in March 2018, \$14 in September 2018, and reaching \$15 by March 2019.

The CCPA further proposes that "future minimum wage increases be guided by a rationale such as pegging the minimum wage to 60% of the average industrial wage, or 10% above the poverty line for a single person as calculated by the low-income measure (LIM) or the market basket measure (MBM)." The minimum wage would then become "a mechanism to reduce wage inequality" as well as a poverty-fighting tool.

For more reports, commentary and infographics from the CCPA's national and provincial offices, visit www.policyalternatives.ca.

Meet the CCPA's new Director of Policy and Research

THE CCPA IS very excited to welcome Gauri Sreenivasan to its team. Gauri has worked for progressive causes in civil society, parliamentary and academic spheres for over 20 years, including at the Canadian Council for International Co-operation (CCIC), where she led international trade, investment and human rights policy work with colleagues in Canada and across the Global South. Gauri went to work on the Hill following the 2011 federal election, as Director of Parliamentary Affairs for the Official Opposition. She comes to the CCPA after three years as Policy and Program Director at the Federation for the Humanities and Social Sciences, the national platform for Canada's 91,000 scholars and students in the humanities and social sciences. Gauri has two teenage daughters, a husband, a dog and a cat, who are all marvelous. The *Monitor* sat down with her in December.

Gauri, most importantly for *Monitor* readers, is the West truly the best?

Ooh, nice try. I am a child of the Rockies, but a long way from there now. Born and raised in Calgary, I benefited greatly from strong public bilingual immersion education and the strength that comes from being part of a large nerdy brown family that didn't eat meat or ski. (Still true. And no, I have never even tried bacon.) I was eventually drawn to Ontario for university and never really made it back out of the Central Canadian vortex. Love visiting the edges, though!

What drew you to the CCPA?

Truth be told, I've been skulking around the CCPA for years hoping for an invite to the party. I was a long-time admirer of the Alternative Federal Budget, and deeply involved in the Trade and Investment Research Project—from the Doha Development Round WTO days to the Colombia-Canada FTA fight and work on CETA. So I was thrilled about the opportunity to join the organization at this important juncture. There is significant public and political appetite in Canada for policy alternatives that chart ambitious, evidenced-based and realistic strategies to build a more just and sustainable future. I am inspired by the excellent work the team does, and excited by what the CCPA's impact can be, working strategically with other change actors in and outside of government.



What issues do you think will be front and centre in 2018?

If the saga of the finance department's floundering engagement with Canadians regarding small business tax reform tells us anything, it is that there is an explosive debate ahead of us on the best strategies for building a more equitable economy. Which

tax reform, job growth and trade strategies will create a more even playing field for ordinary Canadians and build a secure future for their families? How will that differ for women, for racialized Canadians, for Indigenous peoples, for youth, for people with disabilities and for different parts of Canada? And who will mobilize to resist those changes, and how?

As we head into the next federal election, progressive people and organizations need to find each other, sometimes in uncommon places, and work concertedly together to link the issues, see the whole picture, and push, where we can, for change that can't be rolled back. We must pay particular attention to the sustained action that will be needed to secure the national project for reconciliation between Indigenous and non-Indigenous Canadians. One of the most important conversations this country has never had is now cresting with possibility just as some are ready to move on to the next theme. We can't let that happen.

And then there's that little thing called NAFTA....

Any New Year's resolutions for 2018?

To work and learn with others with ruthless focus, constant honesty and relentless hopefulness for a better world. That might be corny, but you're the one that asked for a New Year's resolution.

Indeed we did.

Welcome to the CCPA, Gauri! M

Behind the numbers

SHEILA BLOCK | NATIONAL

Canada's population is changing, not becoming more equal

Census data for 2016 released near the end of last year shows an increasing share of the population is made up of racialized, immigrant and Indigenous people, but the income gap between them and other Canadians remains stubbornly wide.

For example, there were 1.7 million Indigenous people in Canada in 2016, accounting for 4.9% of the population, which is up from 3.8% in 2006. The average income of this group, however, was 75% of the non-Indigenous income in 2015 (a 25% gap), a very minor improvement from the 27% gap in 2005. That average also masks larger differences. Indigenous women's incomes were 55% of non-Indigenous men's incomes—a 45% gap.

There are other gaps as well. First Nations individuals had an average total income of \$31,519 in 2015, which is 66% of the non-Indigenous average total income. In other words, the average income gap between First Nations and non-Indigenous people in Canada is 33%.

This data show that Indigenous people continue to be more likely to live in poverty as measured by the after-tax low-income measure (LIM-AT). Indigenous people have a low-income rate of 23.6%, much higher than the 13.8% for non-Indigenous people. The poverty rate for Indigenous children is

30.4%—almost double the poverty rate for non-Indigenous children.

Between 2006 and 2016, the racialized population in Canada also increased—from 5 to 7.7 million people. As a share of total population, this represents an increase from 16.2% to 22.7%. However, the income gap between racialized and non-racialized Canadians isn't budging. In fact, the gap slightly widened over this period.

The average total income of racialized Canadians was 74% of the non-racialized Canadian income in 2015—a 26% income gap, up from 25% in 2005. This

First Nations individuals had an average total income of \$31,519 in 2015—66% of the non-Indigenous average.

average masks larger differences by race and gender. Racialized women's incomes were 53% of what non-racialized men take home (a 47% income gap), for example. And racialized Canadians had a low-income rate of 20.8% in 2015 compared to 12.2% for non-racialized Canadians.

The new census data records that in the five years before 2016, 1.2 million new immigrants arrived in Canada, accounting for 3.5% of the total population. But again, the average total income of recent immigrants was 63% of the non-immigrant average income in 2015—a 37% gap.

Though a slight improvement from the 39% gap in 2005, this average also masks larger differences by gender. Women who are recent immigrants had a total average income that was 41% of what non-immigrant men made on average in 2015 (a 59% gap). Recent immigrants also have a higher low-income rate of 31.4%, more than double the rate for non-immigrants.

These summary statistics provide us with evidence that income inequality in Canada is persistent for racialized people, recent immigrants and Indigenous people. We need to dive into these numbers more deeply to more fully understand the mechanisms and manifestations of persistent income inequality, but these findings should not be a surprise to any Canadian.

Six years ago, Grace-Edward Galabuzi and I published a report, *Canada's Colour-Coded Labour Market*, which documented employment and income inequality for racialized Canadians. The CCPA's David Macdonald has partnered with Dan Wilson to document Indigenous child poverty and the income gap between Indigenous and non-Indigenous people for many years.

The latest census data simply confirms the reality that racialized people, people who are recent immigrants, and Indigenous people continue to face discrimination and that income inequality doesn't just magically reverse itself. This will require policy development, implementation, and hard dollars. **M**

SHEILA BLOCK IS A SENIOR ECONOMIST WITH THE CCPA-ONTARIO. FOLLOW HER ON TWITTER @SHEILA_M_BLOCK.



MICHAEL JAMES | NATIONAL

We're just in time for a just transition



For most working people, environmental concerns have historically been a bit like Harvey Dent—two faced. One face says that poisoned water supplies and changing weather patterns threaten our health, our way of life and our planet. The other face says we do not entirely understand human-environment interaction and cannot endure the loss of good-paying jobs in economies focused primarily on resource extraction and energy production. As a result, working people often end up on both sides of environmental policy debates.

Organized labour has grappled with this apparent contradiction for decades. In the 1990s, the phrase “just transition” was adopted by organizations attempting to square job-related concerns with environmental concerns. As the coal,

oil and natural gas industries come increasingly under fire, these words remind us that the lives and fortunes of working people across the world are tied up in policies designed to mitigate and adapt to climate change.

Our post-Paris Agreement world has witnessed a recent surge of discussion and publication regarding just transition, with labour organizations and their supporters leading the way. Coalition organizations like Blue Green Canada and the Labour Network for Sustainability—which bring together labour unions, environmentalists and

Demonstration against open-cast brown coal mining in Garzweiler, northwest of Cologne, Germany, November 5, 2017.

REUTERS/WOLFGANG RATTAY

civil society groups—claim a mission of developing and promoting the principles of a just transition.

But what are we talking about when we use the term “just transition”? This concept advocates for precisely what it says: a transition away from a high-carbon economy to one that is equitable by design. A just transition is an approach to climate policy that values, accommodates and involves workers from the outset.

Any semblance of justice in policy-making requires open conversation between all stakeholders, with particular attention paid to the voices and concerns of those people most vulnerable to the possible effects of change. A just transition toward a more sustainable economy, then, requires an understanding of the social dimensions and consequences of new policies. That means respectful, democratic dialogue between affected communities, industry and government—not top down prescriptions.

For labour organizations, just transition means that workers who will be directly affected by Canada’s

commitments to reduce emissions—namely, those employed in coal, oil and natural gas production—must be recognized for their contributions and brought along, rather than left behind, in the shift to a more sustainable economy. This will require careful, democratic planning in phasing out fossil fuel extraction and combustion, income and training supports, and targeted investments in areas dependent on high-carbon jobs.

So can we do it? For advocates of a just transition the answer is yes, but principled, thoughtful policy-making will be a key component of success.

Representatives from the Alberta Federation of Labour and Canadian Labour Congress to the UN's Framework Convention on Climate Change have advocated for the principles of just transition to be included in policies designed to reduce pollution and carbon emissions. These organizations, and a constellation of like-minded groups, recognize that climate policies will produce economic disruption, and that disruption—if left unmitigated—will directly impact workers. But done properly, this transition can address climate concerns while providing a robust array of good jobs to reinvigorate our economy.

At the CCPA, research into the policy framework for a just transition to environmental and socioeconomic sustainability is in high gear. Our preliminary review, which will be published on the CCPA website in January, has focused on the strengths and gaps in existing federal and provincial transition policies, as well as the potential impacts on workers of climate policies put in place to support Canada's Paris Agreement commitments.

Our work will help inform the development of a social safety net robust and adaptive enough to support workers as they transition to new green sectors. The low-carbon transition may be inevitable, but a just transition is not. Purposeful, evidence-based policy is critical to developing a low-carbon future that creates opportunity for everyone who lives and works in Canada. **M**

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JIM SILVER | MANITOBA

Reasons to be skeptical of KPMG's advice for the province



It is curious that the Pallister government would have hired consulting firm KPMG to provide advice on how to manage the province's affairs. Not that Canadian governments don't do this all the time. But KPMG's actions across the world and in Canada—some illegal, many promoting the interests of the exceptionally rich at the expense of the rest of us—suggest we should be wary of whatever input they have to offer.

In South Africa, KPMG is currently embroiled in a major scandal involving its relationship with the wealthy, influential and controversial Gupta family. KPMG SA was the auditor for the family's companies when in 2013 several million dollars were diverted to a lavish Gupta wedding in Sun City. The company admitted in a September 15, 2017 press statement that "the audit teams failed to apply sufficient professional skepticism and to comply fully with auditing standards."

KPMG SA also provided tax avoidance advice to Gupta businesses (offshore tax avoidance schemes are a specialty of KPMG). In the same statement last

year, the firm acknowledged "it has been alleged that tax advice given to Gupta entities involving offshore structures was illegal or improper," but added "KPMG did not act unlawfully or improperly in giving the advice." Given KPMG's activities elsewhere, the claim calls to mind Richard Nixon's famous assurance to Americans: "I'm not a crook."

In 2014 and 2015, KPMG SA did consulting work and produced a report for the South African Revenue Service (SARS). In their September 2017 press statement, the company said their own report's findings "should no longer be relied upon" after it was revealed "to have been seriously compromised by the inclusion of at least 16 points in its recommendations and findings copied and pasted from recommendations made by SARS' own legal representatives."

In other words, KPMG was investigating SARS but allowed the government agency's legal firm to write the conclusions to what was meant to be an "independent" report. The revelations were enough for South Africa's leading big business association, BLSA, to suspend KPMG's membership (even



PHOTO BY HÅKAN DAHLSTRÖM/Flickr CREATIVE COMMONS

after KPMG SA had fired nine of its top executives). KPMG's global chairman has apologized for the firm's failings in South Africa, which were compared to a "near-death experience" by the new head of KPMG SA.

Closer to home, KPMG US paid a fine of \$456 million in 2005 for an illegal tax avoidance scheme — part of a "deferred prosecution agreement" designed to avoid an indictment. The IRS put it this way in an August 29 statement that year: "In the largest criminal tax case ever filed, KPMG has admitted that it engaged in a fraud that generated at least \$11 billion dollars (sic) in phony tax losses which, according to court papers, cost the United States at least \$2.5 billion dollars in evaded taxes."

Between 1996 and 2003, KPMG "conspired to defraud the IRS by designing, marketing and implementing illegal tax shelters," the statement continued. Mark Everson, then commissioner of the IRS, added the following:

At some point such conduct passes from clever accounting and lawyering to theft from the people. We simply can't tolerate flagrant abuse of the law and of professional obligations by tax practitioners, particularly those associated with so-called blue chip firms like KPMG.

Responding to these findings of illegality, KPMG said more than a dozen

While helping wealthy people and corporations avoid paying taxes, KPMG is busy advising governments how to cut spending on public services.

of its tax officials had been fired or forced to retire, and that the company had "undertaken significant change in its business practices." Nevertheless, the firm was once again in hot water in April 2017, after it reportedly fired six employees, including the head of its audit practice in the U.S., for receiving improper warnings of impending audits by the non-profit Public Company Accounting Oversight Board.

"The announcement is another potential blow to KPMG's reputation after questions have been raised in recent years about why it failed to uncover illegal sales practices at Wells Fargo or potential corruption at FIFA,

the governing international body of soccer," reported the *New York Times*.

At the same time, more than 1,000 current and former female employees at KPMG US are engaged in a class action gender discrimination lawsuit accusing the company "of developing a hostile work environment in which women are underpaid and rarely promoted to leadership roles," according to a May 2016 report in *Accountancy Age*. The article adds, "the lawsuit contains details of how KPMG slashed [the lead plaintiff's] base salary by \$20,000 while she was on maternity leave because she was being paid 'too much.'" KPMG has denied these allegations.

Still closer to home, CBC reported in March 2016 that the Canada Revenue Agency (CRA) had a year earlier offered amnesty to wealthy Canadians caught using an offshore tax "sham" designed, marketed and implemented by KPMG. Jonathan Garbutt, described as "a veteran Bay Street tax lawyer," is quoted describing the CRA plan as "outrageous," since it suggests "If you're rich and wealthy, you get a second chance, but if you're not, you're stuck."

Although the letter offering amnesty to the wealthy tax avoiders is silent about whether KPMG would also be offered amnesty, it was reported at the time that "experts consulted by CBC News raised concerns that the large accounting firm, with close ties to

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the federal government, could also be off the hook.” (A *Fifth Estate/Enquête* investigation later found that some correspondence from the CRA’s lead enforcer went missing and was likely deleted leading up to the amnesty.)

Starting in 1999, KPMG marketed the tax-avoidance scheme to Canadians with a net worth \$5 million or more. One KPMG client told the *Fifth Estate* “the tax dodge was based on a simple—if fictitious—idea that ‘high net worth’ clients give away their fortunes to an Isle of Man shell company. The money would be invested offshore and would be returned back to Canada, again untaxed, also as a so-called gift.”

One wealthy family in Victoria, B.C., who put \$26 million into the scheme in 2002 and 2003, is reported to have paid a mere \$3,049 in taxes over 10 years leading up to 2011, while KPMG collected \$300,000 in fees. When the parliamentary finance committee held hearings on tax evasion and avoidance in June 2016, the director of Canadians for Tax Fairness reported that he “got a gag order” prohibiting him or any other witness from referring specifically to KPMG, as insisted by KPMG lawyers.

It is a splendid irony that even while helping wealthy people and corporations avoid paying their fair share of taxes (and taking a cut of 15% of the taxes that are avoided), KPMG is still busy advising governments, like the one currently running Manitoba, to cut spending on public services that are important to all of us, and especially those who do not qualify as high net worth.

Given KPMG’s record, of which I am relating only a small part, why would the Pallister government have hired this company to provide advice on governing Manitoba, at a reported cost of \$740,000? Either they knew the company’s history and contracted them out anyway, or they did not know, which would be just as irresponsible. Whichever the case, it seems fairly obvious whose interests KPMG serves, and that should make almost all Manitobans skeptical of their advice **M**.

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REBECCA GRAFF-MCRAE | ALBERTA

Membership-only clinics blur lines in health care



Neoliberalism is a way of defining human beings by the market, of transforming them from political citizens into mere consumers. This depoliticization is nowhere more insidious than in health care, where the principles of universality and equal access still underpin the Canadian system.

Some health care providers, however, have found ways to commercialize medicine while professing to remain within the bounds of the Canada Health Act. Accessory fees, block fees, private surgical fees and membership fees are all attempts to profit from the ill, the injured and the “worried well”—otherwise healthy people who, fearing they may be unwell, seek out medical advice for reassurance.

Private membership clinics, for example, exploit gaps in and pose a risk to the public system. The Parkland Institute has identified 10 for-profit medical clinics in Alberta, eight of which operate on a membership basis. They exist within a network of over 30 facilities in

the province (and many more across the country) that are owned by just a handful of companies operating on a similar business model.

These clinics first emerged in Alberta as an ostensible solution to long wait times and general physician (GP) shortages, since they allowed some people to bypass the public system. In reality, parallel private systems do nothing to improve wait times and actually reduce the number of physicians and other health providers working in the public system. Seeking another justification for the private clinics, at the height of the oil boom they were promoted as a luxury benefit for corporations to attract in-demand executives.

Yet despite the proliferation of exclusive, fee-based clinics, and a growing acknowledgement of their potential to erode the public system, there is shockingly little information available about the number of such facilities, their practices and the indirect costs to the public. My new Parkland report, *Blurred Lines: Private Membership Clinics and Public Health Care*, attempts to fill that information gap.

Private membership clinics are not harmless appendages to the health system. Investigations by the *Globe and Mail* (in collaboration with the Ontario Health Coalition) and CBC have uncovered serious allegations of systemic wrongdoing at private clinics across the country.

The unexpected closure this past September of Alberta’s membership fee-based Landmark Collaborative Health clinic left patients, physicians and employees with unanswered questions and no recourse. Meanwhile, allegations of lobbying, conflict of interest and experimental therapies by the Pure North clinic provoked a scandal that implicated Alberta’s deputy minister of health.

Allegations of lobbying, conflict of interest and experimental therapies by the Pure North clinic provoked a scandal in Alberta.

FEES CHARGED BY CLINIC

Clinic Name	Annual Membership Fee	Renewal Fee	Platinum or Other Packages	Executive Health Assessment Fee
Preventous Collaborative Health	\$4,895	\$3,300		\$1,595
Provital Health & Wellness	\$4,200	\$3,360	\$6,300	\$1,375
Advanced Primary Care	\$3,025	\$2,775		n/a
InLiv	\$4,495	\$3,200 (excludes executive health assessment)		\$1,495
Copeman	\$4,495	\$3,495		\$1,850
Femme & Homme Concierge Clinic	\$3,800		\$8,500 and up	\$1,900
North Town Medical Clinic			Not available	Not available
Dominion Health				\$1,775

SOURCE: *BLURRED LINES*, PARKLAND INSTITUTE (2017)

Between 2012 and 2014, Alberta Health audited three clinics to determine if their billing practices and access policies violated the Canada Health Act. The Copeman Healthcare clinics in Edmonton and Calgary are currently undergoing such an audit. But in researching my report, I found it difficult to access information concerning the audit process, which is convoluted, ambiguous and obscure. The regulations related to freedom of information (FOI) requests also frustrate attempts to piece together an accurate picture of the clinics under scrutiny.

The most significant barrier to transparency was that any information that may impact the business interests of a third party is considered exempt from FOI requests and therefore routinely redacted or denied. When attempting to shed light on the intersection of corporate business practices and government operations, this rule effectively privileges corporate rights over accountability and transparency in the public interest.

We can trace the roots of the current wave of health privatization back to the Klein era. Today, the United Conservative Party continues to promote a similar economic strategy that equates fiscal

responsibility with frontline cuts to health services, with private enterprise filling the void. Frequently, high-profile party members will profit financially and politically from these investments in a privatized system.

So what of the governing NDP? In its 2015 campaign platform, the party championed the public health care system and vowed to “end the [Progressive Conservatives’] costly experiments with privatization.” Health Minister Sarah Hoffman has made a few pivotal decisions that suggest this is still the plan: the reintegration of laboratory services into the public system; halting the privatization of laundry services; the extension of midwifery services; and calling a fresh audit prompted by new allegations against Copeman Healthcare in 2016.

Amidst this support for public financing and public delivery of health care services, the NDP’s ambivalence regarding private membership clinics seems somewhat irregular. The government is clearly aware of the threat posed by these clinics and their practices, yet its efforts to address the issue appear piecemeal rather than part of a coherent policy. It is not clear what Minister Hoffman means when she says

“We will act” on any findings of fraud at the Copeman clinics.

The legacy of PC-era laissez-faire ideology still prevails in much of Alberta’s political and economic discourse. Given these challenges, does the political will exist to protect and strengthen Alberta’s public health care services and resist privatization by stealth? Increased transparency regarding the operation of private clinics, alongside improved oversight and regulation, would send a clear signal to Albertans that equal access to high-quality, efficient health care is truly a right and not a privilege. **M**

REBECCA GRAFF-MCRAE IS RESEARCH MANAGER FOR PARKLAND INSTITUTE AND AUTHOR OF THE NEW REPORT *BLURRED LINES: PRIVATE MEMBERSHIP CLINICS AND PUBLIC HEALTH CARE*, WHICH IS AVAILABLE AT WWW.PARKLANDINSTITUTE.CA. FOLLOW HER ON TWITTER @POLISCIrish.

ALTERNATE FUTURES

ROBIN SHABAN

Retiring on a low income? Ignore the conventional wisdom.

IF YOU ARE planning your retirement, and expect to make less than about \$20,000 each year after you turn 65, take all the personal finance articles you have collected over the years, crumple them up in a big ball, and toss them in the trash. That advice doesn't apply to you, and could actually leave you financially worse off.

John Stapleton explained why during a talk at the Ottawa library this October titled "Planning for Retirement on a Low Income: What You Need to Know." To best manage your finances as you approach old age, he said, it is often best to do the opposite of what most personal finance writers, financially savvy friends and conventional wisdom have told you, particularly as it relates to RRSPs.

For example, if you expect your post-65 income (excluding Old Age Security payments) to be less than \$17,688 a year, or \$23,376 in the case of couples, your best financial strategy is to maximize the income you can get from the Guaranteed Income Supplement (GIS), a refundable tax credit and companion program to OAS.

GIS is geared to income, which means the government calculates how much to give you each month based on your previous year's income as reported on your taxes. For every dollar of income you earn over \$3,500—from any source including employment, pensions, RRSP withdrawals, CPP benefits, investments, or honorariums over \$500—you receive 50 to 92 cents less in GIS/OAS.

So, maximizing your GIS payments means managing income to minimize the amount of GIS/OAS that is clawed back. To do this, you can use RRSPs and other financial tools in the opposite way to how mid- and high-income retirees would use them. For this article, I'm going to talk about RRSPs.

Conventional wisdom says you should deposit your retirement savings into an RRSP from which you draw once you retire. However, if you anticipate retiring on a low income, consider withdrawing all your money before you turn 65 (they call this "melting" your RRSP). Money taken out of an RRSP after you turn 65 counts as income against your GIS. If you have savings, look into opening up

a tax-free savings account (TFSA) instead, because money drawn from a TFSA does not impact GIS.

In true backwards fashion, consider using an RRSP only after you turn 65, once you start earning OAS, GIS and CPP benefits. Adding money to an RRSP after you turn 65 effectively "reduces" income for the purposes of calculating GIS payments, giving you more GIS.

The very useful pamphlet, *Low Income Retirement Planning: Four Things to Think About* (available on Stapleton's website openpolicyontario.com), illustrates the point this way. Mary is single, just turned 65 and has an income of \$18,000. Her current income makes her ineligible for GIS. However, through her working years she did not contribute much to an RRSP, so she has \$60,000 of contribution room.

To maximize her GIS payments, Mary took out a \$10,000 RRSP loan each year, which reduced her taxable income to zero, making her eligible for some GIS income. After she turns 71, she will be forced to make withdrawals on her RRSP (the RRSP will transform into a registered retirement income fund, or RRIF), will no longer be eligible for GIS and will have to pay higher taxes. However, the additional income she got from higher GIS payments combined with

If you anticipate retiring on a low income, consider withdrawing all your money from RRSPs before you turn 65.

her lower tax rate is greater than the additional taxes she will pay once she turns 71.

There are many other factors to consider if you are anticipating retiring on a low income, such as how many hours you should work (the "St. Patrick's Day rule"), deciding whether to take early CPP benefits, receiving honorariums, and so on. I highly encourage you to take a look at the pamphlet *Low Income Retirement Planning: Four Things to Think About*. Income tax clinics may also offer individualized advice.

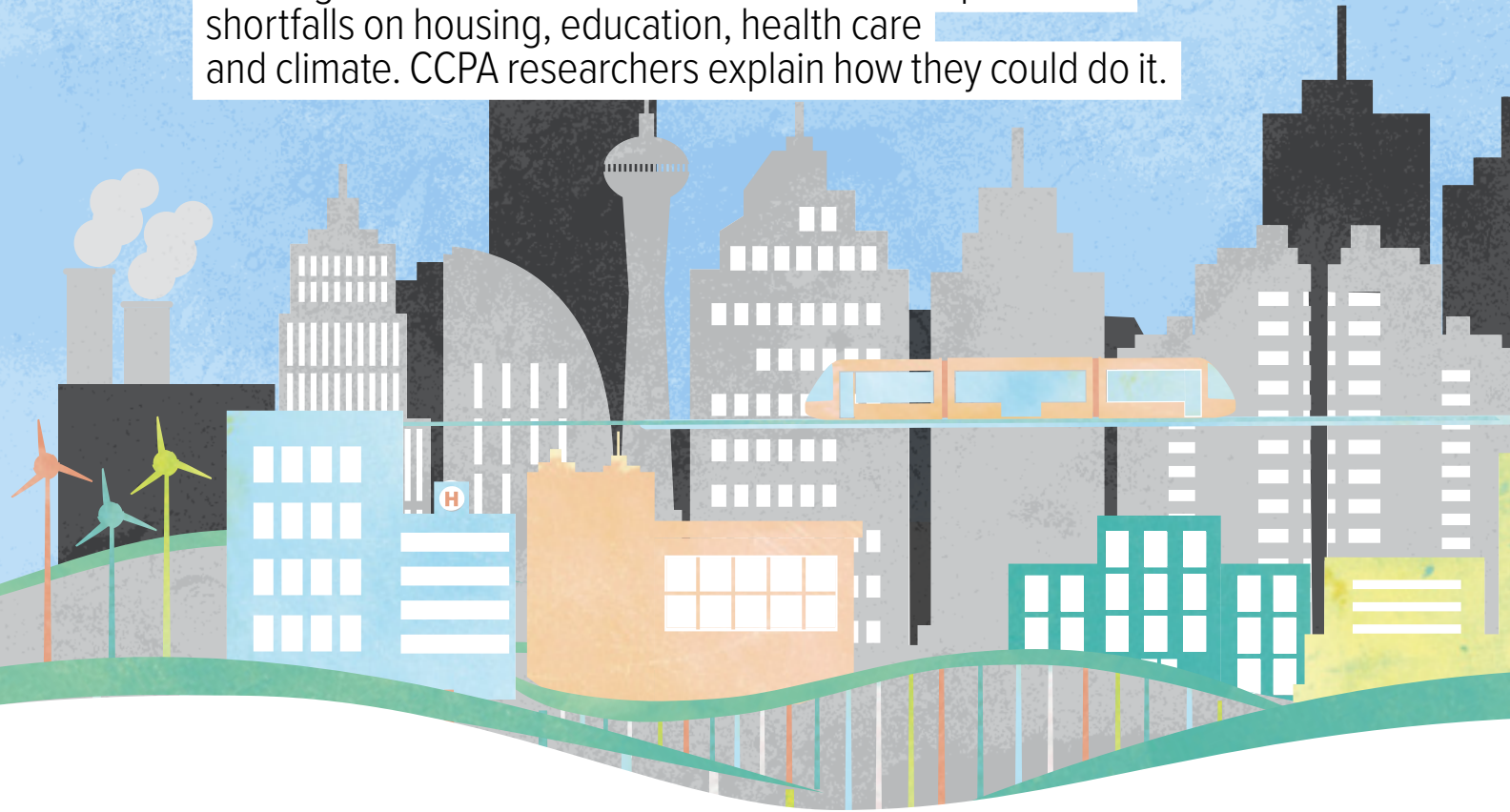
But most importantly, the first step in maximizing your benefits is to file your taxes! If you do not file your taxes, you cannot receive GIS payments or many other benefits you are entitled to.

Fundamentally, more needs to be done to help recipients of programs like GIS to both understand the complexities of these programs and develop financial strategies for retirement. Mid- and high-income Canadians have vast numbers of experts at their disposal to help them plan for retirement (for a fee). There should be better supports to assist lower-income Canadians who face the same realities. **M**

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THE B.C. BUDGET WE NEED

A new government has the resources to fix the province's shortfalls on housing, education, health care and climate. CCPA researchers explain how they could do it.



HOUSING

British Columbia's real estate boom has created winners and losers, leading to a growing housing affordability crisis with tremendous social and economic consequences.

Metro Vancouver continues to have a massive housing affordability problem—in both home ownership and rental markets—that threatens to undermine the region's long-term prosperity. Moreover, the 2017 Homeless Count revealed that homelessness in Metro Vancouver is up 30% from 2014; shockingly, one in five homeless people were employed full or part time.

When the previous B.C. government brought in a 15% foreign buyer tax in August 2016, Metro Vancouver's housing market paused with a drop in real estate transactions and a dip in prices at the high end of the market. More recently, however, the upward trajectory in prices has returned: housing was 17% more expensive in September 2017 than it was 12 months earlier. Rental housing stock has also become more expensive due to extremely low vacancy rates.

The 2018 provincial budget needs to launch a comprehensive housing affordability plan for Metro Vancouver and other parts of B.C. facing affordability challenges. The government's budget update in September made a

modest down payment with a commitment to build a total of 3,700 new housing units (1,700 affordable rental and 2,000 modular units to house the homeless). This half-billion-dollar investment in new housing is much needed, but these amounts are spread over three to four years and cover the entire province, not just Metro Vancouver, where the affordability crisis is most acute.

The February budget needs to make stronger annual commitments toward the new government's election promise of 114,000 new units over 10 years. A diverse range of housing options—from housing for people who are homeless, to assisted living and residential care for seniors, to



ILLUSTRATION BY KATIE RASO

innovative tenure arrangements like community land trust models—could be financed. This build-out should focus primarily on rental housing and include a spectrum of housing options that work for people with different incomes and at different stages in their life. The lion's share, however, should be focused on social and co-op housing.

A housing commitment to build 11,400 units per year translates into an annual public investment of about \$3 billion per year, although this amount could decrease if public land owned by municipalities or the B.C. government is contributed. This upfront capital cost, however, would be more than paid back through the

flow of rental income over the lifespan of the buildings.

In addition, the 2018 budget should support and upgrade existing affordable housing stock through a Housing Renewal Fund. In particular, co-operatives and social housing run by non-profits, as well as interventions in the private rental market, are needed and could be combined with energy efficiency retrofit programs.

To finance these essential housing investments, and to make the tax system fairer, let's make the property tax system progressive. As I've written previously in the *Monitor*, we can do that by applying a property surtax of 0.5% on home values between \$1 million and \$1.5 million, 1% between \$1.5 million and \$2 million, 1.5% between \$2 million and \$3 million, and 2% above \$3 million.

Such a progressive property tax on all residential properties, regardless of whether or not the owner resides in B.C., would raise substantial revenues—about \$1.7 billion per year in Metro Vancouver alone—to support an ambitious affordable/social housing construction plan while tackling growing wealth inequality.

Another way to make the property tax system more progressive would be to reformulate the \$800-million-per-year Home Owner Grant (HOG) into a housing grant that would go to owner and renter households alike and be linked to income. That is, it could be designed to provide greater help to low-income households then phased out gradually as household income rises (as is the case for Old Age Security or the Canada Child Benefit).

This new housing grant would level the playing field between renters and owners. For example, the government has promised a renter's rebate of \$400 per year (at an estimated cost of about \$200 million per year) while currently all homeowners receive \$570 per year in the HOG. Shifting to a new housing grant would eliminate the HOG for the wealthiest households in order to provide a grant to renters.

In regards to other actions taken by the previous B.C. government to address affordability, the February budget should maintain the 15% property transfer tax on foreign purchases

of residential real estate in Metro Vancouver. This should be viewed as part of a broader, long-term plan to manage the local housing market in the interests of those who live and work in the city. The foreign buyer tax should be extended to all parts of B.C.

On the other hand, the budget should end the HOME partnership program of interest-free loans to first-time buyers (for five years, with the loan repaid with interest over the following 20 years). The new program was widely and rightly panned by economists when announced in December 2016 for the same reasons it won praise from developers and the construction industry: it artificially boosts the market by encouraging new buyers to take on increased household debt.

In the lead-up to the February budget, eyes will also be on the federal government, which has just released a national housing strategy. Now that all levels of government are talking about new affordable housing investments, hopefully 2018 will see a return to partnerships for a multi-decade housing build out to address the crisis. (Marc Lee, senior economist with the CCPA-BC.)



HEALTH CARE

Provincial health spending as a share of our economy has been relatively steady in recent years, and is projected to fall from 7.8% of GDP in 2009 to 7.4% in 2019, according to the government's September budget update.

If, however, we want to tackle the opioid crisis, enhance seniors care, reduce surgical wait times and decrease

drug costs, government leadership and investment are needed.

The September budget update included a three-year commitment to fight the opioid emergency and fund the establishment of a new Ministry of Mental Health and Addictions, both of which are welcome and urgently needed. Budget 2018 must provide the funding to bring programs and supports online as rapidly as possible.

Earlier this year, the previous government, after failing to meet its own minimum staffing guidelines in more than 90% of seniors' residential care facilities, promised \$500 million to begin meeting those minimums. The new government must move quickly to turn this promise into reality and aim to accelerate the original four-year timeline so that staffing levels at least match the minimum standards.

The substantial cuts to B.C.'s home and residential care system by the previous government forced seniors to rely more heavily on emergency room visits and increased the need for inpatient hospital beds. Those pressures, in turn, lead to overcrowded hospitals and longer wait times for surgeries, demonstrating the need to follow through on reinvestment in residential care, as well as support services like home nursing and help with cooking and bathing.

Other key measures to reduce surgical wait times include actively managing wait lists and adopting best practices in surgical procedures and patient care, like those already developed by local surgical teams here in B.C. and by public health systems in other provinces and countries.

We also recommend that the 2018 budget include measures to improve patient care by developing interdisciplinary teams of health care professionals who work closely together. These teams could include physicians working with dietitians, physiotherapists and nurse practitioners. This dovetails with both commitments in the government's confidence and supply agreement with the B.C. Green Party, as well as with their election commitment to

invest in new urgent care centres around the province.

Budget 2018 should also fast-track the development of a drugs program to increase access to needed medicines and reduce costs. We recommend making this the first phase in developing a universal pharmacare program, which a growing body of evidence demonstrates would reduce drug costs dramatically.

Finally, for capital expenditures—including hospitals, residential care facilities and urgent care centres—the 2018 budget should end the use of wasteful public-private partnerships (P3s). The P3 model has been repeatedly shown to increase costs while unnecessarily privatizing public goods and frequently diminishing the quality of services, including in the health sector. As a matter of good public policy, the infrastructure of our health care system should be owned collectively by British Columbians.

Each of these recommended policies has the dual benefit of increasing quality of care and helping contain health care costs. In contrast, failing to make proper long-term investments in the public universal health system would mean that British Columbians will spend more to get less. (Alex Hemingway, public finance policy analyst with the CCPA-BC.)



EDUCATION

The B.C. government's September budget update included significant new funding for K-12 education. This was expected in light of last year's Supreme Court of Canada ruling that teachers have a right to negotiate class size and composition in collective

bargaining. It was also vital after years of chronic underfunding by the previous government.

The new funding to restore class size and composition provisions illegally stripped from teachers' contracts means that thousands of new teachers have been hired and class sizes are being reduced across the province.

This February's budget should invest the resources necessary to ensure that students with learning disabilities, special needs and those for whom English is not a first language can reach their full potential. One in four classes in the public school system had four or more children with special needs during recent school years—a dramatic increase over the past decade.

The restoration of class composition contract provisions will go a long way to address the problem. But even before the contract stripping of the early 2000s there was room for improvement in the level of support available for students. Dedicated resources are also needed to properly fund implementation of the recent curriculum overhaul and to increase the number of educational assistants and other support staff in schools.

On the capital side, investment plans should be fast-tracked to relieve overcrowded schools in some districts and complete necessary seismic upgrading to keep all B.C. kids safe. Capital funds are also needed to cover deferred maintenance needs that have piled up during the long period of underfunding.

Public funding of private schools should be reviewed with an eye to eliminating the practice, particularly in the case of elite private schools that currently receive 35% of the per-student funding supplied to the public sector. The total public funding of private schools in B.C. is nearly \$400 million this budget year.

On the post-secondary side, the September budget update took the welcome step of eliminating tuition fees for adult basic education and English language learning programs, and expanded tuition waivers for youth aging out of the foster care system.

We recommend that this year's budget build on this by extending eligibility for tuition waivers to age 30 (it's currently 26) as well as eliminating fees for other important adult developmental education programs like adult special education and Career Choices, which were also tuition-free prior to 2014.

There is a pressing need to increase funding for colleges and universities. For public post-secondary institutions, provincial operating grants have plummeted as a share of revenue and institutions have been forced to increase reliance on tuition fees, which is pushing student debt to new heights.

Budget 2018 must also increase financial support for post-secondary students. We recommend a comprehensive grants program to make post-secondary education free for lower-income families, with the future aim of a universal reduction and ultimately the elimination of all tuition fees. (Alex Hemingway)



ENVIRONMENT AND CLIMATE

British Columbia's carbon tax raises \$1.2 billion per year for the province, but under the previous government's policy of "revenue neutrality" about two-thirds of that money went to pay for corporate tax cuts. If these revenues were allocated instead to climate action initiatives the impact of the carbon tax would be much greater.

The September B.C. budget update broke with revenue neutrality, a welcome development, and increased the low-income carbon credit to a maximum of \$135 per adult and \$40

per child. This is another positive step that will help address the regressive nature of the carbon tax for low-income households.

A key recommendation of the previous government's Climate Leadership Team was that B.C. should go back to increasing the carbon tax annually by \$10 per tonne starting in 2018. Our research has argued that half of carbon tax revenues should flow into a reformed carbon credit, and the other half be made available to fund climate action initiatives.

First, carbon pricing must be sensitive to equity impacts. Moving forward, we recommend a reformed carbon credit system that would reach a larger share of B.C. households. This credit would gradually phase out as income rises, but overall 80% of households would receive at least a partial credit.

Second, for B.C. to say no to liquefied natural gas (LNG) and other proposals to expand fossil fuel production and infrastructure, an alternative investment agenda is needed. With additional carbon tax revenues and an ambitious capital/infrastructure plan, B.C. could pursue more aggressive climate action investments. For example:

► **Retrofitting buildings.** Re-invest in the LiveSmart B.C. home retrofit program, with emphasis on multi-unit buildings, including rental housing, and older (less energy efficient) housing stock. In addition, energy retrofits of public buildings, including schools, hospitals and other public buildings.

► **Low-carbon transportation.** Large new investments in public transit for Metro Vancouver and other cities in B.C. are needed to improve the quantity and quality of services and to give people more and better options for getting around.

► **Renewable energy.** The province needs to shift to 100% renewable energy as quickly as possible. Measures that can insert small and community-scale renewables should be supported, including efforts by First Nations to get communities off

diesel power. Another key strategy is expanding low-carbon district energy in urban areas, modelled on Vancouver's Neighbourhood Energy Utility, which taps waste heat from the sewers to provide space and water heating in southeast False Creek.

► **Zero waste.** Invest to develop new capabilities for processing recycled materials in B.C. Bring in deposit-and-return systems for consumer packaging and containers. Use provincial procurement power and minimum recycled content requirements to boost the domestic market for recycled materials.

► **Forest conservation and stewardship.** Focus on sustainable forestry and value-added activities to create good jobs in rural areas.

► **Just transition.** Develop and support just transition policies to ensure B.C. resource industry workers and their communities are not left behind.

In addition, B.C. must plan for adapting to climate change. Last summer's record wildfire season is estimated to cost the provincial treasury \$500 million (not counting private insured and uninsured losses). This highlights the growing future costs of our collective inaction.

In recent years, the B.C. budget has routinely allocated only \$63 million per year toward firefighting while costs have typically been much higher. This represents a budgetary form of climate change denial, a belief that an extreme wildfire season only happens rarely when such seasons seem to be occurring at least every couple of years. This ongoing need for firefighting should be reflected in the budget.

Budgets are about choices. The new B.C. government has taken some important steps to improve carbon pricing, but for B.C. to reassert the mantle of leadership the 2018 budget must step in with new climate action investments. (Marc Lee) **M**



PHOTO BY PARKER TOWNES (THE FULCRUM)

MATT CICERO

Safe injection site defies government and gets results

Overdose Prevention Ottawa has saved lives and changed the public conversation on drug policy

This summer, a group of harm reduction advocates set up a couple of large tents in a tiny park in downtown Ottawa so that people would have a space to smoke and inject drugs without risking their lives.

Organized by a group calling themselves Overdose Prevention Ottawa (OPO), the pop-up overdose prevention site opened in response to an alarming spike in life-threatening overdoses that included the deaths of three people in the Ottawa area.

"People are dying in ridiculous numbers," said Robert Jamison, an advocate

and former drug user. Volunteers say approximately one person a week dies as a result of drug overdoses in Ottawa.

Jamison was one of the small group of people who were fed up with waiting for government action. They decided to open a site where people could smoke and inject drugs in safety. Their sense of urgency sprang from the overdose crisis occurring throughout Canada and the United States.

The epidemic began several years ago when drugs such as fentanyl and carfentanil were added to street drugs to increase their potency, without

consumers' knowledge. In Canada 2,816 people died from drug overdoses in 2016, and the number of deaths was predicted to be higher in 2017.

"I think it was brought to more public attention when people from all backgrounds started dying. It wasn't just marginalized street people, but young girls in Kanata [an Ottawa suburb] who were dying," Leila Attar, a core organizer with Overdose Prevention Ottawa, told me.

Over the past three years, as the opioid crisis has grown, the demographics of those dying by overdose

Recommendations for a B.C. Opioid Action Plan

The following recommendations are taken from an open letter to the B.C. government, dated October 30, 2017, calling for “a comprehensive review of the [opioid overdose issue] and the generation of strategic interventions addressing the multiple causal factors.” The letter, which was signed by Seth Klein, director of the CCPA-BC, outlined four pillars that should be part of an urgent B.C. Opioid Action Plan.

PILLAR 1: PREVENTION

Given that opioid addiction is a “disease of despair,” co-ordinated action is needed by all levels of government to address the [social determinants of health, or SDOH] (poverty and homelessness, etc.) and socioeconomic inequity through strategies with legislated goals, budgets and timelines.

PILLAR 2: HARM REDUCTION

Many of these actions have been initiated but need expansion:

- Make naloxone more available: “take home” supplies and the expanded use of nasal spray format (for first responders uncomfortable with injections).
- Explore and evaluate drug checking programs to establish the evidence for drug checking as an intervention to prevent overdoses and deaths.
- Expand the availability of supervised consumption (injection) services (SCS) for those continuing to use illicit street drugs.
- Explore, legislate and institute permanent Overdose Prevention Service (OPS) models, especially in settings which do not have the resources for full SCS.
- Expand the availability of non-opioid pain care services (non-opioid medications, myofascial release treatment, etc.).

PILLAR 3: OPIOID ADDICTION TREATMENT

Develop comprehensive, integrated opioid addiction treatment centres staffed with addictions specialists that include:

- Baseline care with options for injectable or oral pharmaceutical opioids, including Suboxone, methadone, diacetylmorphine (heroin), hydromorphone (Dilaudid) and oral slow release morphine. Experience has shown that for most patients, Suboxone or methadone will meet their needs, but for a small minority these other options are required. Oral opioid antagonists such as naltrexone may also be considered. As these medications will be prescribed by physicians with addictions training, clinical judgement will ensure that the most cost-effective and appropriate medication will be prescribed.

This approach is recommended for several reasons:

- The provision of pharmaceutical opioids in a therapeutic setting has been shown in a number of jurisdictions to virtually eliminate infectious diseases (hepatitis and HIV) and overdose deaths related to opioid use (as patients are no longer consuming illicit street drugs contaminated with toxic materials such as fentanyl or infectious agents).
- To maximize the goal of replacing the toxic illicit drug market as the primary source for people not yet in addiction treatment, pilot and evaluate several low-threshold [public] programs delivered through a wider array of points of service including clinics, community health centres and harm reduction programs.
- When pharmaceutical opioids are widely available, the criminal street market is largely eliminated and much public expenditure avoided.
- And when brought into a secure, supportive therapeutic setting these

patients can be supported with SDOH interventions, counselling and so forth as below.

- SDOH supports for individual patients: income, housing, food, social support, education and others.
- Integrated primary health care for treating co-morbidities (mental illness, chronic pain, hepatitis, HIV, cardiovascular disease, diabetes) and other addictions (alcohol, tobacco).
- Counselling and psychosocial supports (e.g., 12 steps) and supportive residential care to enable transition from opioid treatment with heroin, hydromorphone, etc., to methadone or Suboxone and, when possible, to abstinence.
- Training and education for employment such as peer counselling or as appropriate to past education, training and work experience.
- For some, eventual abstinence and return to family, community and work.

PILLAR 4: ENFORCEMENT

Possession of small amounts of drugs for personal use should be decriminalized. Treating people as criminals contributes to their ongoing stigmatization, and leads to social isolation and solo drug use without supportive peers and access to naloxone and other emergency measures, and thus contributes to the epidemic of opioid deaths. Decriminalization can be implemented more quickly through local police procedural change and does not need the lengthy legal and legislative processes to achieve legalization of opioids.

- Opioid addiction treatment should be made available in all corrections facilities.

To read the full letters to the B.C. government: <https://phabc.org/bc-needs-opioid-action-plan-open-letter-government-bc/>.

has changed. No longer are overdose deaths happening almost exclusively to poor white people and poor people of colour. Now middle- and upper-class people are affected as well.

Canadian drug policy, as in the United States, has been one of the primary mechanisms through which Black people, Indigenous people and people of colour have been criminalized and subjected to police violence, arrest and incarceration.

In August 2017, the UN Committee on the Elimination of Racial Discrimination stated in its review of Canada that it was “concerned at the reported high rate of incarceration of Indigenous peoples and persons belonging to minority groups, in particular African-Canadians, due to...overpolicing, drug policies and racially based sentencing.”

The Ottawa safe injection site wasn't much to look at. Three canopy tents with plastic tarps for walls sat in a tiny park with a few small trees and some worn and dying grass located beside a large empty parking lot. Another canopy tent sheltered a couple of plastic tables, which served as the reception desk and were also used to distribute food and drinks. Behind the tables were boxes filled with medical gear, blankets, and other supplies.

The day the pop-up site was erected there was a heavy police presence and people were afraid of being arrested. The site didn't have any permits and was not officially sanctioned by Health Canada.

The Ottawa site followed on the heels of similar sites in Vancouver, Toronto and elsewhere, and received extensive media coverage. In this context, with overdose deaths at an all-time high, local politicians and Ottawa police chose to let the site continue operating. Mayor Jim Watson has called the life-saving site illegal, while councillor Mathieu Fleury publicly called for the site to be raided by police.

The war on drugs is killing people and devastating families and communities. According to many civil society organizations, such as the Vancouver-based Pivot Legal Society, decriminalization of drug use is central to ending the overdose epidemic.

“People need to understand that these are human beings, they're not urban lepers. They suffer their whole life to die in an alleyway.”

“The ultimate solution to this entire overdose crisis and every single problem with drug policy is decriminalization,” said Marilou Gagnon, a core organizer and nurse volunteer with Overdose Prevention Ottawa.

In 2007 the federal Conservatives intensified the war on drugs and drug users through policies such as the National Anti-Drug Strategy, which prioritized the use of police and prisons in an attempt to reduce drug use, and the Safe Streets and Communities Act, which introduced mandatory minimum sentences for drug offences.

The overdose epidemic has resulted in increased interest in drug policy from the public, activists and the media. So far, critics say, the federal and provincial governments are not adequately addressing the crisis.

“Right now the Liberals who are in power seem to be pretty opposed to decriminalization, which a lot of experts believe is a way to address this crisis,” said Attar.

Advocates of decriminalization point to the success of Portugal. In 2001, in the midst of a heroin epidemic that saw approximately 1% of the population addicted to the drug, the country decriminalized drug use and began addressing it as a health issue instead of a criminal issue. Decriminalization has reportedly lowered the number of drug cases by 75%, deaths due to overdose are five times lower than the average in the European Union, and the rate of drug-related HIV infections has dropped by 95%.

As a result of the pop-up site, the City of Ottawa opened its first supervised injection site on September 25. The city has also sped up approval for more sites. In Ontario alone, one person dies of a drug overdose every 10 hours.

“People need to understand that these are human beings, they're not urban lepers. They suffer their whole life to die in an alleyway,” said Jamison.

OPO's defiant efforts are part of a broad movement for drug policy reform. The Canadian HIV/AIDS Legal Network listed six actions for governments to take to tackle the overdose epidemic: “Scale up overdose response measures; improve access to treatment for opioid dependence; rapidly expand access to safer consumption services; implement comprehensive harm reduction in prisons; strengthen harm reduction; and end the ‘war on drugs.’”

Ottawa's overdose prevention took down its tents and closed for the winter at the end of November. The closure was announced on the same day a safe drug use trailer opened one block away.

But in its two-and-a-half months, the OPO site had over 3,400 visits. Not one drug user has died there. In a statement, organizers said they were proud of their efforts:

*For 74 days, we have operated without any support from any level of government. It is only through the tireless efforts of our more than 200 volunteers, and through the donations of thousands of private supporters [that we] were we able to stand up where our government had failed so many. It is shameful that so many individuals have had to sacrifice so much to fix that failing. But it is also truly inspiring to see the love, the compassion, and unwavering support of our neighbours in the face of this emergency. We have created a powerful community of advocates and we will continue to use that strength to both demand and actively build a better city for everyone. **M***

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LYNN MCDONALD

It's time to abolish solitary confinement

CANADA'S FEDERAL CORRECTIONAL investigator has described solitary confinement as “the most austere and depriving form of incarceration that the state can legally administer in Canada.”

However, he used the term “segregation,” the standard euphemism used in the corrections system. In reality, solitary means confinement in a very small cell, 23 hours a day, without meaningful human contact. It is the most extreme form of punishment after hanging, flogging, the paddle, and bread-and-water diets, all of which have been abolished in the prison system.

Solitary is used for several purposes in Canadian prisons: as punishment for infractions of prison rules; for the protection of staff and other inmates; and for self-protection (e.g., where an incarcerated former police officer fears attack). Suicidal and mentally ill inmates are still routinely placed in solitary, despite repeated reports showing how harmful it is for their already vulnerable state of mind.

The stated purpose of incarceration, for every type of prison in Canada, is rehabilitation. Solitary confinement was originally established with “penitence” in mind (time to reflect, no bad influences), hence “penitentiaries.” Solitary, however, soon proved to make inmates mad, not rehabilitate them.

There is now a vast academic and professional literature documenting the harm of solitary confinement, augmented by reports from coroners and inquiries on particularly scandalous cases. Recommendations are made, yet little changes. The federal government has reduced its use of solitary since 2014, likely in response to recent lawsuits, and notes that assaults on prison staff have not increased. But the government still insists that solitary is needed.

Proposed reforms

Both the federal and Ontario governments have promised legislative reform.

The Ontario government commissioned Howard Sapers, a former federal correctional investigator, to conduct a review of the use of solitary in Ontario prisons. His report, which was largely excellent, recommended better oversight of solitary confinement, a 15-day time limit for inmates in solitary (and a maximum of 60 days in a year), and the exemption of pregnant women, nursing mothers and the mentally ill. The Wynne government promptly committed to implementing these recommendations.

The federal government introduced its own reforms last spring in Bill C-56. As in Ontario, the legislation would limit stays in solitary—initially to 21 days, then dropping to 15—and sets a maximum of 90 days per year for any inmate. However, wardens will be able to override these limits under certain circumstances, a loophole that was roundly criticized, along with other contradictory elements of the law.

For example, the 15-day limit is based on a United Nations declaration that solitary confinement beyond that point is tantamount to “torture.” Why 15 days? How is it that 16 days or more is cruel and unusual punishment, even torture, while 14 or 15 days in solitary would be fine?

Doctors have pointed out that both physical and mental harm occurs even with stays in solitary of two or three days. The UN report that recommended the 15-day limit itself acknowledged that harm occurs with as little as 48 hours, as a recent case in Ontario appears to demonstrate.

In December 2016, Soleiman Faqiri, an Ontario inmate with schizophrenia, died in solitary after being beaten and pepper sprayed by correctional officers 11 days after his arrest. It's

not clear what prompted the officers' entry to his cell, and no charges have been laid.

In short, the 15-day limit is a compromise measure that is not based on evidence but indeed contrary to considerable research documenting harm. There is no good reason to stick to it.

Will correctional officers be at greater risk if solitary is abolished completely? Again, there is no good research to back up this widely held claim. Some countries effectively do without solitary and some U.S. states have radically reduced its use. Correctional Service Canada, and the equivalent provincial and territorial services, should be looking at alternatives.

Support for abolition

The abolition of solitary confinement has been endorsed by the College of Family Physicians of Canada, among other organizations. Some groups support abolition for women inmates, but such a law would likely result in a Charter challenge.

That solitary is disproportionately used for Indigenous and Black inmates and the mentally ill has prompted human rights commissions and civil rights groups to condemn it. However, the point remains that, even if applied equally to all groups, solitary is harmful.

By law, solitary confinement is supposed to be used only when there is “no reasonable alternative,” with release “at the earliest appropriate time.” The reality is that officials leave inmates in solitary for horrendous periods of time, and no one is held accountable for ensuing suicides or other consequences.

The time has come to stop the excuses, by legislating an end to solitary confinement. **M**



CLIMBING UP AND KICKING DOWN

STORY BY DAVID MACDONALD /
ILLUSTRATION BY YAREK WASZUL

Executive compensation is at record highs. Why are CEOs complaining about tax fairness and a \$15 minimum wage?

WOMEN STILL NOT WELCOME AT THE TOP

Canada's richest CEOs are an insular group that hardly reflects the diversity of the Canadian workforce. Of the richest 100 executives, five are named Paul, four are named Brian, three are named David, Donald, James, Jeffrey, Michael, Richard or Stephen, and three are women whose names are Nancy, Dawn and Linda. As imbalanced as this might seem, it's an improvement from 2015, when there were only two women in the top-100 CEO ranking.

A recent survey of 222 companies in the U.S. found that while women make up nearly half (47%) of entry-level employees they represent only one-fifth of those in the C-Suite. Research in both the U.S. and Canada finds that women are less likely to be given high-profile assignments, which creates a barrier to advancement into the ranks of management. In interviews, women who have held C-Suite positions say they are often not viewed as "CEO material," even when their performance is rated higher than their male peers.

Not only are women "leaning in" at the same rate as men, but they are being punished for doing so. A survey of top companies in the U.S. found that when women asked for better pay and promotion they were 30% more likely than men "to be labelled intimidating, bossy or aggressive." These subtle forms of discrimination have a cumulative negative impact equal to more overt or explicit forms of discrimination—thus the impact of ongoing discrimination will be felt to a greater degree at the peak of women's careers.

“**WE HAVE TO** tell the truth about income inequality and what it means for Canadians,” said Prime Minister Justin Trudeau in a speech on the state of Confederation in Charlottetown, P.E.I. this November. I couldn't agree more. It's something we have been trying to do at the CCPA for 11 years now through our annual report on the growing gap between average CEO pay in Canada and the average income for everyone else.

This year, that gap is bigger than it's ever been.

In 2016, Canada's 100 highest-paid CEOs made on average \$10.4 million—209 times the overall average income of \$49,738 that year. This is the first time since the CCPA started recording data on executive compensation that the ratio of CEO pay to average pay has topped 200:1 (it was 193:1 in 2015). It is the first year that the average compensation of Canada's top 100 CEOs has surpassed the \$10-million mark.

To put those figures in context, by 11 a.m. on January 2, the average top CEO will have earned what an average worker will take home all year. The time will be 10:57 a.m. to be precise, or about when you've finished your second morning coffee. When we started compiling this data, the average CEO had to work until at least the late afternoon on January 2 to make the average yearly income. At this rate, it won't be long before they achieve that feat before you've eaten breakfast.

Between 2015 and 2016, average worker pay rose by 0.5%—a \$228 bump from \$49,510 to \$49,738—which is a pay cut in real terms when you factor in relatively low inflation rates. Canada's top 100 CEOs, on the other hand, saw an average pay hike of 8% between 2015 and 2016.

Why should we care what they are making in the C-Suite? Well, there are a number of reasons to worry about rising CEO pay, all of them linked to basic notions of fairness.

Around the world the gap between CEO pay and average worker incomes is used as a proxy for income inequality. In Canada, the growing gap has been a consistent reminder that there is enormous wealth circulating through the economy—it is simply not making its way into the hands of middle- and lower-income Canadians, into government coffers as tax revenue, or into much new investment in jobs.

There are ways to fix that situation, for example with simple tax reforms, or by clamping down on tax havens. But those at the top, who benefit from the status quo, continue to get in the way of efforts to rebalance the scales.

For example, as stock-based compensation in a growing stock market pushes already high CEO incomes into the stratosphere, many of these same men (and they are always predominantly men—see sidebar) are among the loudest critics of plans to raise minimum wages in several provinces.

RICHEST CEOS BY NAME OCCURRENCE

NAME	OCCURRENCES IN TOP 100
Paul	5
Brian	4
David	3
Donald	3
James	3
Jeffrey	3
Michael	3
Richard	3
Stephen	3
All Women (Nancy, Dawn & Linda)	3

BAY STREET AND TAX HAVENS

A new report from Canadians for Tax Fairness explores the extent of corporate Canada's involvement in known tax havens and provides clear recommendations for a strong government response. The report finds that of the 60 largest companies on the Toronto Stock Exchange, only four do not list subsidiaries in known tax havens.

"Companies often argue that their investments in those jurisdictions are legitimate businesses and not brass plate subsidiaries, but the evidence suggest otherwise," says Diana Gibson, author of *Bay Street and Tax Havens: Curbing Corporate Canada's Addiction*. "Statistics Canada data on activity for majority-owned affiliates abroad tells us that many of these companies have very few employees. In Bermuda, for example, those affiliates reported \$31 billion in Canadian assets but only 35 employees."

Dennis Howlett, executive director of Canadians for Tax Fairness, adds: "Dollars parked in offshore accounts mean lower corporate tax revenues, and thus individual Canadians have to pay higher taxes. Canadian foreign direct investment (FDI) in tax havens reached \$284 billion in 2016 and we estimate that the revenue losses for Canadian governments due to tax haven use are between \$10 and \$15 billion."

The report lays out a clear set of actions that need to be taken to curb corporate Canada's tax haven habit, including implementing the economic substance test for offshore subsidiaries, capping interest payments to offshore subsidiaries and renegotiating Canada's tax treaties with tax havens to ensure that there is a floor for taxes paid.

Adapted from the Canadians for Tax Fairness website.

A \$15-an-hour wage, as proposed in Ontario, Alberta and B.C., would lift minimum-wage workers out of poverty for the first time in decades, with large spinoff benefits to the economy at large. If shareholders can afford this year's CEO pay hike, they should be endorsing higher wages at the bottom as well.

A second reason CEO pay seems so outrageous today is that the majority of Canada's biggest publicly traded companies—many of the same companies whose executives are on the top-100 list—oversee substantial deficits in their employee pension plans, putting the retirements of those workers at risk. In 2016, Canada's largest companies paid out four times as much money to shareholders (including corporate executives) as it would have cost to fully fund their worker pension plans.

Sears Canada serves as a cautionary tale in this respect. With all stores winding down operations as a result of insolvency, the company's defined-benefit pension plan has a \$26-million funding shortfall. Yet since 2010, Sears paid back \$1.5 billion to shareholders in dividends and share buybacks—five-and-a-half times more than it would have cost to erase the deficit in its pension plan.

For almost all companies, pension plan shortfalls could be rapidly eliminated with little impact on shareholder payments. This isn't a question of capacity, it's a question of priority.

Third, and by no means finally, Canada's wealthiest continue to profit from costly tax loopholes the government has yet to find the political courage to close (see Lynne Fernandez on page 36). The billions of dollars in taxes not collected could be used to pay for programs that all Canadians need: affordable child care, housing and other public infrastructure, and improved pensions and employment insurance.

This does not even account for the additional tens of billions Canadian companies are hiding in offshore tax shelters (see sidebar). As long as such loopholes and tax holidays remain open we will lack the means with which governments might start to reduce inequality in Canada.

Recommendations

CEO compensation is increasingly taking the form of stocks and stock options. The base CEO salary made up 14% of total compensation on average in 2008 and 11% in 2016. And as stock market values recovered after the 2008-2009 slump, so has the stock incentive portion a CEO's ever-growing pay. Share awards made up almost half of the total compensation of the richest CEOs in 2015.

The sudden rise in this value in the last three years is matched by the rapid fall in the importance of stock options in CEO compensation. This is almost certainly due to federal discussions over this period about possibly cancelling or lowering the stock option deduction, a sweetheart tax expenditure that costs the government about \$740 million a year and benefits almost exclusively the top 1%.

Although criticism of the stock option deduction and other skewed tax expenditures gained traction this fall, as the federal government zeroed in on tax abuse by private corporations (some of it exposed in the Panama and Paradise Papers leaks), the loophole remains open. While closing the stock option loophole could produce millions in new tax revenues for the federal government, it might also simply encourage corporate boards to shift the executive compensation mix from stock options to straight grants of stock.

It is unlikely that any one measure—to increase transparency in executive compensation, for example, or make minor changes to tax measures—will curtail overall growth in CEO pay. That will take more comprehensive tax reforms, as I outline in more detail in this year's CEO pay report (see www.policyalternatives.ca).

Reducing income inequality resulting from the continued, disproportionate increase in CEO compensation will not be simple. But achieving this goal would have significant benefits in the form of higher tax revenues, better company performance, and more social cohesion in Canada.

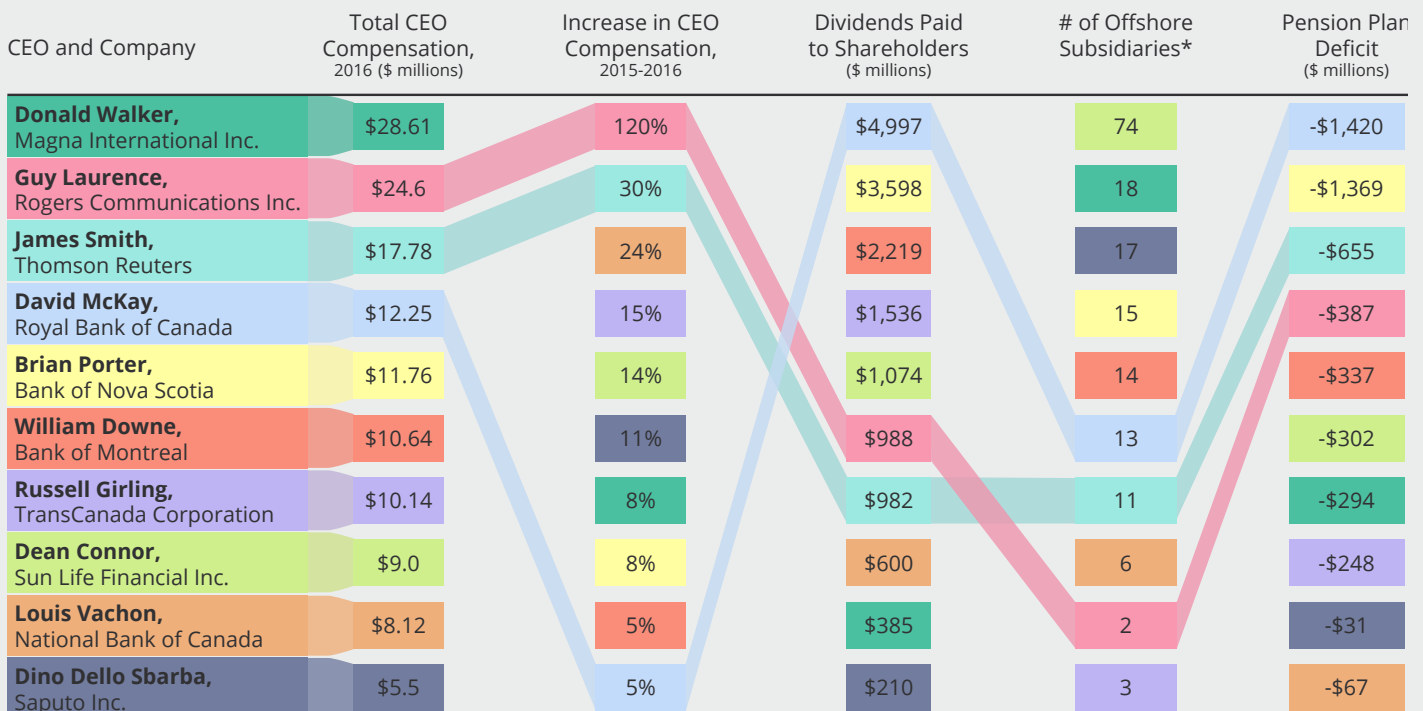
We should not treat it as normal or inevitable, and certainly not as desirable, that Canada's richest CEOs should take home the average worker's salary by breakfast on January 2. **M**

OUTRAGEOUS FORTUNES



Just for fun, the *Monitor* compared the CCPA's list of highest-paid CEOs with the list of companies with the most offshore subsidiaries compiled by Canadians for Tax Fairness and the list of biggest corporate pension deficits in *The Lion's Share*, a new report from the CCPA and the Canadian Labour Congress. Note that the total number of offshore subsidiaries here represents the listed and implied subsidiaries revealed in the Paradise Papers as compiled by Canadians for Tax Fairness. Also note that these were the company's

CEOs at time of listing in 2016 and may have moved on since then. For example, Guy Laurence, former CEO of Rogers, was one of Canada's top-paid executives in 2016, saw the biggest year-over-year increase in compensation; his company paid out \$988 million to shareholders while maintaining a \$387-million shortfall in the company's defined benefit pension plan. The upside? Rogers appears to only have two offshore subsidiaries located in tax havens compared to Sun Life's 74.



LYNNE FERNANDEZ

Canada's weak-kneed retreat from tax fairness

THE CONTROVERSY OVER the Liberal government's proposed tax changes for small business owners has been rumbling across the country since the summer. The CCPA supported some of the changes, for example the plan to close the income-splitting (or "sprinkling") loophole, which economist David Macdonald called "an important first step to restoring fairness to Canada's tax system."

But as Hugh Mackenzie pointed out (also on the CCPA's *Behind The Numbers* blog), once the Conservative Party and business lobby got hold of the narrative, and framed the tax reforms as a "small business tax increase," the battle was lost. The Liberals buckled under pressure, and the goal line of tax fairness receded once again into the hazy future.

In his book *Capital in the Twenty-First Century*, Thomas Piketty made the connection between inequality and tax policy: "the resurgence of inequality after 1980 is due largely to the political shifts of the past several decades, especially in regard to taxation and finance." Since then, in Canada those shifts took two main forms.

The first was a shift of the tax bill from business to families through large reductions of corporate income taxes and a proliferation of business subsidies and tax credits. The second was a shift of the tax bill from higher-income to middle- and modest-income families.

The federal corporate tax rate in Canada fell from 36% in the 1970s to 15% today. In the 1980s, the highest personal marginal tax rate was 34% on income greater than \$63,000. Today the highest rate (29%) falls on income over \$132,000.

In 1966-67, 64% of Ottawa's revenue from combined personal and corporate income tax came from individuals and 36% from corporate income tax. In 2015-16, the personal income tax portion was 78% and the corporate 22%. With corporations getting off easier all the time, it's no wonder that wealthy professionals are eager to take advantage of their ability to flow income through Canadian-controlled professional corporations, or CCPCs.

Family businesses can use a CCPC to distribute income from a high-income earner to a family member with less income so that the income transferred is taxed at a lower rate—the so-called income sprinkling problem. Other tax avoidance opportunities in a CCPC include the ability to defer taxes from one year to another.

Given the considerable expense involved in setting up one or more CCPCs, it was suspected that only high-income families found it worthwhile to hire a tax-avoidance specialist to get one going. Nonetheless, there were complaints that the Liberal government was going after struggling middle class families.

A study by Michael Wolfson, Mike Veall and Neil Brooks examined the percentage of tax filers who owned over 10% of shares in at least one CCPC (between 2001 and 2011) and slotted them into income deciles. The result was dramatically skewed, with at least 65% and in some years a full 80% of the tax filers who owned shares falling into the top 0.01%. Less than 5% of tax filers in the bottom half of the income distribution owned a CCPC.

When the CCPA's Macdonald took a detailed look at the small businesses using CCPCs, he also found it was the richest families who were sprinkling the most income. Furthermore, very few women benefit from income sprinkling, despite the contentions of the small-business lobby groups that female entrepreneurs would be adversely affected by the proposed changes.

Despite all the evidence that some of Canada's wealthy

Working Canadians are shouldering a disproportionate share of the tax bill, which increases inequality and undermines public services.

families use CCPCs to avoid paying their fair share of taxes, the Liberal government not only backed off on some of the proposed changes, it then lowered the small business tax!

We don't know how the coming changes will net out, but don't expect the status quo to look very different. In fact, tweaking the rules around CCPCs doesn't begin to address the real problems with our tax system.

It is estimated that income sprinkling costs Canada around \$500 million a year in foregone taxes. In contrast, Macdonald found that Canada's five most regressive tax expenditures add up to around \$10 billion a year. That's \$10 billion that could be spent on pharmacare, daycare, education and improving living conditions in First Nation communities.

Given the Liberals' retreat from even modest tax proposals, it is hard to see this government reversing the more regressive tax changes brought in since the 1980s. Which is really too bad. It means the vast majority of working Canadians will continue shouldering a disproportionate share of the tax bill, which increases inequality and deprives public services of the funds they need to make everyone's lives better. **M**

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TOBY SANGER

A shareholder shopping spree for public assets

How predatory private finance seized control of Canada’s new infrastructure bank.

THIS PAST NOVEMBER, Amarjeet Sohi, the federal minister of infrastructure and communities, finally announced the 10 “professionals” his government was appointing to the board of directors of the newly created Canada Infrastructure Bank. The very same day, the federal finance department issued \$500 million in ultra-long bonds at an interest rate of just 2.25%. This, said department officials, would “reduce the cost of government financing over the long term and reduces refinancing risk, all to the benefit of Canadian taxpayers.”

The irony of making these two announcements at the same time

was obviously lost on the Trudeau government’s communications gurus. While the federal government can borrow (by selling bonds) at what are historically extremely low rates, it has set up an infrastructure bank that will instead pay four times as much to borrow from the private sector.

This absurd “buy high, sell low” approach to paying for infrastructure

Finance Minister Bill Morneau (right) with Dominic Barton, the McKinsey consultant leading the government’s economic advisory council, in October 2016.

(CHRIS WATTIE/REUTERS)

makes no financial or economic sense for the government or for the vast majority of Canadians—unless you’re one of the private financiers or professionals who will profit from it.

It wasn’t originally meant to be this way. In their 2015 election platform, Justin Trudeau and the Liberal Party of Canada promised to establish a Canada Infrastructure Bank “to provide low-cost financing for new infrastructure projects.” This commitment was reiterated in the mandate letters the prime minister provided as instructions to his ministers of finance and infrastructure. It sounded like a very positive initiative at the time. But the idea became corrupted by private

finance: the Canada Infrastructure Bank has turned into a bank of privatization instead.

Public infrastructure and investment banks have played and continue to play important roles in economic development around the world and in Canada. These public banks are seeded with initial capital from governments and backed with government guarantees, which allows them to borrow at low rates on financial markets and provide loans at relatively low rates of interest. International examples include the World Bank and numerous other regional and national investment and infrastructure banks.

Business Development Canada (BDC) provides loans and other financial services primarily to small- and medium-sized businesses. Export Development Canada (EDC) assists exporters with trade financing, credit insurance and other services. The Canada Mortgage and Housing Corporation (CMHC) provides low-cost loans, loan insurance and other services to increase the supply of affordable housing and the stability of the housing market and financial system.

Most provinces also have financing authorities that provide municipalities with loans at lower cost than if they borrowed individually from financial markets. We might not approve of everything these banks do, and people from different political stripes question whether publicly financed banks and lending agencies should help support private investments, but the fact remains that largely publicly-financed investment and infrastructure banks have operated successfully for many decades, investing both in public infrastructure and in private projects.

With public borrowing rates barely above inflation and close to historical lows, it's the perfect time to borrow directly—or through a public infrastructure bank—to pay for large-scale public investments. But this isn't how Canada's titans of private finance feel about it. Instead of seeing low government borrowing rates as an unparalleled opportunity, they see them as a major problem.

There is more than \$14 trillion of private finance worldwide willing to accept *slightly negative interest rates* for the security of lending to governments. In other words, *investors are paying governments* for the privilege of lending them money. Governments and central banks took their rates below zero to encourage commercial banks and

private finance to lend instead to private business, but there was lacklustre pickup.

Wary of more speculative investments, corporations and private finance are exerting enormous pressure on governments to privatize public assets and to engage in public-private partnerships (P3s). These projects can provide private financiers with secure returns far above what they'd receive from lending to governments directly. They're cannibalizing public sector assets because there's too much private finance for the private business investment opportunities.

Public infrastructure projects, whether they are P3s or more fully privatized projects, can provide investors with secure, high rates of return because most forms of public infrastructure—such as highways, bridges, airports, public transit, water or power utilities—involve some form of natural monopoly. It does not make sense, for example, to build two airports in a mid-sized city, or for hydro distributors to compete against each other. That's exactly why these projects were established as public monopolies and assets *in the first place*—to eliminate gouging and exploitation by private monopoly ownership.

Unfortunately, it took very little time for the newly elected Trudeau government to succumb to the pressure of big money to turn what could have been a good idea into a vehicle for private finance to profit off the public purse.

Two months after taking office, in January 2016, Prime Minister Trudeau attended the World Economic Forum, an annual gathering of plutocrats in Davos, Switzerland. There, at a breakfast organized by Dominic Barton, the global head of McKinsey & Company, Trudeau met with Larry Fink, CEO of BlackRock Inc., the world's largest investment firm, and other powerful bankers and investors. The details of what they discussed are anyone's guess. The thrust of it, however, would soon become apparent.

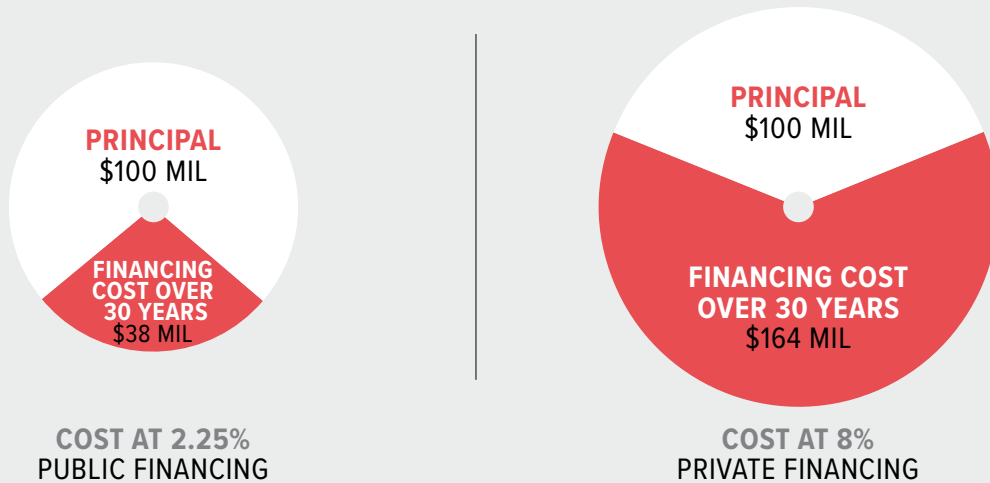
In March 2016, Finance Minister Bill Morneau announced who he had appointed to his new advisory council on economic growth. The chair would be none other than Mr. Barton, and the vast majority of members were either CEOs or investments executives. There was no one from labour, no one you could vaguely say represented the people the Liberals so frequently claim they are standing up for: "the middle class and those working hard to join it."

But there was Michael Sabia, CEO of the *Caisse de dépôt et placement*, Québec's largest pension fund. And Mark Wiseman, who was briefly CEO of the CPP Investment Board before joining both his wife and Fink at BlackRock (as global head of an "active equities" unit). This group quickly went to work to redirect the Liberal election promise so that it served a more private purpose.

Morneau outsourced policy-making about the bank from his department to the new advisory council and through Barton to McKinsey, which has been responsible for the content of the council's relatively unsubstantial reports. The group's first set of recommendations included a proposal for an infrastructure bank that would rely heavily on higher-cost private sector financing and use it to privatize public infrastructure instead of providing low-cost financing as the Liberals had promised.

With rates close to historical lows, it's the perfect time to borrow directly—or through a public infrastructure bank.

PRIVATE FINANCING CAN DOUBLE THE COST OF INFRASTRUCTURE PROJECTS



The model for the infrastructure bank that Morneau proposed in his 2016 fall economic update, and then in his budget bill in April 2017, was very little changed from the proposal developed by this advisory council, McKinsey and BlackRock. In fact, as researcher Ken Rubin and *Globe and Mail* reporter Bill Curry revealed, the briefing notes and presentation to help Trudeau and his ministers discuss the bank with foreign investors were developed in conjunction with BlackRock officials.

In effect, the Liberal government turned over design and development of this bank to the very people who will profit most from it: the largest private sector investors and pension funds in the world. As NDP finance critic Alexandre Boulerice said, “If this isn’t a major conflict of interest, I don’t know what else you could call it.” Even Conservative MP Pierre Poilievre was aghast, claiming it would turn over control of the bank to “powerful financial interests.”

Breaking another election promise, the Liberal government rammed approval of the infrastructure bank through Parliament by including it in a Harper-style omnibus budget bill. The Senate almost voted to split the bill,

but then, by the slimmest of margins, allowed it to proceed. Canada’s new privatization bank could get to work.

There are major problems with the proposed bank. Most importantly, and controversially, it will result in the massive privatization of public infrastructure. Among the potentially lucrative public assets on offer are Canada’s airports, ports and utilities. But on top of this, and quite disturbingly, the infrastructure bank and private investors will also significantly determine which “public infrastructure” projects go ahead, giving extraordinary influence and control over the direction and operation of the projects to private finance.

Perversely, the infrastructure bank is restricted from having any representation on its board from any level of government. In other words it will be controlled entirely by private sector interests, even though the legislation claims it will act in the public interest. The appointments to the bank’s board of directors demonstrate just that: while half are women, several have Liberal party connections, and many others have been involved in P3 and privatization projects, work for private finance corporations or law firms that

include a focus on P3s, or are involved with companies that could profit from their projects.

The bank will also be allowed to entertain “unsolicited bids,” giving the privateers on the board the ability to cherry-pick the public assets and infrastructure projects they think will be most lucrative for potential privatization. There is no requirement to make these deliberations public. The bank has the potential to be a jackpot for private investors while leaving the cupboard bare for public sector.

The federal government will finance the bank with an initial \$35 billion, but the rest will come from the private sector. Because private finance demands much higher returns from their investments than the rates the federal government can borrow at, projects financed through the bank could easily cost twice as much over their lifespans than if they were publicly financed.

As the accompanying chart illustrates, the financing costs for a \$100-million project at a rate of 2.25% would amount to just \$38 million over 30 years. At a rate of 8%—the mid-point of the 7-9% rate of return private investors expect from infrastructure investments, according

In effect, the government turned over design and development of this bank to the very people who will profit most from it: the largest private sector investors and pension funds in the world.

Caisse president Sabia—the financing costs alone would total \$164 million, more than the initial capital cost of the project! This higher rate would quadruple the financing costs and double the total costs of projects.

Given these numbers, it's easy to see why private finance is pushing so aggressively for a more privatized infrastructure bank, and why it's such a bad deal for the public. While private finance firms such as BlackRock may provide the financing upfront, all the money to pay for this infrastructure will ultimately come from the public, both through annual availability payments from governments and higher user fees, which are set to increase considerably. These fees will restrict access and hurt people earning middle and lower incomes the most.

The Liberal government has emphasized that the infrastructure bank will provide financing for only “revenue-generating infrastructure” and for either new projects or projects that involve additional investment. Because most public services involve some form of natural monopoly, it will be hard for people who use these services to avoid the increased costs. Already user fees for many public services—including water, public transit, tuition and recreational services—are increasing faster than overall inflation, as governments dump costs onto users to avoid raising other taxes.

Advocates for privatization through the infrastructure bank, including former Bank of Canada governor David Dodge, have also argued that Canadians should pay even higher user fees for private infrastructure investments, and that governments should try and convince the public that this would be a good thing. Further increases will hurt lower-income and middle-income Canadians the most. They will also harm the economy, as Australia's commissioner of competition, formerly an advocate of privatization, recently warned.

Private profits may benefit from the infrastructure bank, but transparency and accountability in public project delivery will suffer. As the Columbia Institute has noted, when private finance is involved in public infrastructure projects, their “interests are given a veto over releasing information” even when the funding all ultimately comes from the public sector. Information will be kept secret

and it won't be subject to the stronger transparency and accountability rules that govern public projects. Those who do disclose information could be subject to fines and jail time.

The transparency provisions in the infrastructure bank legislation, and the move to privatize public infrastructure in general, run contrary to the Trudeau government's promises to increase accountability in government and for public services.

To summarize, there is no reason the federal government couldn't have made the Canada Infrastructure Bank into a truly Public Infrastructure Bank that would provide low-cost loans to large public infrastructure projects. Such a bank could be established as a Crown corporation with initial capital contributions from the federal and other levels of government, backed by a federal government guarantee. The bank could then leverage its assets to borrow directly on financial markets at low rates for capital investment in new infrastructure projects.

The absurdity is the government does this already, all the time. We have public banks and other lending institutions, such as the BDC, EDC and CMHC, that take advantage of lower-cost public finance and government guarantees to support and subsidize private investments. The Canada Infrastructure Bank could have done the same but instead will use much higher-cost private financing for public infrastructure.

It's important that government officials and the public be made wholly aware of how much more these projects will cost; each privatization proposal must be scrutinized to expose who will benefit and who will be hurt. However, because much of the information will be kept confidential, and the costs will be spread out over many years, we might not find out these details until much later, when the money's all spent.

There is some hope on the horizon. Canada's Public Sector Accounting Board is considering new, stronger rules that would require governments to be much more transparent about the long-term costs of entering into public-private partnerships and other private infrastructure contracts. However, these rules may or may not cover projects approved by the infrastructure bank. Auditors general, politicians and public officials should also be pressured to increase transparency and accountability and conduct much more stringent public reviews of these types of projects.

Such accountability measures will help, but ultimately we need a more fundamental shift of power—from concentrated private capital to a much more equitable economic order with more public ownership. The pressure to privatize and cannibalize the public sector will not abate until this transformation in governance happens. **M**

A PREVIOUS VERSION OF THIS ARTICLE APPEARED IN THE SUMMER ISSUE OF CANADIAN DIMENSION.

BELOW THE FOLD

CYNTHIA KHOO

Dramatis Principiis

OPYRIGHT PROTECTS THE dramatic. However, copyright should not be as dramatic as it has been in the response of some copyright-reliant industries to the internet and technological change.

Whether in plot twists, tragedy, farce, heroics, villainy or suspension of disbelief, the tale of copyright-meets-“Hello, World!” has all the elements of great storytelling. Unfortunately, in this story of policy debate gone sideways, there are far too many disproportionate measures, too much cavalier disregard for human rights, democratic institutions and core values of a progressive society.

Among the casualties:

- ▶ **Freedom of expression** (website-blocking tribunals, as proposed in Canada by Bell last year);
- ▶ **Privacy rights** (monitoring traffic through content filters; disclosing internet service provider subscriber information);
- ▶ **Disability rights** (anticircumvention rules discriminating against those who can only access content by breaking digital locks);
- ▶ **Cybersecurity** (when Sony surreptitiously installed rootkits on its customers’ computers without knowledge or consent; when researchers risk copyright liability for investigating security flaws in medical devices or voting machines);
- ▶ **Critical news reporting** (when the Vancouver Aquarium used copyright to sue Gary Charbonneau for his critical documentary on their captive cetacean program);
- ▶ **Access to knowledge** (Crown copyright bars access to publicly funded government documents; the legal database PACER in the United States charges citizens to access their own laws);
- ▶ **Internet access** (the U.K., France, New Zealand and Korea all proposed or passed laws that would result in internet access being suspended or terminated for copyright infringement);
- ▶ **Due process** (punish-first-ask-later systems such as notice-and-takedown or YouTube’s copyright policies); and
- ▶ **Proportional justice** (Colombian scientist Diego Gómez faced up to eight years’ imprisonment for sharing one research paper online as a university student; internet activist Aaron Swartz shared a large volume of academic papers and many believe the subsequent relentless federal prosecution for 13 felonies contributed to his suicide at age 26).

As Lawrence Lessig wrote after Swartz’s death, “I get wrong. But I also get proportionality.” We do not see several major

countries legislating the suspension of internet access for hate speech or online abuse. The FBI has not hounded (to financial ruin and suicide) a CEO who misused customers’ personal data. Paradise Papers—named individuals have yet to undergo harsh interrogations on their tax evasion. Download a 99-cent song for free, however, and beware the legal boilerplates of wrath.

What is it about copyright that leads to such distorted sensibilities? The internet has notoriously “disrupted” other industries, but why have taxi drivers, Canada Post and phone companies, for example, not run roughshod over the Charter in their own responses to internet-driven upheaval?

To begin with the obvious, landline phone companies are now internet and mobile wireless companies; they have cannibalized and surpassed their former selves. As for Canada Post, the drop in letter mail is somewhat counterbalanced by the uptick in online shopping deliveries. And it is hard to imagine the government levying email providers, or prosecuting for significant jail time every individual who mails a letter without a proper postage stamp (an offence under the Canada Post Corporation Act).

Several factors distinguish taxis from copyright. First, where Uber is legal, taxi drivers do not have a book they can fastball-pitch at wrongdoers. Second, where Uber is illegal, taxi drivers rely on municipal officers to enforce their interests, whereas copyright owners must pursue alleged infringers themselves. Third, Uber is the Goliath working the Hill while traditional taxi drivers turn to protests and hunger strikes to assert their interests. Finally, taxi associations are new to this situation; copyright industries have spent decades honing their opposition to technological evolution.

The tentative conclusion here is that copyright enforcement in the internet context appears prone to overreaching, undermining civil rights and democratic values to protect powerful private interests rather than marginalized individuals or the public interest. Driving forces? The internet has not naturally replaced the revenues it impacted; copyright owners only have themselves to rely on for enforcement (unless they conscript intermediaries or criminalize copyright, which moves it into state enforcement territory); and copyright associations are disproportionately powerful relative to individual users.

There is a need to enforce copyright. Creators deserve their full due, which has typically been siphoned off by industry—before, apart from, and for many *until* the internet changed things. However, copyright interest groups have shown they cannot be trusted to self-regulate.

Privacy law inspires one solution. In 2013, a global coalition established the 13 International Principles on the Application of Human Rights in Communication Surveillance. They set out what is required for state surveillance to operate in keeping with international human rights law. We need a similar set of principles to temper the excesses of online copyright enforcement today.

After all, the Renaissance is famed for its art *and* its commitment to human rights. The internet should be too. **M**

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STUART TREW

“Progressive trade” versus sustainable growth

As European nations slowly ratify the Canada–EU free trade deal, social justice activists are exposing how its “comprehensive” economic rulebook threatens the cause of a more equitable, ecologically responsible future.

S CETA a progressive trade deal? That was the question I was asked to answer during a six-city European tour in October to countries that haven't yet ratified the agreement. It's certainly the presumption of Canadian Foreign Affairs Minister Chrystia Freeland and European Trade Commissioner Cecilia Malmström, who claim CETA should be a benchmark against which to judge all future free trade deals, including a rewired NAFTA. But should it really? Or does branding CETA and deals like it “progressive” create a distorted picture of what they can achieve, and for whom?

It's an important question and an important time to ask it. Even though most of CETA is now provisionally in force in Canada and the EU, at the insistence of the Belgian state of Wallonia the deal can still be stopped if one or more European state parliaments decides to vote against it. It's a doubly important question given the political context in Germany, Austria, Poland and Italy, where far-right groups are winning popular and electoral ground by appealing to economic insecurities, many of which can be linked to neo-liberal reforms introduced over the past 30 years—reforms that CETA and deals like it lock into place in perpetuity.

But it is also an awkward question. We are told by Prime Minister Trudeau, Malmström, Freeland and other earnest politicians that CETA is the “most progressive trade agreement” ever negotiated. When Canada and the EU signed CETA in late 2016 these people claimed it was a symbol of their governments’ “openness to the world” while others were turning inward. They said it represented a different kind of globalization that would work for everyone. If they are right, then perhaps progressive parties in Europe should support CETA. And perhaps it should serve as a benchmark for the NAFTA renegotiation.

But they are not right. While we certainly need a new model of globalization, CETA is most definitely not it. The agreement will constrain our ability to create and enhance public services, and to regulate for public safety, environmental and consumer interests—two priorities that

should be cornerstones of any self-declared progressive government.

CETA would also, if fully implemented, expand, and risks legitimizing, a global corporate rights regime (investor-state dispute settlement, or ISDS) that has become discredited globally. TransCanada's US\$15-billion NAFTA lawsuit against the Obama administration's decision to kill the Keystone XL pipeline, and a slew of cases against Canadian environmental decisions, expose the absurd corporate bias in this aspect of modern trade deals even in the face of catastrophic ecological crisis.

In these and other ways, despite its progressive branding, CETA represents the tired, old regressive vision of globalization that the Trudeau government claims it wants to upend—and which, in Europe at least, more forward-thinking governments may eventually vote to reject.

The creation and expansion of public services is one of the few surefire ways governments can directly stimulate sustainable growth in good, well-paying, unionized and in many cases badly needed jobs. Think of how many families would benefit from an affordable national child care plan, or a bump in long-term care beds and home care services. Imagine if Canada's postal network were enhanced by adding low-fee banking and internet services, delivered by respected public sector employees.

The benefits of all these services for consumers are clear. But the new jobs would have a much wider positive impact on Canadian society. Higher unionization rates are closely correlated to overall prosperity among the working and middle classes (see Jordan Brennan's April 2014 CCPA report, *The Creation of a Shared Prosperity in Canada*). The gender pay gap, as well as the gap in incomes between racialized and non-racialized employees, also tends to be smaller in the public sector than in the private sector. It therefore makes perfect sense that the creation and expansion of unionized public services should be a fixture in any

progressive, feminist government's tool kit.

CETA, on the other hand, more than any previous Canadian trade agreement, puts roadblocks between us and this vision of a more caring and equitable society. That's because it goes further in liberalizing trade in services in a way that will lock in existing levels of privatization and encourages more of it in the future; it goes further in actively discouraging the creation of new public services or public expansion in existing sectors such as retirement homes and child care.

Like NAFTA before it, CETA's services and investment chapter takes a "list it or lose it" approach to shielding service sectors from the full force of the agreement. Where Canada or EU member states have not taken full reservations (or protections) for a service sector, they will not be able to limit the number of private service providers in that sector, create public or arms-length private monopolies to supply the service, or insist that the service should be delivered by a certain type of entity such as a not-for-profit.

Public services are captured in CETA in ways that could have been avoided but weren't. Language that would have safely protected all public services, whether they are delivered today in the private or public sectors, was proposed by public interest lawyers and trade unions, but it was ultimately rejected. As CCPA Senior Trade Fellow Scott Sinclair explains, contrary to what Canada and the EU declared in their 2016 joint "understanding" of how CETA should be interpreted, once any government chooses to privatize a service, they or future governments cannot bring these services back under public control without facing possible foreign investor claims for compensation.

In response to pressure from public sector unions, the EU and some member states took so-called Annex 2 market access reservations that to some extent protect the ability of governments to make changes in the future to how public services are regulated. Canada likewise took a limited reservation (against CETA's services rules related to market access, national

treatment, most-favoured-nation treatment, and senior management and boards) for *some* public services, including "public education, public training, health, and child care." Provincial governments, however, have left unprotected many public services under their and municipal jurisdiction, including transit, waste management, retirement homes, etc.

What's the risk in all of this? First, the closed list of partially excluded services leaves Canada and EU member states vulnerable to trade and investment disputes when governments expand into non-covered areas such as transit, public banking, public internet services, etc. Even in areas Canada has attempted to shield from full liberalization, like child care, the government may still eventually face investor-state disputes, since it is not possible to take reservations against CETA's indirect expropriation and "fair and equitable treatment" provisions, which are the most used by investors globally when challenging government decisions.

"Around the world, public service regulations have been targets of investor-state claims," wrote the Brussels-based Corporate Europe Observatory in a November 2016 briefing paper, *The Great CETA Swindle*. "When, in response to its 2001-2002 economic crisis, Argentina froze utility rates to secure people's access to energy and water, it was hit by numerous lawsuits. Estonia is currently defending a €90 million claim over its refusal to increase water rates. And Slovakia

Public services are captured in CETA in ways that could have been avoided but weren't.

has already been ordered to pay €22 million plus interest and legal fees in compensation because, in 2002, the government reversed the health privatization policies of the previous administration, requiring health insurers to operate on a not-for-profit basis."

In Canada, after NAFTA was signed, several provinces that had been looking at creating a public drivers' insurance program backed off because of threats from U.S. investors in the private insurance sector. Gus Van Harten and Dayna Nadine Scott explored the potential for regulatory chill due to ISDS threats in a 2016 Osgoode legal studies research paper. Based on extensive interviews with current and former government officials, mostly in Ontario, they found cases of ministries changing their decision-making to account for trade concerns, including ISDS.

The paper also notes the importance of the government's own trade lawyers in the policy vetting process, suggesting the potential for an institutional bias against activist or progressive policies that would swiftly and effectively make people's lives better, as a public drivers' insurance plan would have then, or a national public child care system would today. Given these hidden and legal constraints on government's ability to create new services, it's not surprising public sector unions wanted a more rigorous carve-out in the final Canada-EU deal.

"No fewer than 11 EU member states have committed long-term care, such as residential care for the elderly, in CETA," said the European Public Service Union in a CETA fact sheet. "Such commitments could stand in the way of measures to protect the health care and long-term care sector against the asset-stripping strategies of financial investors that led to the collapse of, for example, Southern Cross in the UK." CETA even includes an "understanding" on new services that have not yet been classified, which are to be promptly incorporated into the scope of the agreement after negotiations are requested by one party or the other.

In these ways, CETA interferes with one of the most promising tools our

governments have—the expansion of public services or the creation of new ones—to foster sustainable growth in jobs that cannot be offshored, that pay decently, and that provide services that people need right now: child care, long-term care, new public transit systems, and the list goes on.

A progressive government concerned with sustainable growth would also, I think, act in the most precautionary way possible when handling matters of food and consumer product safety, biodiversity preservation, and ecosystem survival. Surely taking the safest road in all of these areas is more important than protecting limited commercial goals. Once again, under CETA, almost the exact opposite is expected to happen—in that the agreement treats precaution as a subservient goal to the right of companies to profit from their products, even if there is evidence those products, like GMOs, pesticides and other chemicals, are causing harm to our bodies or the Earth.

The Canadian government is enthusiastic about CETA's regulatory co-operation chapter, a first of its kind inside a modern trade deal. On a quick glance, it looks like a simple commitment to eliminate duplication and reduce costs to business while still maintaining high standards. And really, who could disagree with reducing “non-tariff” barriers to trade? In the North American experience of this kind of co-operation, however, there is evidence of positive regulations being delayed and in some cases suppressed to suit industry's wants—in direct contravention of the precautionary principle.

The key barrier that regulatory co-operation puts before us in our road to sustainability is its trade screen on all new public health and environmental measures. If a new rule is expected to affect commerce with an important trading partner—even in the absence of a possible ISDS claim—regulators are required to consider alternatives, or voluntary measures. Trade department officials will direct the process of co-operation, not health and environmental ministries, based on input mainly from industry stakeholders, with a much more limited role for non-industry voices. In the case of CETA, Canadian officials say their objective is to stop divergent regulations from being developed that would interfere with Canada–EU commerce. And the regulations can be very different, for good reasons.

EU citizens are uncomfortable eating genetically modified foods or feeding them to their livestock, and EU decision-makers are still committed to the precautionary principle such that there are stricter tests companies must pass before introducing new pesticides or other chemicals into the food system and consumer products. The EU is considering a total ban on neonicotinoid pesticides. Canada, on the other hand, is taking its time on single-pesticide studies, in co-operation with U.S. regulators, and with any ban not scheduled to come into force before 2021. Even if we took neonics off the market, Canadian growers spray multiple other products on their crops that are banned as toxic in Europe.

Then, of course, there is the GMO issue. Not only did the EU decide to maintain a ban on GM imports despite

The consolidation of the free trade era came with a concentration of power and wealth at the top. The money is literally trickling down, leading to highly unequal outcomes.

losing a WTO case on the issue brought by Canada and the U.S., but it's now considering banning glyphosate, a widely used herbicide applied to GM crops in Canada that has been linked to cancer. During one of my tour stops in Ljubljana, Slovenia this October, Max Bank, a campaigner with the Cologne-based group LobbyControl, questioned whether Canada and the EU could possibly co-operate on GM crops in a way that benefits consumers. “Canada is the fifth largest producer of GMOs and the EU bans such GMOs. How can you align such regulatory systems? That seems implausible to me.”

European and Canadian business lobby groups, however, think it has to happen. They call regulatory co-operation “the next big trade barrier” they want governments to deal with, the natural next step of globalization on their corporate terms. A WTO “non paper” is proposing that regulatory co-operation could be a way to rejuvenate stalled global trade talks, and that it could be started by like-minded countries in a plurilateral fashion. Trade Minister Freeland calls regulatory co-operation a “bread and butter” trade issue. It has nothing to do with trade. It is about deregulation and is another reason progressives should reject CETA as being anti-sustainable growth.

“We not only have concerns of regulation downwards but also how democracy will be shaped by such [co-operation] processes,” Bank told me. “There is an imbalance already in power between corporations and government institutions, with corporations having increasing power, and regulatory co-operation is one of the mechanisms in trade agreements that shifts the power even more in their favour. That's why we're very concerned about this blueprint in CETA and that we can now see in other EU agreements with Japan, and in the NAFTA renegotiations.”

Finally, and related to these two issues of sustainable economic growth and public interest regulation, there is the question of what our democracies will look like after CETA. Will governments be in a better position to respond to public demands related to jobs and climate change, or to change course economically (for example, to make Canada less dependent on resources and carbon-intensive

INVESTOR-STATE DISPUTES FILED UNDER NAFTA (ALL COUNTRIES)

	Total claims	Ongoing	Inactive or withdrawn	Decided for state	Decided against state	Settled with compensation	Settled without compensation	Compensation paid to investors
CANADA	40	7	16	7	5	3	2	\$217,706,000
U.S.	21	3	8	7	5	0	0	\$0
MEXICO	23	0	9	11	0	0	1	US\$204,680,000
TOTAL	84	10	24	25	10	3	3	\$477.9 MIL (CDN)

SOURCE: COMPILED BY SCOTT SINCLAIR, CCPA.

agricultural export-led growth)? To the extent that CETA is like older Canadian trade deals, the answer will be no.

Free trade deals are purposely designed to limit government policy-making options, to force countries into what Thomas Friedman fondly described as a “golden straightjacket” in his famous 1999 paean to globalization, *The Lexus and the Olive Tree*. “Once your country puts on the Golden Straightjacket,” he wrote, “its political choices get reduced to Pepsi or Coke—to slight nuances of tastes, slight nuances of policy, slight alterations of design to account for local traditions...but never any major deviation from the golden rules.”

The rules are golden, Friedman claimed, because they make countries rich. Conformity pays. And the tighter the chains on your straightjacket, the richer you were supposed to become. The free trade era, with its mantra of government austerity and privatization, made some people very rich, but those riches were not at all evenly shared. In fact, income inequality in Canada grew markedly between 1995 (a year after NAFTA was signed) and 2010, according to Statistics Canada. The rules of trade and the global economy, in other words, are heavily skewed. Perhaps nowhere is this more apparent than in these deals’ investment protection chapters.

Investor-state dispute settlement (ISDS) was to be a second enforcer of the newly constrained neoliberal global order, alongside the WTO state-to-state dispute settlement process.

Trade deals from NAFTA onwards included strict rules on how foreign investors (and their investments) were to be treated, by governments or national courts. This had little to do with trade—it was about locking in corporate expectations of global expansion with as little risk to shareholders as possible. Governments could intervene in the economy in ways that disrupted the “natural” impulses of capital to seek out profit, but only if they were willing to pay a price.

In Germany, two outrageous recent Vattenfall claims—against environmental policies taken at the local and national level—have turned much of the country against ISDS in CETA and its defunct U.S. counterpart, the Transatlantic Trade and Investment Partnership. In one of those cases, the Swedish energy company is asking for more than €4 billion in compensation for Germany’s decision to phase out nuclear power. A decision in that case, which was brought under an ISDS process in the Energy Charter Treaty, was expected by the end of 2017.

Canada’s NAFTA experience with ISDS has also been bad (see table). With 70% of all NAFTA challenges aimed at Canada, we have become the most sued developed country in the world. Corporations have successfully challenged non-discriminatory public interest regulations, including a ban on a toxic gasoline additive (Ethyl vs. Canada) and an environmental assessment that recommended against a massive quarry on the Bay of Fundy (Bilcon vs. Canada). Canada

is currently being sued by a fracking company—for Quebec’s moratorium on extraction under the St. Lawrence River—and by Omnitrax, the U.S. operator of the only rail link to Churchill, Manitoba, which is claiming the federal government violated NAFTA by insisting the company abide by its contractual obligation to fix the broken line.

Instead of addressing the problems with the investor-state system, as Sinclair writes, “CETA only pays lip service to them while entrenching and expanding the ISDS regime through an investment court system (ICS). While the new system improves some procedural aspects of ISDS—for example, by making arbitrators less prone to conflicts of interest—the substantive protections afforded to investors are largely unchanged.” The fair and equitable treatment clause in CETA is actually more expansive than in NAFTA, and the indirect expropriation clause is vague enough that it could still apply to situations where unanticipated regulatory changes deprived a foreign investor of their profits.

People oppose ISDS because it gives companies a free pass. The system basically insures foreign investors, using public taxpayers’ money, for any potential future changes in the business environment in the countries in which they invest. Workers, on the other hand, have no such protection in deals like CETA against plant closures, toxic spills or human rights violations. This is blatantly obvious in cases of western mining abuses in the Global



THE MULTILATERAL INVESTMENT COURT. AN ISDS POISON PILL... WITH VITAMINS.

Pia Eberhardt, of the Brussels-based Corporate Europe Observatory, has played an outsized role in the campaign to educate Europeans about the corporate bias inherent in investor-state dispute settlement and deals like CETA. Her organization's reports with the Transnational Institute (and other groups), including *Profiting from Injustice* and *The Zombi ISDS*, helped mobilize a new generation of trade justice activists and have convinced governments on the need to reform or kill the ISDS regime. Eberhardt is now grappling with the EU proposal for a multilateral investment court, an MAI reboot of sorts that has the potential, at least in theory, to dial back some of the worst corporate "rights" in deals like NAFTA. But as she told the *Monitor*, the MIC could just as easily entrench a more anti-democratic ISDS regime.

In a nutshell, what is the EU proposing for this multilateral investment court?

Eberhardt: The EU proposal would mean that investor lawsuits against states, such as the many filed against Canada under NAFTA's Chapter 11, would no longer be decided by three for-profit lawyers, but by a proper international court. If, for example, Mexico, Canada and the U.S. signed the convention, which would establish the court, all future NAFTA investor claims would automatically be decided by this new global court for corporations.

It sounds a bit like the failed MAI (Multilateral Agreement on Investment), but you say there are important differences?

The key difference is that the multilateral investment court is a purely procedural initiative. It would not give a company like Lone Pine the right to sue Canada over the Quebec fracking moratorium. It would just mean that a NAFTA lawsuit like Lone Pine's versus Canada would be handled by the court, under the court's procedural rules. The MAI, on the other hand, would have given a company like Lone Pine new substantive rights and the respective procedures to claim them

outside of Canada's legal system. The MAI was about dramatically expanding the ISDS system, the global corporate court would institutionalise it further but without expanding that system.

You've called this court a "poison pill with vitamins." What do you mean by that? Are there legitimate improvements on ISDS?

Yes, there are. The most significant one is that the people deciding the cases would be more independent. Today's ISDS cases are decided by for-profit arbitrators who earn more money the longer a case takes, the more cases they accept, and the more cases get filed. That creates huge conflicts of interest and is an enormous incentive to rule in favour of the investor—because this keeps the system lucrative for them and a money-making machine for the arbitrators. Replacing this crooked system with an independent court would be an improvement. However, it would come at the high price of further institutionalizing and thereby locking in a system that has already proven dangerous for taxpayers, decisions in the public interest, and our democracies. We should get out of ISDS by cancelling existing investment treaties, and not give the system even greater authority through a court. Just like we wouldn't swallow a poison pill just because there are a couple of vitamins in there.



Why is the EU pursuing the initiative? And what does the debate look like in Europe?

The European Commission is pretty open about its intentions: the proposed court should re-legitimize the ISDS system, which is being questioned around the world. Without this re-legitimization, the commission will have a hard time expanding ISDS further. And this is exactly what it is planning to do through new treaties like CETA. Unfortunately, this agenda is supported by a large majority of EU member states and the European Parliament. But there is also a lot of resistance. Already, 420,000 citizens have signed a petition against the court. And the German judges association has just come out with a pretty strong statement against it, while questioning the need for ISDS generally.

Are other, non-EU countries supportive of this court? What are the next steps for the EU?

In their recent trade deals with the EU, Canada and Vietnam have committed to work towards the court. South Korea and Argentina have reportedly also expressed support. But others have raised reservations, including Bolivia, India, Indonesia, Japan, the U.S., South Africa and Ecuador. So it is really hard to tell at this moment if the initiative will ever get enough support outside of the EU. In any case, the EU will push the proposal in the context of the broader discussions about reforming ISDS, which are happening in the United Nations Commission on International Trade Law (UNCITRAL). It's important that civil society accompanies these discussions with strong campaigning against ISDS in all its disguises. Because the global investment regime, or global regime of corporate impunity as others would call it, is deeply wounded. Preventing its further expansion and lock-in and even steps towards its dismantlement are absolutely possible. But we have to get active to make that happen.

Newfoundland and Labrador without compensating its workers or cleaning up its mess, and with a \$130-million NAFTA settlement from the federal government in its pocket.

All this suggests strongly that, should CETA's investment court ever come into existence, we can expect even more ISDS cases against totally legitimate government policies and legal rulings by the courts. Even investment lawyers admit it will be business as usual for them under CETA compared to past investment treaties.

Why then do some progressive leaders claim that the investment "court" will kill ISDS? It's the complete opposite: CETA legitimizes ISDS by giving ad hoc arbitration a flimsy veneer of judicial credibility. CETA, and the EU/Canada-proposed multilateral investment court (see interview with Pia Eberhardt), institutionalizes ISDS in such a way that it will be very difficult for future governments to ever loosen the ties of Friedman's malfunctioning straightjacket.

CETA, TTIP and other European comprehensive economic and trade deals (with Japan, New Zealand and Australia, for example) have sparked massive opposition across the political spectrum in many countries. Free traders sometimes condescendingly dismiss such concerns as a sign of backwardness or "anti-trade" protectionism. But in most cases these public reactions are the result of real-world experience with over 30 or 40 years of neoliberal economic and social policy reforms.

These people will not be convinced that signing more of the same kinds of deals that CETA represents is going to help them find a good job and secure their family's well-being into the future. In fact, a 2015 Tufts University study suggests the trade and investment rules in the deal are likely to suppress job growth and lower labour's share of national income, albeit marginally. If this is surprising, it shouldn't be. It was a big but underreported part of the NAFTA experience.

After NAFTA, trade expanded significantly across North American

A progressive government would apply a human rights framework to all its goals and priorities. It would put consumers first, and respond with precaution to possible threats to human and animal health.

borders, but wages not so much. In Mexico, the labour share of income dropped by a quarter from what it was before the agreement came into force. Farm prices collapsed for many sectors in Canada. Consolidation in the beef, pork, and grains sectors has put all the power and control over production into the hands of a handful of multinational trading firms. For many Canadian farmers, export-led growth turned into a dependence on highly carbon-intensive trade (see page 42) under terms set in corporate headquarters in Brazil, the United States or Saudi Arabia.

But across the economy, corporate consolidation was arguably a much more important result of NAFTA than increased trade flows. In another report for the CCPA, Jordan Brennan found that the consolidation of the free trade era came with a concentration of power and wealth at the top. The money is literally trickling down, leading to highly unequal outcomes across North America and within each NAFTA country. In other words, deals like NAFTA and CETA contribute to inequality, and inequality can have dangerous political outcomes.

We've seen the fallout in the rise of strongmen like Trump and the success

of extreme-right parties in Europe, including Alternative for Germany (AFD), which earned 13.3% of the vote in September elections, and Austria's Freedom Party, which gained 5.5 points to capture 26% of the vote in October. These political groups, both of which oppose CETA (albeit frequently from a racist perspective not shared by their countries' labour unions and NGOs), speak directly to voters' economic insecurities in order to push regressive, divisive policies that take us much further away from where we need to be on climate change, international solidarity and equality.

According to polls, nearly three-quarters of Austrians and well over three-quarters of the country's social-democratic party (SPÖ) opposed CETA in the fall of 2016. The former SPÖ government nonetheless decided not to block the deal's passage at the European council when it came to a vote on October 14 that year. Today, though the party maintained most of its vote in the last election (while the Greens did not win a single seat), the SPÖ will be relegated to the opposition benches, fighting a right-wing coalition looking to weaken or destroy postwar Austrian institutions built to maintain social solidarity as a bulwark against fascism. The people I met in Vienna could find no silver lining in this bleak situation.

Clearly, Austria's election was not a referendum on CETA. The agreement barely featured in political campaigns, which were too often focused on refugees and trumped up fears about the country's national security. If, however, progressives are seen to be supporting deals like CETA, which also pit workers against each other and put multinational corporate interests over the interests of the people, why would voters trust that they have the country's best interests at heart? To criticize status quo globalization (as Prime Minister Trudeau and Trade Minister Freeland do frequently), then back the agreements that lock it into place, Canadian and European progressives cede ground to reactionary, nativist forces that could set the goal of progress back decades.

When I was in Paris in October, I spoke to Jacques Maire, the French MP responsible for CETA, about his government's remaining concerns with the deal and its plans regarding ratification. Though President Emmanuel Macron has announced France will ratify some time next year, he has also said future EU deals need to do a much better job of accommodating the Paris Agreement and global sustainable development goals. On October 25, the French environment minister, Nicolas Hulot, said France would seek a "climate veto" in CETA to protect measures designed to reduce greenhouse gas emissions from trade or investment claims on behalf of the oil industry. Canada is apparently open to the idea (which tells us a lot about its seriousness and enforceability).

This posture by the French government is both a vindication of the progressive European opposition to CETA and a cop-out by Europe's leaders. It simply pushes further into the future a problem we need to solve today—a problem that agreements like CETA, with their excessive corporate protections, only make harder to solve. If we are waiting for

the invisible hand of the market to guide us toward a more sustainable economy, we are going to be waiting a long time. Even the staunchly neoliberal *Economist* magazine warned, in its November 18 issue, that there is no foreseeable market in taking carbon out of the atmosphere. It will be up to government to fund and direct the process, which is fundamental to the goal of holding global temperature increase to 1.5 degrees Celsius. Trade and investment deals that get in the way will need to be rewritten, ignored or discarded.

Canada's now two-year-old Liberal government came to power in 2015 promising progressive change and a new vision of inclusive growth. They could have looked harder at this free trade deal CETA, negotiated entirely by the most right-wing government Canada has seen in a long time, and wondered whether it was compatible with that vision. If they did wonder that, they didn't dwell on the question for very long. With a minor adjustment to the investment chapter—at the European Commission's urging—and a written "understanding" of questionable legal value, CETA was transformed magically into the most progressive trade agreement ever negotiated.

In fact, like most Canadians free trade deals, including the TPP11 Canada endorsed in November, CETA is a chain tied to our ankles as we try to swim our way out of the deep and rising waters of climate change, the inequality trap and

CETA protest outside the European Parliament in Strasbourg, France in February 2017 ahead of a final vote on the agreement.

PHOTO BY STOP TTIP



growing democratic malaise. It seems to me progressives have no choice in the matter. They must oppose CETA because of how much it gets in the way of sustainable growth and development. The two projects cancel each other out.

A progressive government is concerned first and foremost with increasing the welfare of its people, but also of people around the world. It is internationalist and democratic. It believes in equality and will intervene in the economy to redistribute society's wealth from those who have much to those who have less. No one should live in poverty; no one should be without decent work and a place to live.

A progressive government would apply a human rights framework to all its goals and priorities. It would put consumers first, and respond with precaution to possible threats to human and animal health. Importantly, a progressive government would do everything in its power now to quickly transition away from fossil fuels so that future generations can avoid the worst effects of climate change.

Unfortunately, CETA puts barriers between us and this vision of a better, more caring society. Barriers impeding the regulation of services, and the creation of new public services. Barriers in the form of extreme investment protections and a regulatory co-operation chapter that will, and is intended to, put pressure on governments to reduce standards to the lowest common denominator. And, if more indirectly, barriers to our ability to guide the public agenda, as far-right parties profit from economic disillusionment to take control of the state and direct it against the poor and disenfranchised.

The good news is that while the government of Canada has put CETA behind it—locked the new straightjacket tight and swallowed the key—the European trade justice movement continues to fight ratification in Germany, France, Ireland, the Netherlands, Slovenia, Austria and elsewhere. Because of that fight, CETA's investment provisions may never come into effect. It will take all EU member states ratifying the

Trade Minister Freeland calls regulatory co-operation a “bread and butter” trade issue. It has nothing to do with trade. It is about deregulation.

agreement as is, and a positive decision from the European Court of Justice, for that to ever happen.

“It was a huge victory for us, to turn this whole (ISDS) system into something toxic, which was the result of the social movement educating people but also changing the discourse in Europe completely,” said Nelly Grotefendt, a trade policy officer with the German NGO Forum on Environment and Development, during one of our conversations in Berlin in October. “But obviously... there are still very problematic chapters [in CETA] that we have to keep on working on. It's still highly problematic for the agricultural sector, for example, in Canada but also in the European Union. Regulatory co-operation is going to be a big topic that we have to talk about.

“This entire issue of shrinking policy space is a big topic in Germany, so maybe we can also link these two discourses to one another,” she continued. “Our job is going to be to link what social movements are demanding on the ground to what's going on at the European level.” To do that, said Grotefendt, campaigners have regrouped as a trade justice movement. “It's time for us to tell our alternative to [our governments], to say there is something else besides the commission's strategy.”

One of those alternative agenda items is a binding international

instrument, a UN treaty perhaps, that could address human rights abuses committed by transnational corporations. The process for such a treaty was started in 2014, on the initiative of Ecuador and South Africa, and with the backing of more than 200 civil society organizations worldwide. (Ecuador terminated 16 of its bilateral investment treaties in May 2017, claiming they “not only failed to attract additional investment or advance the country's development plan, they also diverted millions of dollars of government money to fighting costly lawsuits.”) A working group of the UN's human rights committee (OHCHR) has been discussing the proposal since then and held a third negotiating round in Geneva in October.

“Such a binding treaty is long overdue,” said Alexandra Strickner, chair of Attac-Austria, during my stop in Vienna. “Most developed countries, however, are trying in one way or another to stop the process from going on. They continue to be committed to expanding corporate rights via trade and investment agreements. While we need to continue to struggle against those agreements, we should be doing more to support the binding UN treaty as well. Most of developing countries have ratified the UN's human rights charter. It is our task to hold them responsible, and to build the legal architecture that allows for that to happen.”

In the process of advancing alternatives to corporate globalization, like the UN binding treaty, EU trade justice activists may yet score the ultimate win—a parliamentary vote against deals like CETA, or at least harder demands than France could muster to change the text, to make it more sustainable, before agreeing to the deal.

Why not? What good reason is there not to reopen CETA so that it might become a tool for truly sustainable growth rather than a barrier to it? If this cannot be done, then CETA must be tossed into the dustbin of history, where it clearly belongs. **M**

JULIETTE MAJOT AND DEVLIN KUYEK

Big meat and big dairy's climate emissions put ExxonMobil to shame

DO YOU KNOW that three meat companies—JBS, Cargill and Tyson—are estimated to have emitted more greenhouse gases last year than all of France and nearly as much as some of the biggest oil companies like Exxon, BP and Shell?

Few meat and dairy companies calculate or publish their climate emissions. So, for the first time ever, we have estimated corporate emissions from livestock, using the most comprehensive methodology created to date by the UN's Food and Agriculture Organization (FAO).

We've found that the top 20 meat and dairy companies emitted more greenhouse gases in 2016 than all of Germany, Europe's biggest climate polluter by far. If these companies were a country, they would be the world's seventh largest greenhouse gas emitter.

It's now clear that the world cannot avoid climate catastrophe without addressing the staggering emissions from the largest meat and dairy conglomerates.

Over the past few decades, the meat and dairy majors have become immensely powerful and have successfully pushed policies to support rapid growth of industrial meat and

dairy production and consumption around the world, at all costs.

One consequence, among many, is that livestock production now contributes nearly 15% of global greenhouse gas emissions, even more than the transportation sector. If production continues to grow as projected by the FAO, emissions will escalate to the point where industrial meat and dairy production alone will undercut our ability to keep temperatures from rising to an apocalyptic scenario.

The world's largest meat and dairy companies would have us believe a different story. They would likely defend their production as necessary for world food security, and suggest they should be let off the hook, or better yet, get incentives for tinkering with their greenhouse gas emissions.

This is not true.

These companies produce a vast amount of highly subsidized meat and dairy in a handful of countries where these products are already overconsumed. They then export their surpluses to the rest of the world, undercutting the millions of small farmers who actually do ensure food security, and bombarding consumers with unhealthy processed foods.

The big meat and dairy companies also speak of finding efficiencies while expanding production. They claim that the only way to effectively reduce emissions is by squeezing out ever more milk from each dairy cow or by bringing beef cattle to slaughter ever more quickly.

Such "solutions" would only compound the industry's horrific treatment of workers and animals and exacerbate the environmental and health crises caused by the industry. They would also condemn the 600 million small-scale farmers and 200 million herders who depend on livestock for their livelihoods, and who *do* feed billions of people every day with moderate amounts of meat, dairy and eggs.

These small producers are the backbone of food systems that can arrest and address climate change. They are the ones who need to be supported and strengthened.

The first step toward that goal should be to redirect public money from factory farming and agribusiness toward small-scale agroecological family farms. Governments should also use their buying power to support small producers, helping them build jobs and markets for local products.

As numerous cities make energy choices to tackle climate change, so too should municipalities invest in farm-to-hospital and farm-to-school programs that deliver healthier food and strengthen rural communities while emitting fewer greenhouse gases.

It is time to stop the dairy and meat giants from destroying the climate and shift our support to making our small farmers, herders and ranchers resilient. **M**

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ASAD ISMI

With Mexico on the brink, is the left finally poised to take the presidency?

SINCE TAKING OFFICE in 2012, Mexican President Enrique Peña Nieto has faced almost constant protests against government corruption, an inability or unwillingness to deal with criminal and official violence in the country, and regressive neoliberal reforms introduced by his Institutional Revolutionary Party (PRI).

In 2014, the president's wife, Angélica Rivera, as well as his PRI finance minister got into trouble after it was reported they had bought mansions from a contractor with lucrative connections to the government. Rivera sold her home a year later, and an investigator appointed by Peña Nieto (and therefore of questionable independence) eventually absolved them both of wrongdoing. But the controversy never settled, as further cases of PRI corruption suggested the problem was endemic.

This past summer, Javier Duarte, the former governor of Veracruz, once praised by the president as "part of a new generation" of PRI leaders and reformers, was deported to Mexico from his Guatemala hideout, accused of stealing US\$3 billion from state coffers. Two other PRI ex-governors, Roberto Borge of Quintana Roo state and Tomás Yarrington of Tamaulipas state, were also arrested last year on corruption charges, the former as he was about to board a plane to Paris in June. The latter is accused by the U.S. of taking millions of dollars in bribes from the Gulf and the Zeta cartels, two of the most violent drug trafficking cartels terrorizing Mexico.

Peña Nieto's approval ratings have, not surprisingly, dropped significantly over the past six years, from 61% before he was first elected to only 28% today, according to a Pew Research Centre poll released in September.

The same poll found 80% of Mexicans disapprove of how the president has handled the economy, 77% disapprove of how he is fighting corruption, 74% disapprove of the government's record on crime and drug trafficking, and 72% don't like how the PRI has handled relations with the U.S., Mexico's top trading partner. It's looking more and more likely the electorate will make these views heard in elections this June.

"No Mexican president in recent history has been so hated and so repudiated by his own people as Peña Nieto," says John Ackerman, law professor at the National Autonomous University of Mexico (UNAM) and editor-in-chief of the *Mexican Law Review*. "Mexico is undergoing a bloodbath, with the level of violence under Peña Nieto even exceeding that under his predecessor, Felipe Calderón, while impunity is out of control."

There were 12,155 homicides recorded between January and June 2017, according to Mexican government statistics released in July. These are the highest numbers on record since 1997. The increase in violence has been attributed to turf wars among cartels that are increasing their heroin and fentanyl production in the wake of marijuana legalization north of the border.

Then there is the state-sanctioned violence against political opponents of one stripe or another. An increasing number of atrocities are carried out by the military, including the disappearance in 2014 of 43 students at the Ayotzinapa rural college, and the killings of civilians by state forces in Tlatlaya, Apatzingán, Villa Purificación, Ostula, Tanhuato and Nochxitlán. Corrupt state- and company-supported unions also use violence

to discourage legitimate independent competition—the likely cause in the fatal shooting of two mining workers involved in a work stoppage at a Canadian-owned mine in November.

At least a hundred journalists have been killed since 2000, making Mexico the third most dangerous country in the world for reporters after Iraq and Syria. Mexico's National Commission for Human Rights pointed out in November that of 176 investigations into attacks on journalists in recent years, only 10% have resulted in convictions—an impunity rate of 90%. According to Jesse Franzblau, writing for *The Intercept* in June 2017, the journalists being targeted in Mexico share "a commitment to documenting political corruption and state links to drug trafficking."

Peña Nieto is not just seen by the public as personally benefiting from corruption, but also as giving away the country's wealth to foreigners while adding to the immense poverty many Mexicans already suffer. In December 2013, the Mexican senate approved PRI legislation to allow domestic and foreign private companies to explore and drill for oil and gas for the first time in the country's history.

This deeply unpopular move, which ended state subsidies to the industry, increased gasoline prices by an amazing 20% last January, increasing inflation by 400% and provoking violent demonstrations in a country where half the population lives in poverty. "We see [this privatization] as an attack against the population, as a robbery, taking into account the levels of income of the population," Jose Narro, director of the workers' group *Coordinadora Nacional Plan de Ayala*, told *Reforma* in December 2016.

“Petroleum revenues are crucial for Mexico because they fund a third of the official budget,” says Ackerman. “So this privatization signifies the looting of Mexico, which is going to create a fiscal crisis. Mexico already owes 50% of its GDP in debt and in 2016 and 2017 there have been very serious budget cuts. The PRI has doubled the national debt in the last five years.”

Anna Zalik, an associate professor at York University and expert on Mexico’s oil sector, agrees that opening extraction to foreign investment amounts “to giving away the country’s wealth and will have very negative effects on people’s daily needs” by increasing prices for many necessities. She points out that the Canadian government strongly encouraged this disastrous privatization for the benefit of Canadian corporations poised to enter Mexico’s oil sector.

“In the last five years, through Export Development Canada, the Canadian government has provided billions of dollars in financing toward the recently privatized Mexican energy sector as well as to TransCanada Pipelines’...activities in the United States,” Zalik says. “TransCanada positioned itself as a major operator in Mexico in the lead-up to Mexico’s controversial energy reform,” which involved the “dismissal of over 40,000 workers from Mexico’s energy utility company in 2009.”

TransCanada is a 100% owner of seven pipelines in operation or construction in Mexico that are worth about US\$5 billion and are “all underpinned by 25-year agreements with Mexico’s state power company,” according to a 2016 company press release. The company will be delivering gas to Mexico, imported from the U.S., for generating electricity. Mexico’s imports of U.S. natural gas have risen sharply over the past 10 years, which means reduced energy sovereignty for the country, fewer jobs in the energy sector and less investment in renewable energy infrastructure.

This situation could be about to get worse for Mexico, depending on the outcome of the ongoing NAFTA renegotiation. Zalik warns that Mexico, with Canada’s support, may finally sign on to Article 605 of the

Peña Nieto’s approval ratings have dropped markedly over the past six years, from 61% before he was first elected to only 28% today.

agreement’s energy chapter, known as the “proportionality clause” because of its “language preventing Canada, and any other signatory, from reducing the proportion of its produced energy exported to a NAFTA member.” Such language prevents the redirection of exports for domestic use and may prohibit fuel subsidies for consumers, she says.

Mexican workers have fared poorly under NAFTA. The agreement “leaves out both peasants and Indigenous agriculture [who] are seen as dispensable,” says Pedro Torres, president of the National Association of Marketing Companies of Rural Producers. “In turn, this has caused a major increase in hunger in the countryside, migration and the undermining of self-employment and autonomous production. All this has led the youth to join criminal and drug trafficking groups.”

Instead, Torres proposes that Mexico should leave NAFTA to focus on strengthening peasant and Indigenous farming and their associated commerce and marketing. “I believe that all Mexicans must be active in the development of the nation,” he says. “We cannot protect only the wealthy who have the most resources. Employment must be better paid so that Mexican families can afford their main needs.”

The public reaction to official corruption and violence, increasing poverty, and the sale of precious public resources to multinational corporations has been manifested, partly, in the popularity of Andrés Manuel López Obrador and his National Regeneration Movement Party (MORENA). The former mayor of Mexico City narrowly lost to Calderón in the 2006 federal election and then again to Peña Nieto in 2012. But he was the frontrunner candidate going into 2018, campaigning on a leftist platform that includes reversing the petroleum privatization, fighting corruption and reviving economic conditions in the countryside.

“I think López Obrador can win in 2018,” says Ackerman. “The big issue, however, is that the entire system, meaning the mainstream media, the electoral authorities, the government, the U.S. government and the international financial and political elites, have stacked the cards against him and electoral fraud is very much a permanent reality in Mexico. In the past these powerful forces have ensured the continuity of neoliberalism in Mexico, partly through fraud in the 2006 and 2012 elections.”

The question for Ackerman is, can Mexico have a fair election in which the party that wins the most votes actually takes power? He points to Latin America’s move to the left during the last 17 years and how many of its governments have been able to channel public discontent with neoliberalism’s failures into official policy, producing a massive redistribution of income across the continent.

In contrast, Mexico has not had a single, even mildly leftist government. Ackerman warns that the continued failure of the country’s political system to respond to popular demands will have dire consequences.

“Another neoliberal government in Mexico after the 2018 elections will be a total disaster for the well-being of its people. If the combination of neoliberalism and political authoritarianism persists, Mexico will increasingly become a country ruled by militarization and massacres.” **M**



BEN ISITT

Canada and the Bolshevik Revolution

As government sent troops to return czarist rule, workers and soldiers mutinied for the red cause

THE WORLD MARKED the 100th anniversary of the Bolshevik Revolution in November, an event that gave rise to one of the more unorthodox states in world history, and shaped international and domestic Canadian politics for much of the 20th century. It is worth revisiting how differently Canada's elite reacted to that moment a century ago—in support of military action—compared to rank and file workers and soldiers, who were inspired to push for a similarly radical transformation in class relations at home.

Origins of Canada's intervention in Russia

At the time the Russian Bolsheviks seized power in Petrograd (now St. Petersburg) on November 7, 1917, Canada was a steadfast ally of Russia. This association reflected family ties between the Russian and British

Vladivostok's Golden Horn Bay, Russia's outpost on the Pacific Ocean and the beachhead of Allied intervention in the Russian Civil War.

SIDNEY RODGER FAMILY COLLECTION

monarchies (Czar Nicholas II and King George V were first cousins) and established economic and military connections. Canadian army officers were stationed in Petrograd, and the British Empire had provided substantial amounts of war *materiel* and financial loans to the Russian state to aid its efforts during the First World War. In the Far East port of Vladivostok, an estimated 700,000 tonnes of rolling stock, ammunition, submarines manufactured in Canada and other such *materiel* was stockpiled on the wharves.

Over eight months in 1917, Russia underwent a rapid transition—from a 300-year-old absolutist monarchy to a provisional government to a radical socialist government headed by Vladimir Lenin and the Bolshevik Party (Russian Social Democratic Labour Party). The Bolsheviks' decision to repudiate billions of rubles of foreign loans owed to British and French banks, and to enter into a separate peace deal with Germany at Brest-Litovsk (today the Belarusian city of Brest) in March 1918, fractured traditional allegiances. While Canada and its allies never formally declared war, from that point forward Russia was treated as a de facto enemy.

On far-flung fronts surrounding the world's largest state, the Allies made common cause with monarchists and other White Russian forces to limit and reverse the influence of Bolshevism. At the port of Vladivostok in early 1918, Japanese, British and American warships dropped anchor in Golden Horn Bay, deploying marines and then ground forces to occupy the city and topple the local Bolshevik administration. In a coalition war effort with the Czech Legion, White forces and Chinese troops crossed into Russia from nearby Manchuria.

Against this backdrop, the Canadian government of Sir Robert Borden pledged more than 5,000 troops to intervene in Russia's civil war in August 1918. They were split into the following groups:

- ▶ Siberian Expeditionary Force (Vladivostok): 4,200 troops
- ▶ Syren Party (Murmansk): 600 troops
- ▶ Elope Party (Arkhangelsk): 500 troops
- ▶ Dunsterforce (Baku): 40 troops

The government also created a Canadian Siberian Economic Commission, with representatives of the Canadian Pacific Railway and Bank of Montreal, instructed to work with the Allies to re-establish productive industries and commerce in Siberia, and investigate local conditions of transport, agriculture, mining, forestry, fishing and finance, "with a view to the development of Canadian trade." The commission deployed with the advance party of Canadian troops, and in early 1919 the Royal Bank of Canada opened a branch in Vladivostok in a 57-tonne prefabricated building.

Mobilization and munity

In the closing months of 1918, as the war on the Western Front ended, bringing a gruesome close to the slaughter of more than 60,000 Canadians, the government conscripted workers and farmers for battle in the new theatres of war in Russia, relying on dubious legal authority in provisions of the Military Service Act 1917 for "the defence of the realm." Not surprisingly, mobilization of the Siberian Expedition provoked sharp debates in Canada—and triggered a mutiny in Victoria, B.C. the day the soldiers embarked for Russia.

Sections of Canada's working class sympathized strongly with the Russian Revolution. The president of the B.C. Federation of Labour, Joseph Naylor, a socialist coal miner from Cumberland on Vancouver Island, had asked in late

1917: "Is it not high time that the workers of the western world take action similar to that of the Russian Bolsheviks and dispose of their masters as those brave Russians are now doing?"

These feelings intensified in the late stages of the war, as carnage on the battlefields of the Western Front combined with conscription, inflation and state repression to impel a growing number of Canadian workers to view Bolshevism as an effective, logical response to the two-fold scourges of war and capitalism.

As Canada's Siberian Expedition mobilized conscripts and volunteers from every Canadian province, the labour councils of Canada's largest cities (Vancouver, Winnipeg, Toronto, Montreal) adopted resolutions sympathizing with the Bolsheviks and demanding "Hands Off Russia." Similar positions were adopted by the United Farmers of Ontario and farmer organizations in Saskatchewan. Even the business-aligned *Globe* newspaper of Toronto called for Canada to cancel the Siberian Expedition in the interests of political stability.

In Victoria, the local labour council and Socialist Party connected directly with conscripts converging on the city's Willows Camp, organizing two large "Hands Off Russia" mass meetings in local theatres attended by an estimated 800 Siberian troops—about a quarter of the force awaiting deployment to Russia.

"Well, things are beginning to look awful black over here," a soldier wrote to his sister-in-law from the Willows Camp. "We are going to be railroaded to Siberia, and we cannot do a thing to help ourselves. They started to dish out our



Canadian soldiers attend a "Hands Off Russia" protest meeting organized by the Victoria Trades and Labour Council and Socialist Party of Canada, December 1918.

SIDNEY RODGER FAMILY COLLECTION



On December 21, 1918, a platoon of French-Canadian troops mutinied in downtown Victoria, B.C. while marching from the Willows Camp to the wharf to deploy for Vladivostok as part of Canada's intervention in the Russian Civil War.

B.C. ARCHIVES



Canadian military map showing the location of Allied, White Russian and Red Army forces, and the Allies' vulnerable line of communication along the Trans-Siberian Railroad, which was subject to dozens of partisan attacks in early 1919.

CANADIAN WAR MUSEUM



clothes to us the first day, and out of 78 of us 77 refused to take them.”

Prime Minister Borden, then in Europe for peace talks following the November 11 armistice, ignored these appeals and advice from his own cabinet to cancel the mission, declaring that Canada had made commitments to certain “well disposed persons in Russia” and that the Siberian Expedition would proceed.

The outcome of this clash of ideological interests was a mutiny in Victoria the day the 259th Battalion (Canadian Rifles) deployed for Russia. At the downtown street corner of Fort and Quadra Streets, a platoon of Quebecois troops refused to march and were prodded at bayonet point down to the wharf. It took 21 hours to get the soldiers aboard the troopship *SS Teesta* before it sailed for Vladivostok—with a dozen ringleaders

shackled in the ship’s hold, pending court martial proceedings and convictions in Vladivostok for “joining in a mutiny while on active service in His Majesty’s armed forces.”

STEPHENSON FAMILY COLLECTION, MCMASTER UNIVERSITY ARCHIVES AND RESEARCH COLLECTIONS

shackled in the ship’s hold, pending court martial proceedings and convictions in Vladivostok for “joining in a mutiny while on active service in His Majesty’s armed forces.”

Doing nothing in Siberia

A great irony of the Siberian Expedition is that Canada went to extraordinary lengths to deploy military force in pursuit of the anti-Bolshevik cause, but less than a month after the main body of troops arrived in Russia, the Canadian government decided to

cancel the expedition and bring the troops home.

This reflected the chaotic state of affairs in Siberia and unreliability of the Trans-Siberian Railroad, the Allies’ sole line of communication between the beachhead in Vladivostok and the active front between the Red and White armies, 6,000 kilometres west in the Ural Mountains dividing Asia and Europe. Canada’s commander in Vladivostok, Major-General James Elmsley, provided a frank assessment before the main body of his troops had even reached Vladivostok:

I feel certain that when the time comes for my troops to move west I shall find that the foundation of all military operations, a secure L. of C. (line of communication), is wanting. However anxious we may be to assist a good cause, I would feel that I was



Canadian “tourists” in Vladivostok, 1919. Lacking authorization to proceed “Up Country” to the Siberian interior, the troops occupied their time with guard duty and a range of recreational pursuits.

CANADIAN WAR MUSEUM

breaking faith with my own government if I moved a single unit from Vladivostok under these conditions.

The Borden government reluctantly accepted its commanding officer’s advice, ordering the demobilization of units still in Canada and requisitioning ships to bring the troops already in Russia home. This came with an extravagant price tag demanded by the Canadian Pacific Steamship Service for passage aboard the transpacific ocean liners *Monteagle*, *Empress of Japan* and *Empress of Russia*: \$125 per enlisted man (more than \$1,600 per person in today’s currency) and \$250 for officers travelling first class.

A small contingent of about 50 Canadians were recalled from the Siberian city of Omsk near the Urals, where they had established a base headquarters to aid the forces of White leader Admiral Aleksandr Kolchak in anticipation of the arrival of the main body of Canadians. Another group of Canadians, numbering 200 soldiers, participated in a short-lived inter-allied operation to reclaim the town of Shkotovo near Vladivostok, after Bolshevik-aligned partisan units toppled the local White garrison, liberating a prison and threatening the coal supply for Vladivostok and the railroad.

However, the vast majority of the 4,200 Canadians who served in Vladivostok in 1919 never saw combat, instead occupying time with guard duty and a range of recreational pursuits: boxing, hockey, soccer, hiking and day leave in the centre of Vladivostok, where they visited cinemas, markets

and brothels. More than half of the medical cases at the Canadian military hospital at the Second River barracks were associated with sexually transmitted infections. As one commentator noted, the Canadians were unlikely “tourists” in Vladivostok during one of the most challenging chapters in that city’s history.

Demobilization and class conflict in Canada

The Canadians returned from Vladivostok aboard four ships between April and June 1919, arriving in a country sharply divided along the lines of social class, as general strikes paralyzed production from Victoria, Vancouver and Prince Rupert in the West, to Edmonton, Calgary, Regina and Winnipeg in the Prairies, and as far east as Amherst, Nova Scotia (where Leon Trotsky, commander of the Red Army and Soviet commissar of war in 1919, had been detained by British intelligence for three weeks in a prisoner-of-war camp in April 1917 while travelling from exile in New York back to post-Czarist Russia).

Canadian soldiers on the other military fronts encircling the Soviet state at Murmansk, Arkhangelsk and Baku were similarly evacuated after seeing limited combat, as the Red Army and partisan units gained the upper hand over divided Allied and White Russian forces, culminating in Bolshevik victories. In October 1922 the last Allied units evacuated from Vladivostok’s Golden Horn Bay, as units of the Moscow-aligned Far Eastern Republic entered the city limits. The Allied intervention and White Russian challenge to Bolshevik power had ended in failure.

“This expedition was a political error, a military mistake, and a wanton extravagance,” Dr. Henri Sévérin Béland, Member of Parliament for Beauce, told Canada’s House of Commons in June 1919 as the last Canadians returned from Vladivostok and the country erupted in general strikes.

For the next 70 years, hot and cold wars would sever Vladivostok and the Soviet Union from the wider world. Red scares in Canada and other countries sought to contain the ideas of “Bolshevism” and thwart radical labour political action, creating divisions within the political and industrial arms of the Canadian working class that persist today.

Relations between Canada and Russia would not be “normalized” until the 1990s, following the dissolution of the Soviet Union and the ascendancy of the neoliberal variant of capitalist rule, which, as Naomi Klein pointed out in the *Shock Doctrine*, was implemented in a particularly ruthless fashion in Russia by western financial institutions in the 1990s.

Today, interests and aspirations that motivated Bolshevism in Russia and Canada in 1917 continue to give rise to social movement mobilizations for equality, solidarity and a more balanced ordering of social and global relations. The lone reminder of Canada’s ill-fated intervention in the Bolshevik Revolution is a monument, on a forested hillside outside Vladivostok, erected prior to the evacuation of the last Canadian units in 1919. **M**



PAUL WEINBERG

ILLUSTRATION BY REMIE GEOFFROI

CSIS is stuck on the threshold of change

Amidst allegations of Islamophobia and misplaced priorities, Canada's spy agency continues to show up unannounced at people's workplaces and homes. Reformers want the counterproductive practice to stop.

A S FAR BACK as October 2005, during a Senate committee hearing on the Anti-terrorism Act, Jim Judd, then director of the Canadian Security Intelligence Service, admitted his agency had a problem relating to some new immigrants and visible minorities in Canada.

Judd was facing heat about CSIS showing up unannounced at people's homes and workplaces, without proper identification, and with prying

questions the (usually) plainclothes officers wanted answered, minus a lawyer present. "The practices of security agencies have resulted in a chill that has alienated a significant proportion of the Canadian population," another witness had told the same committee earlier that year.

While denying accusations of racial profiling by CSIS, Judd promised that day to officially review the practice of workplace visits employed by his agents in their domestic anti-terrorism

investigations in the post-9/11 period. We would find out later, from a leaked memo written by agency employee W.J. Hooper, that the review was over before it began.

"Subsequent to the Director's remarks this issue was reviewed at an [CSIS] Ops Committee on November 8, 2005," it reads. "The Committee clearly recognized that the practice of unannounced visits remains a legitimate investigative strategy." Hooper ends his memo urging CSIS employees to

“exercise good judgement in using this technique and to consider alternative interview venues.”

Ottawa lawyer Bijon Roy, who obtained this internal CSIS memo, says intelligence agents have since 9/11 specifically targeted Canadian Muslims and caused a great deal of stress for them in the process.

“We certainly have encountered situations where it seems like CSIS agents were consciously leveraging their presence at the workplace as a way of putting pressure on individuals to co-operate with them,” he tells me. “There would be nothing discreet about it, and nothing that would not raise eyebrows from co-workers or managers.”

The issue has not gone away in 2018. Canadian Muslims continue to feel targeted and stigmatized by CSIS agents, who arrive on surprise visits to their workplaces, or to their homes late in the evening, says Faisal Bhabha, a York University law professor and a legal advisor for the National Council of Canadian Muslims.

“It means that the community is less likely to turn to these agencies when they have something to report. It makes so-called counter-radicalization efforts more difficult.”

In the process, Bhabha adds, the intelligence establishment comes to view the Canadian Muslim community as either a source of information about terrorism or else an inherent threat, and not as potential victims of terrorism themselves. This is despite the fact the most heinous recent act of terrorism in Canada—the killing of six men as they prayed at a Quebec City mosque a year ago this January—was committed against Muslims by a white supremacist, he says.

A recent lawsuit against CSIS by former officers (it was settled in mid-December) is making it more difficult for the agency to hide its dirty laundry. It’s also begging questions about whether an apparent internal fratboy culture might be affecting operations, and costing the government millions.

Canada has been forced to pay out a little over \$50 million to settle legal cases brought against the government by Maher Arar, Omar Khadr, Abdullah Almalki, Muayyed Nureddin and Ahmad El Maati. Each of these men was imprisoned, interrogated and tortured in a foreign jail (Syria in the case of all but Khadr, who was tortured by the U.S. at Guantanamo Bay) based on unreliable evidence of alleged terrorist links supplied by CSIS or the RCMP and shared with their foreign counterparts.

The intelligence establishment has come to view the Canadian Muslim community as either a source of information about terrorism or else an inherent threat.

Liberal security reforms on their way through Parliament may eventually add extra layers of scrutiny to CSIS’s intelligence-gathering practices. But unless the new review bodies have more teeth than they do now, and without a will to change on the part of Canada’s secretive spy agency, security watchdogs worry the institution is destined to repeat past missteps, and to miss more pressing threats to the public.

Last July, five senior CSIS intelligence officers launched a \$35-million Federal Court lawsuit against their employer. The 54-page filing included disturbing allegations of racism, homophobia and Islamophobia experienced on the job over the past 15 years.

“CSIS is a workplace rife with discrimination, bullying and abuse of authority, in which the tone set by management, namely to mock, abuse, humiliate and threaten employees, has permeated the workforce,” it read. “Not only do members of management comport themselves in a manner to facilitate this culture, but they refuse to acknowledge it constitutes wrongful conduct.”

In a statement on October 25, the agency’s new director, David Vigneault, admitted that “retribution, favouritism, bullying” and other inappropriate behaviour continue to exist within the Toronto regional office of CSIS. This was despite steps by the agency to alleviate these problems, including mandatory training for all agency employees in the last two years and “enhancements to executive accountability.”

“For 15 years as I was working to advance national security investigations, I was also fighting racism and bigotry,” said “Bahira,” one of the complainants in the lawsuit against the agency, in an email to the *Star* responding to Vigneault. “Today, I feel somewhat vindicated. I believe CSIS needs a workforce that is strong, engaged, and diverse at all levels. Canadians deserve that.”

Two days later, however, CSIS asked the Court to throw out the lawsuit, claiming the allegations it contains had been dealt with. Federal lawyers also came out swinging, arguing that the damages sought by the plaintiffs for the discriminatory practices were “excessive and remote.” And though Public Safety Minister Ralph Goodale promised the House of Commons there would be “appropriate consequences,” the government turned down a call from the NDP and others for a public inquiry into what they fear are deeply rooted systemic issues within CSIS.

CSIS settled the lawsuit in December on terms that were not made public. Vigneault claimed in a statement that the agency: “does not tolerate harassment, discrimination, or bullying under any circumstances. The complexity of the ever-evolving threat environment requires that all CSIS employees are equipped to give their best. As such, I strongly believe in leading an organization where each employee promotes a workplace which is free from harassment and conducive to the equitable treatment of all individuals.”

There are no statistics to give us a high-level picture of how Canadian Muslims view their relationship with national security agencies. But there is quite a bit of

anecdotal evidence from the stories they tell to family and friends. University of Ottawa criminology professor Baljit Nagra recounts some of them in her new book, *Securitized Citizens: Canadian Muslims' Experiences of Race Relations and Identity Formation Post-9/11* (University of Toronto Press).

In 2014 and 2015, Nagra and her colleagues conducted a survey of about 95 Canadian Muslims living in Toronto, Montreal, Ottawa, Calgary and Vancouver on various national security issues including home visits. The endeavour was supported by Public Safety Canada's Kanishka Project (named after the Air India plane that was bombed in June 1985, killing 329 people, most of them Canadians), established by the Harper government to provide research on "preventing and countering violent extremism."

"We found that the interviewees felt that their communities had been watched by CSIS and were afraid," Nagra tells me. "They felt their mosques might be monitored by people watching from the outside and there was a concern that CSIS might hire people as informants for them in the community. There is a sense of not knowing whom to trust."

In contrast to the more "professional" RCMP officers on criminal investigations, "CSIS agents are very rude and not pleasant to deal with," the professor was told. Furthermore, Canadian Muslim men in particular say they are "pressured" to turn informant on their communities, and agents will not take "no" for an answer. According to Nagra, the men are told "if you don't do this we are going to keep on bothering you, we are going to keep on watching you."

Imams represent an important target group for CSIS agents who are looking to recruit informants to report on suspicious individuals within a mosque. One imam told Nagra that the agents insisted he keep tabs on a particular person whom he did not know. Experiences like this have so rattled families that some men have felt pressured to withdraw from high-profile religious posts.

"What people found disturbing was that the CSIS agents would come to your home late at night at nine or 10



Criminologist Baljit Nagra at her University of Ottawa office

PHOTO BY THE MONITOR

o'clock. It was really embarrassing, the men said, for them to have [the encounter] in front of their families, in front of their children. It was an experience that was traumatic," she recounts.

Once these men contact their lawyers about CSIS pressures, the intelligence agency tends to back off, adds Nagra. Typically, non-citizens are most vulnerable to the agents, who can have an impact on their status in Canada. What comes out loud and clear, she says, is the disrespectful manner in which these agents approach Canadian Muslims.

"What the government should do is try to make [them] feel more welcome, tell them that they are Canadian, that Muslims are respected.... The focus should be on anti-racism, policies of inclusion and an end to marginalization."

Nagra notes that many of the agents' questions are based "on a lot of ignorance" about Islam, and permeated with a sensationalized notion that Muslim youth are ripe for terrorism. In interviews for her book, the criminologist heard two accounts, one directly and the other secondhand, of CSIS agents paying a visit to the homes of people who had expressed views on Palestine or the Canadian government's war-on-terror policies during radio shows they host.

The good news here is that younger people in the Muslim community are less intimidated to state their opinions, she concludes. The bad news is that these stories suggest an overbearing Canadian state is attempting to silence them.

"As a Muslim in a role with some profile, the only opinions I've ever paid a personal price for have been concerning Israel," says Bhabha. "I've been described as both an anti-Semite and a terrorist sympathizer in hate blogs. If I were a law professor who was not Muslim I doubt it would be the same."

Karine Martel, a media spokesperson for Public Safety Canada, says the CSIS activities exposed in research by Nagra and other academics on the Kaniska-supported team do not reflect any official policy.

"As part of its mandate, CSIS investigates threats to the security of Canada and collects information through a variety of sources and methods. One way that CSIS may collect information is by talking to members of the public regarding potential threats. Interviews with CSIS agents are always voluntary."

The only known example of someone taking the issue of CSIS visits before the Security Intelligence Review Committee (SIRC) involves Ken Stone, a white Jewish Canadian man with a rich history of left-wing and anti-war activism.

As extremist right-wing groups emerge in this country, Canadian Muslims are unfortunately reluctant to report hate crimes committed against their community.

“As a life-long activist, Ken is someone who might well have caught the attention of various agencies at some point or another,” says Bijon Roy, Stone’s lawyer. “But never before in his life of activism has he been personally approached and questioned about his views or his activities.”

It all started one evening in January 2013, when two female CSIS agents dressed in black, a bit like police officers, showed up unannounced at Stone’s suburban home in Hamilton, Ontario. They asked him about an opinion piece he had written for the local daily newspaper about Iran, where he had visited to attend a conference on Palestine. Stone, who was on record opposing the international sabre rattling on Iran and its purported nuclear ambitions, refused to talk to them.

Stone would later file several complaints to SIRC about the incident. In one of them, he claimed the CSIS agents were attempting to intimidate him and his family and to discourage the exercise of their Charter rights of free expression and association. Gene McLean, a Harper-appointed SIRC board member, rejected Stone’s argument in the decision on that case, but agreed with the *Hamiltonian* on two other points.

Firstly, SIRC wrote, the CSIS agents had apparently failed to properly inform Stone that he did not have to speak to them. Other people who experience home visits may not fully appreciate or understand that they can shut the door on a visiting CSIS agent and refuse to answer their questions. McLean urged CSIS to “review its policy to clarify the responsibilities of CSIS employees with respect to voluntariness of interviews.”

The SIRC report also criticized the agency for allegedly losing notes taken by one of the agents who visited Stone’s house, and the failure of her colleague to write anything down during the short encounter. “CSIS bears the responsibility to provide all relevant information to the Committee in order for it to carry out its investigation,” it stated. CSIS can legally ignore SIRC recommendations, which are not binding on the agency.

As Tim McSorley of the International Civil Liberties Monitoring Group explained in the last issue of the *Monitor* (Nov/Dec 2017), the Liberal government plans to replace SIRC with a National Security and Intelligence Review Agency. The new body will oversee the work of four security agencies—CSIS, the RCMP, the Communications Security Establishment and the Canada Border Services Agency—but can only hear complaints against the first three (i.e., excluding CBSA).

Like SIRC, however, the NSIRA will only have powers to advise and not to force any of these agencies to pursue a specific action—like, say, ending the practice of surprising people on their doorstep, or redirecting resources to growing threats such as right-wing extremism. Jeffrey Monaghan, a Carleton University criminology professor and expert on the surveillance of activist groups, says the decision to frighten and intimidate Canadian Muslims in this way is “strategic,” not accidental.

“Most people and politicians don’t know what security is doing. They only put their nose in when there is a dramatic event, like a shooting on Parliament Hill or something like that. Otherwise the [national security] agencies are very powerful. They have strong bureaucracies that have their own strategic agenda.”

Barbara Perry of the University of Ontario Institute of Technology, an expert on hate groups and co-author of a 2015 report on right-wing extremists in Canada (also funded by the Kanishka Project), argues that CSIS has been reluctant in its previous threat assessments to seriously acknowledge the greater potential threats posed by violent anti-immigrant, anti-Semitic, Islamophobic and other racist groups, especially in Quebec and Alberta, who have been inspired by the election of a xenophobic U.S. president and legitimization of the “alt” agenda.

Perry can cite two known instances of deaths directly connected to the actions of Islamic-inspired extremism: Martin Couture-Rouleau’s 2014 car-ramming attack that killed a Canadian Forces warrant officer, Patrice Vincent; and Michael Zehaf-Bibeau’s rifle assault on Parliament Hill that same year, during which he killed Cpl. Nathan Cirillo. Contrast this to the more than 120 instances of aggression by right-wing extremists between 1980 and 2015, including Justin Bourque’s killing of three RCMP officers in June 2014, and last January’s savage slaying of six Muslims as they prayed in Quebec City.

As we head into 2018, Perry says there is a new and belated change of attitude at CSIS, which has until now been caught up in the post-9/11 mindset. “The next [CSIS] threat assessment should be out shortly, so we’ll know then if they’ve changed their tune.”

In the bigger picture, the question is whether CSIS or any other federal security or law enforcement agency can undo the damage of more than a decade of singling out law-abiding Muslims with home and workplace visits. As “scary” right-wing groups emerge in this country, Canadian Muslims are unfortunately reluctant to report a hate crime committed against their community, says Perry who has done extensive research on Islamophobia in Canada.

“One of the things that Canadian Muslims tell me more than anything is the distrust of law enforcement and security because so many members of [their] community are under undue surveillance and always considered security risks.”

“I am allergic to the police,” is one of the comments Perry heard during her interviews of Muslims. She discovered a reticence to “draw attention” to oneself and one’s family in the current climate. **M**

BARBARA MCELGUNN

U.S. retailers lead Canada on toxics

FOR MORE THAN a decade, human biomonitoring studies in the U.S. and Canada have measured the “body burden” of chemicals present in our blood, urine, and in fetal umbilical cords. These population-wide surveys consistently find numerous “chemicals of concern” (COCs) in our bodies, indicating chronic and ongoing exposures.

The sources of exposure are all too common. Bisphenol A, though banned in baby bottles, is still used in other consumer products, including cash register slips. Many chemicals such as flame retardants can be found in house dust. Phthalates and pesticide residues show up in our food, and the list goes on.

Some COCs have been linked to multiple adverse health effects and conditions. Additional and largely unknown risks arise from combinations of multiple chemicals. But even as the peer-reviewed scientific evidence on health impacts piles up, regulators have been very slow to act. When they do, a troubling double-standard is frequently applied.

In Canada, before a chemical is significantly restricted or banned, companies and regulatory agencies seem to require conclusive proof of harm to humans and/or the ecosystem. By contrast, thousands of chemicals have come onto the market with little to no safety testing at all. And though the approval of new chemicals involves some limited toxicity data, this is only true for chemicals that will be produced in large volumes.

This light-touch regulation is of particular concern when applied to endocrine disruptors, chemicals found in a wide range of consumer products that can disrupt the body’s highly complex hormonal systems at very low doses and notably during critical periods of prenatal embryonic and fetal development. These chemicals have been linked to numerous effects, e.g., on metabolic systems (obesity and

diabetes), brain development and cancers of the reproductive system. They should be considered unsafe at any exposure level.

In response to customer concerns, U.S. and European retailers are asking manufacturers and suppliers to remove COCs from the product supply chain. Where such policies have a consistent and global reach, all consumers will benefit. For example, IKEA has said it is cutting chemicals like polyvinyl chloride or brominated flame retardants from all its products worldwide. More often, however, corporate policies seem to be either country specific or else it is difficult to figure out where the rules apply.

The U.S.-based Mind the Store campaign, led by the Safer Chemicals Healthy Families coalition and the Environmental Defense Fund, has helped bring about corporate policies aimed at eliminating dangerous chemicals and promoting safer alternatives. In a similar vein, the Chemical Footprint Project provides an online assessment tool for companies in the U.S. and Canada to measure their use of harmful chemicals in their products and production processes.

In 2013, Walmart launched a policy on sustainable chemistry in consumables. The U.S. retailer says its goal is to reduce or eliminate eight publicly listed chemicals of concern from the personal care, paper, cleaning, pet and baby products it sells (an estimated 90,000 items made by 700 companies). In April 2016, Walmart reported a 95% reduction by volume in use of a named list of high-priority chemicals from certain products sold in U.S. locations, and a 45% decrease in a broader list of priority chemicals.

Another U.S. retailer, Target, recently published a chemicals policy that includes plans to phase out phthalates, nonylphenol ethoxylates (NPEs), parabens, formaldehyde and formaldehyde-donors from

formulated products by 2020. The policy will include beauty, baby care, personal care and household cleaning products. Target has also committed to phasing out perfluorinated chemicals (PFCs) and flame retardants from textiles (including clothing, carpets and upholstered furniture) by 2022.

In other examples, the pharmacy CVS announced it will remove three harmful classes of chemicals from its store-brand beauty and personal care products by 2019, Johnson & Johnson has removed formaldehyde from its children’s products, and Unilever announced it will disclose the previously hidden chemicals used in its fragrances.

It can be difficult to impossible to discern online whether the Canadian counterparts of these large companies are taking similar precautionary action. Loblaws removed artificial colours and flavours from its President’s Choice line of products in 2013, and some Canadian fast food companies have policies on how source foods are raised. But these are rare examples where clear corporate information is available in Canada.

Many people suppose that their chemical “body burden” comes mainly from polluting smokestacks, tailpipes or other obvious pollution sources. We need to start thinking as hard about exposures in the home and the workplace, in furnishings that get into house dust, and from personal care products that we use every day.

The federal government is under pressure from environmental, medical and public health groups to strengthen its chemicals regulatory system in the current review of the Canadian Environmental Protection Act. In the meantime, as the wheels of regulation grind ever so slowly, Canadian retailers should follow their U.S. affiliates’ example by enacting corporate policies to reduce the chemical burden in our bodies and improve children’s chances for health and development. **M**



The good news page

Compiled by
Elaine Hughes

Light on climate

Dutch product designer Ermi van Oers (pictured) and her team are working on the first atmospheric lamp powered by living plants. Their Living Light doesn't need an electric socket and can harvest its own energy through the photosynthetic process. Van Oers is already applying the technology to public spaces and is working with the Dutch city of Rotterdam to light up a park. Britain and Germany are contributing \$153 million to fight deforestation and climate change in Brazil's Amazon rainforest, which is seen as essential for absorbing carbon

emissions. Following UN climate talks in Bonn this November, Germany, Sweden, Belgium's Wallonia region, Italy and Ireland raised more than \$93 million for the Adaptation Fund set up 10 years ago to finance projects for managing climate impacts in developing countries. German towns will also receive one billion euros (\$1.5 billion) in 2018 to invest in electric buses, charging stations and more environmentally friendly traffic infrastructure. Syria and Nicaragua, the last remaining holdouts of the Paris climate agreement, formally joined at the end of 2017. The Mexican government has created North America's largest marine park (roughly the size of southern Ontario) around a swath of four islands about 386 km southwest of Baja, California. It is hoped the new marine protected area will help hundreds of species of marine life stressed by commercial and illegal fishing. In the Okanagan (B.C.), Grand Chief Stewart Phillip and Joan Phillip have been awarded the 2017 Eugene Rogers Environment Award for

their decades-long commitment to preserving and protecting lands, waters and the environment for future generations. The couple have been prominent opponents of the controversial Site C dam, the Kinder Morgan pipeline, the Ajax open-pit copper mine and the salmon farm industry, to name a few big fights. / EcoWatch / Reuters / Associated Press / Georgia Straight

Paths to reconciliation

Janice Keil, a secondary school teacher from Peterborough, Ontario, owns 100 acres of land in Northumberland County, in the territory of the Mississauga. As an act of reconciliation, she wants to restore the land to tallgrass prairie and then return it to the Alderville First Nation, claiming that the land is at the heart of the path of reconciliation, since white settlers stole it and it needs to be returned. The U.S. state of Minnesota has dedicated \$2.4 million over the next two years toward revitalizing American Indian languages. This fall, for the first time, a class in

Dakota, a language at risk of dying, is being offered to high school students on the Lower Sioux Indian Reservation. "Without our language and culture, we're just people," said 15-year-old student Trella Oldrock. "I want to keep it alive." Most of America's more than 550 tribes are engaged in some form of language preservation work, according to Diana Cournoyer of the National Indian Education Association. Volunteers from the Cape Cod-based Mashpee Wampanoag Tribe, whose ancestors hosted a harvest celebration with the pilgrims in 1621 (the basis for the country's Thanksgiving tradition), have been working with families and elders for more than 20 years to help reclaim their language, Wopanaotooak, which, like hundreds of other native tongues, fell victim to the erosion of Indigenous culture through centuries of colonialism. Kisis-Isquao Cappo, from the Muscowpetung First Nation (about 50 km east of Regina), and her younger brother, Haydar-Ali Cappo, both attend Greenall High School in Balgonie, Saskatchewan. Earlier this year, 14-year-old Haydar-Ali came home upset that classmates were making fun of Indigenous legends shown in a movie about Canada's people. The next week, his 16-year-old sister went to school dressed in her full traditional outfit including moccasins and a ribbon skirt, posting the act on social media and inviting other Saskatchewan teens to join her with the hashtag #wearingmyculture. / CBC / Star Tribune / Associated Press



REVIEWED BY SHOSHANA MAGNET

Agreeing to disagree (and how to)

BRAVING THE WILDERNESS: THE QUEST FOR TRUE BELONGING AND THE COURAGE TO STAND ALONE

BRENÉ BROWN

Random House (September 2017), \$37

A LONE? LONELY? Brené Brown's latest book, *Braving the Wilderness*, has insight to shed on what she terms "the lonely feeling." Like Michael Harris in his ode, *Solitude* (Doubleday Canada, April 2017), on the importance of disconnecting from social media, or Olivia Laing in her beautiful memoir, *The Lonely City* (Picador, March 2016), about the soul-crushing post-breakup period, Brown, too, sees the positives in being alone. In this case, on being strong enough to state dissenting opinions, share one's authentic feelings and believe them to be worthy, even if that leaves you alone in a crowd.

Let me first confess that I'm a huge Brown fan. I have pushed her previous books exploring shame and human connection onto untold friends and family members. Her famous June 2010 TED talk about the importance of being open to vulnerability (32 million views and counting) was instrumental in my decision to have a baby on my own. I've probably shown the short animated film based on her explanation of the difference between empathy and sympathy to more than 1,000 undergraduate students.

Brown's *Braving the Wilderness* reminds me of other groundbreaking books that probe the complexities of difficult emotions, books like bell hooks's trilogy on love, or Kristin Neff's *Self-compassion* (HarperCollins, June 2015). Here she is concerned with

our ability to weather conflict and discomfort in professional or social settings—in our ability to clearly and confidently express ourselves.

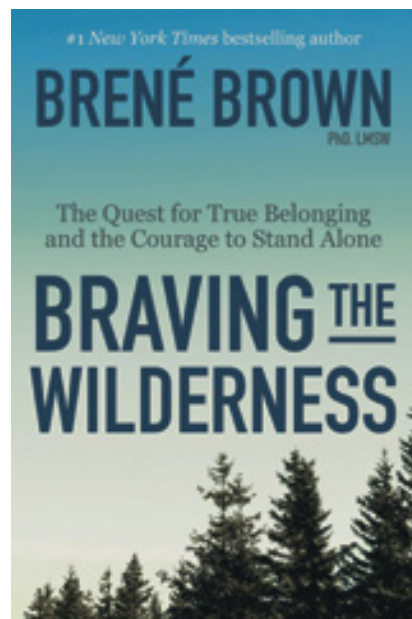
The problem, she claims, is that many people feel bound together with others only through fear and contempt for those who do not share the group's common beliefs. Brown argues that we need to develop ways of disagreeing with each other without cruelty, so that speaking our own opinions does not "jeopardize belonging." Our preparedness, in the words of Maya Angelou, "to belong no place at all" is what enables us to be more genuine, free and powerful, Brown says.

Brown does not ask us to give up our opinions, only to lean in to the discomfort of being in disagreement. With some helpful pointers, she

shows us how to take the time to get to know the person on the other side of the ideological fence, have those hard conversations, and remain prepared to stand alone. But as much as I found this book powerful and helpful (as soon as I was done reading, I sent an email to my colleagues about a point of difference that had been bothering me at work), I feel somewhat less connected to it than Brown's previous work.

A big sticking point for me was that although Brown continues a conversation started by Black feminist thinkers (hooks and Angelou among them, as she thankfully mentions on page 1), and despite endorsement of her work from Oprah Winfrey, Brown no longer explicitly describes herself as a feminist (as she did in her first book), nor is this term indexed in *Braving the Wilderness*. I found myself longing for the author to stand in the wilderness, to place herself and her work alongside that of other feminist activists calling for emotional justice, and this longing did not diminish while reading the book.

Critique notwithstanding, I found the book overall to offer an emotionally wise, articulate breakdown of the importance of dissent. Citing Michelle Buck's work on conflict, Brown encourages us to move in and listen when having an argument, by giving us some of the language ("help me understand why this is so important to you") to guide difficult conversations in constructive directions. At this polarizing and heartbreaking moment in history, it's pretty good advice. **M**



REVIEWED BY HAYDEN KING

Colonialism is temporary, Art Manuel endures

THE RECONCILIATION MANIFESTO: RECOVERING THE LAND AND REBUILDING THE ECONOMY

ARTHUR MANUEL AND
GRAND CHIEF RONALD DERRICKSON

Lorimer (October 2017), \$22.95

NEAR THE END of Art Manuel's first book, *Unsettling Canada: A National Wake-Up Call* (Between the Lines, 2015), he wrote that "one thing is for certain: the flood waters of colonialism are, at long last, receding." Manuel was neither extolling "sunny ways" nor convinced reconciliation offered long delayed justice. No, Manuel, perhaps more than any thinker in Canada, understood the dynamics and strategies of violent and "demented" contemporary colonialism. Rather, Manuel saw that our collective resistance, as Indigenous peoples and those in genuine solidarity, was becoming effective.

At this critical moment, Manuel's (posthumous) second book, *The Reconciliation Manifesto: Recovering the Land and Rebuilding the Economy* arrives. At 43 chapters (44 if including the insightful "Letters to Friends and Enemies") and over 300 pages, the book is comprehensive. The first half identifies the sources and contours of "the triad of colonialism" (dispossession, dependency and oppression) and the latter half focuses on "simple and difficult" solutions. *The Reconciliation Manifesto* picks up where his last book left off to offer clarity and hope to those committed to the struggle.

Like many political texts on Indigenous-state relations, Manuel starts with that historic overview. A key distinction, though, is his ability to make connections between early and late articulations of colonial policy

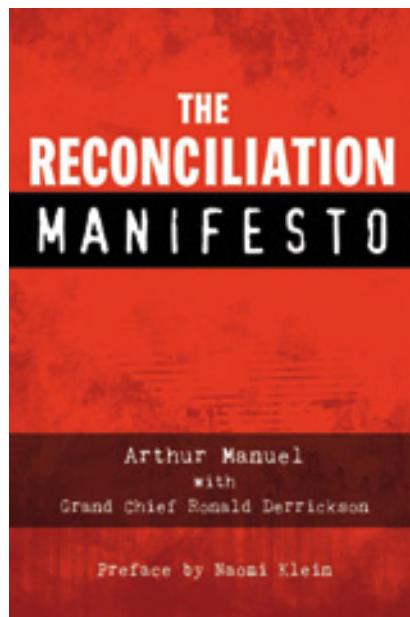
that others miss. This novel analysis of seemingly disparate settler strategies, and the philosophical underpinning reproduced through time, creates an image of the colonizer we can actually see. Not a small feat considering that much of this policy is designed and implemented by faceless lawyers and bureaucrats.

From papal bulls to the British North America Act, the White Paper to comprehensive claims, Manuel starts with a sketch of dispossession (the first in the triad of colonialism): how each strategy has aimed to "break the link between Indigenous peoples and their ownership and jurisdiction over their lands." These legal fictions—all rooted in white supremacy—flow one into the next, successive articulations of the same dispossessive push. And they have been remarkably effective, at least in law, leaving First Nations with just 0.02% of their former lands.

Second in the triad is dependency. Here, Manuel offers some sympathy for First Nation leaders trying their best in a suffocating system. But in a stinging censure, he also illustrates how our leadership has betrayed us. This is a systemic problem in the sense that the Indian Act has organized chiefs to "represent two masters who are in direct conflict with one another. And one of those masters, the federal government, pays their salaries." This line of critique is delivered most forcefully against national leaders, from Phil Fontaine to Perry Bellegarde, chiefs who have gone from "hanging around the Liberal fort [to] disappearing into it."

For Manuel, this leads to the third element of colonization, oppression, which is especially cunning considering the Canadian system results in "our poverty and misery [being] administered by our own people." The leadership accepts meagre programs and services, and have been conditioned to withdraw from conflict in cases where the scraps might be threatened. This grim calculation is the result of a history of violence. When First Nations do rise up, they are more often than not met with criminalization, discipline and coercion.

Offering ample evidence to validate his framework, the critical contribution in *The Reconciling Manifesto* is the revelation that contemporary reconciliation discourse maintains the trend. Like the White Paper, which used the civil rights discourse of a "just society" to sell the extinguishment of Aboriginal rights and title, reconciliation is used in similar ways. Yes, there are more resources for programs and services to help "close the gap." But these are "measures that are



designed—as they always have been since the first missionaries arrived and through the residential school experience and the fitful Liberal bursts into nothingness like the Kelowna accord—to fix Indigenous peoples.” Or put another way, to help us assimilate.

For Canadians today, this reconciliation framework’s discourse has reached dangerous levels of saturation. Manuel writes: “Everything is reconciliation. When they join a round dance, they call that reconciliation. When their eyes tear up in discussing our poverty, that is reconciliation. At the same time, when they are denying our constitutional rights, they call that reconciliation of Aboriginal title with Crown title. In fact, every new plan to steal from us is called reconciliation.” While other academics debate the meaning and scope of reconciliation, Manuel shows how its already been co-opted and weaponized.

In a review of *Unsettling Canada* I wrote that Manuel is like a tall old cedar. He seems to have a view of the landscape in its entirety, and before the rest of us. His analysis from above effectively puts the current conversation around reconciliation into the rightful context.

More than that, and the focus really of the latter half of the book, is what we’re going to do about it all. Bypassing the nihilism of much of the settler-colonial frameworks and the structural

or strictly internal prescriptions of many critical Indigenous writers, Manuel is refreshingly pro-active, creative, and importantly, persuasive (not to mention witty).

When asked by non-Indigenous peoples how to get past colonialism, Manuel would say the answer is simple: “Canada needs to fully recognize our Aboriginal and treaty rights and our absolute right to self-determination. At the same time, we will recognize the fundamental human right of Canadians, after hundreds of years of settlement, to live here.”

But he also knew that Canadians (and it should be noted that this book is addressed in large part to Canadians) would prefer the difficult path, because ultimately our interests diverge. So, Indigenous people must cultivate a sophisticated and committed grassroots movement with those in solidarity—environmentalists and racialized Canadians in particular—to force justice. Now, there is much more: strategies for investor risk analyses, land management plans, the deployment of international legal instruments, pipeline subversion plans, even a six-step program for decolonization. These myriad of tactics are designed to fundamentally challenge the legitimacy of the settler state and force an alternative arrangement.

Central to this new arrangement, and a latent theme throughout, is

the land. Not just how we’ve been dispossessed of it or how to exercise jurisdiction over it, but our obligations to it. While Manuel advocates for the rebuilding of Indigenous economies (as well as non-Indigenous economies for that matter), he insists they must be rooted in a deference to the land and includes a section of the book reminding us of our near apocalyptic circumstances to drive the point.

Despite this foreboding, the tone is generally hopeful. In that spirit, the writing is accessible. *The Reconciliation Manifesto* can be read as an introductory text for Canadians who have little understanding of colonialism, or as an intervention into counterhegemonic theorizing. For me, having studied and taught Indigenous politics for a decade now, Manuel reframes my thinking on issues I long considered straightforward. While there are elements that require elaboration here and nuance there, this is nonetheless a tremendously important book for multiple audiences.

While Art Manuel is irreplaceable, he does leave an inheritance. Among those gifts is *The Reconciliation Manifesto*, in which Manuel finds a path for us. Now it’s our task to clear it. **M**

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From revolving door to revolution in the patch

Kevin Taft sees an end to oil industry dominance in Canada. But as he tells **Jeremy Appel**, getting there will be “long and messy.”

WHY ARE OSTENSIBLY environmentally friendly governments, like the federal Liberals and Alberta NDP, still so attached to oil sands extraction, with its disproportionate impact on carbon emissions? Former Alberta Liberal leader Kevin Taft has an answer in his recent book, *Oil's Deep State* (Lorimer, September 2017), and it's one that many Canadians and Albertans will find unsettling.

Taft argues that the oil and gas industry has developed a stranglehold over federal and provincial governments, as well as large swaths of academia and the media, corroding Canadians' ability to meaningfully address the threat of climate change. **Jeremy Appel** spoke with Taft about his analysis, how we got to this point and what the future holds for oil's deep state.

JA: *When we hear about the deep state it's usually a reference to the power elite running the show in Washington, D.C., despite Trump's alleged goal to "drain the swamp" of corporate influence. What do you mean by the term in your book?*

KT: When I finished the manuscript, the term “deep state” hadn't hit the popular agenda very much yet. In fact, it was a concern of mine and the publisher's that the term wouldn't really resonate with people.

It's a term that goes back to the 1970s and has been used commonly in Europe, Turkey, the United States and Canada. What's happened in the U.S. since the Trump election is that the far-right has grabbed and torqued the term “deep state” for their own purposes, and that's what happens with political language, unfortunately.

I tried to bring some theory to the idea of a deep state by connecting it to the notion of capture. There's a long history of literature studying how democratic institutions get captured by private interests. The question I had is, what happens when a whole series of democratic institutions are captured and held by the same private interests?

What happens when the governing party, the opposition party, the regulators, the civil service, universities, for example, are all captured and held by the same private interest? I argue at that point you have a state within a state, which I call a deep state.

JA: *How did the non-renewable energy industry get so powerful in Canada in general, and in Alberta in particular?*

KT: It was a very slow process in Alberta. The oil industry here has been active for 100 years and gradually built

strength. A key variable for Alberta is that we have a comparatively small population, so all of Alberta together has less people than metropolitan Phoenix or Seattle, and we own the third largest oil reserves on the planet. This little population of Albertans owns more oil than all of Russia or all of the United States.

It's an overwhelmingly large resource for such a small population. As that resource is being developed, especially the oil sands, the economic weight of that has bent our democratic society into a warped shape. It gives immense power to the private interests who have managed to gain control of that resource.

It's very difficult for a government to manage a resource as large as the oil sands without losing control of the resource. I think that the only country who's done that really effectively is Norway. We had a chance. In his first term or two, Peter Lougheed actually stood up and waged a struggle with the oil industry. He wrestled a lot of control away from the industry and into the hands of the people who actually own the resource, which is the government and people of Alberta.

Those successes of the early Lougheed years began to decline in the later 1980s, and Ralph Klein's election in 1992 led to a complete abdication of control of our oil resources, turning it over to the private sector. We're going to pay a price for that.

JA: *What happened in the intervening years, from Lougheed's battle with the industry to Klein's subservience to it?*

KT: There was a broad shift in the social-democratic discourse through the 1980s. You had the rise, generally in the English-speaking world, of the right.



You had Margaret Thatcher in the U.K. and Ronald Reagan in the U.S., as well as the Chicago school of economics, who became champions of markets and the private sector.

That was combined with a slowing in Alberta's economy in the later 1980s and then a very deliberate and successful attempt, starting in the very late '80s and through the 1990s, by people in the industry, to take command of the Alberta government.

You had, for example, a whole series of energy and finance and other cabinet ministers coming from the oil industry, spending a couple of terms in cabinet and then going back to the industry. It's no surprise that those people took the royalty and regulatory systems and turned them to the benefit of the industry.

JA: *How did your personal experience in Alberta politics inform your analysis?*

KT: My experience had a profound shaping of my view. When I left politics [in 2012], I really left it completely. It was a couple of years after I left that I was invited by a university in Australia to give some serious thought to the relationship between fossil fuels and democracy.

As I began reading, thinking and studying the theory, I realized that everywhere I looked, when I was in office, the oil industry was right there. Whether they were lobbying me, or when I walked over to the legislature they'd be lobbying the government, financing the political parties, funding the universities. Everywhere I turned, there would be the oil industry.

When you're in the middle of it, that just seems normal. But after a couple years away, and doing more serious thinking, I realized it was the oil industry that was running Alberta, not the people of Alberta.

We have to remember the interests of the oil industry are not the same as the interests of the people of Alberta. That's something Peter Lougheed said over and over again. The people of Alberta have to think like owners and we stopped doing that in the early 1990s. We've given up one of the most valuable resources on the planet.

JA: *More recently, Ed Stelmach attempted to raise royalty rates and the industry responded by shifting its financial support from his PC party to the upstart Wildrose. What does this tell us about the machinations of oil's deep state?*

KT: Behind the scenes there's a very well-orchestrated campaign by the oil industry to control the public agenda. The backstory to the rise of the Wildrose party is part of that.

I spend the first two chapters of the book talking about oil lobbyist and former Stephen Harper adviser Bruce Carson's court case in Ottawa. All the documents, emails, bank statements and minutes tabled lay bare some of the behind-the-scenes efforts, and millions of dollars spent, by the oil industry to get a grip on the civil service, Environment Canada, Natural Resources Canada, the political system, through cabinet ministers and prime ministers, top civil servants, the universities and provincial governments.

Of course, the public would never have a clue that that happened if a court case hadn't allowed the police to actually seize these documents and computers, and present



the evidence in court. When I read through all those filings, it's just stunning to see how systematically the oil industry works to orchestrate the public agenda, whether it's pipelines, approval of oilsands expansion, undermining environmental initiatives.

This is not random chance. You can trace this back to a core, which is the command centre of the oil deep state in Canada—the Canadian Association of Petroleum Producers.

JA: *What's the way out of this situation?*

KT: Change in Alberta is going to be forced from outside. That change is going to come in a few forms.

One is that a very rapid shift in energy technology is going to unfold in the next decade. It takes away a good part of the market for Alberta oil, which will unfortunately bring Alberta's economy to its knees, creating a political crisis in this province.

Another way out is the kinds of citizen actions that we're seeing across the country and around the world—the actions of First Nations, court actions challenging the pipelines and escalating civil disobedience.

Frankly, a form of energy revolution is coming that will put the end to the oil industry, but that's not going to be clean and tidy. It's going to be a long and messy process. **M**

RICHARD DENNISS

Buying into a materialist future

AFFLUENZA HAS NOT just changed the world, it has also changed the way we see the world. Short of money? Borrow some. Caught in the rain? Buy an umbrella. Thirsty? Buy a bottle of water and throw the bottle away. Our embrace of “convenience” and our acceptance of our inability to plan ahead is an entirely new way of thinking, and over the past 70 years we have built a new and different economic system to accommodate it.

There is nothing inevitable about this current way of thinking, consuming and producing. On the contrary, the vast majority of humans who have ever lived (and the majority of humans alive today) would find the idea of using our scarce resources to produce things that are designed to be thrown away absolutely mad. But the fact that our consumer culture is a recent innovation does not mean it will be easy to change. Indeed, the last few decades have shown how contagious affluenza can be. But we have not always lived this way, which proves that we don't have to persist with it. We can change—if we want to.

For millennia, the ability of humans to survive and thrive was based on our ability to think very differently from the way the average consumer in a modern shopping centre thinks. Affluenza is so entangled with our modern culture that its impact on our words and our thinking can be hard to spot, but think for a moment about the term shopping centre. You go to a food market to buy food, and a fitness centre to get fit, so we must go to a shopping centre to get some shopping done, right? We have been acculturated to enjoy the process, not the product.

I define consumerism as the love of buying things. For some, that means

the thrill of hunting for a bargain. For others, it is the quest for the new or the unique. And for others still, it is that moment when the shop assistant hands them their new purchase, beautifully wrapped, with a bow, just as though it's a present.

But the love of buying things can, by definition, provide only a transient sense of satisfaction. The feeling can be lengthened by the “thrill of the chase,” and may include an afterglow that includes walking down the street with a new purchase in a branded carry bag. It might even extend to the moment when you get to show your purchase to your friends and family. But the benefits of consumerism are inevitably short-lived as they are linked to the process of the purchase, not the use of the product. So while consumerism is the love of buying things, materialism is the love of the things themselves—and that's an important distinction.

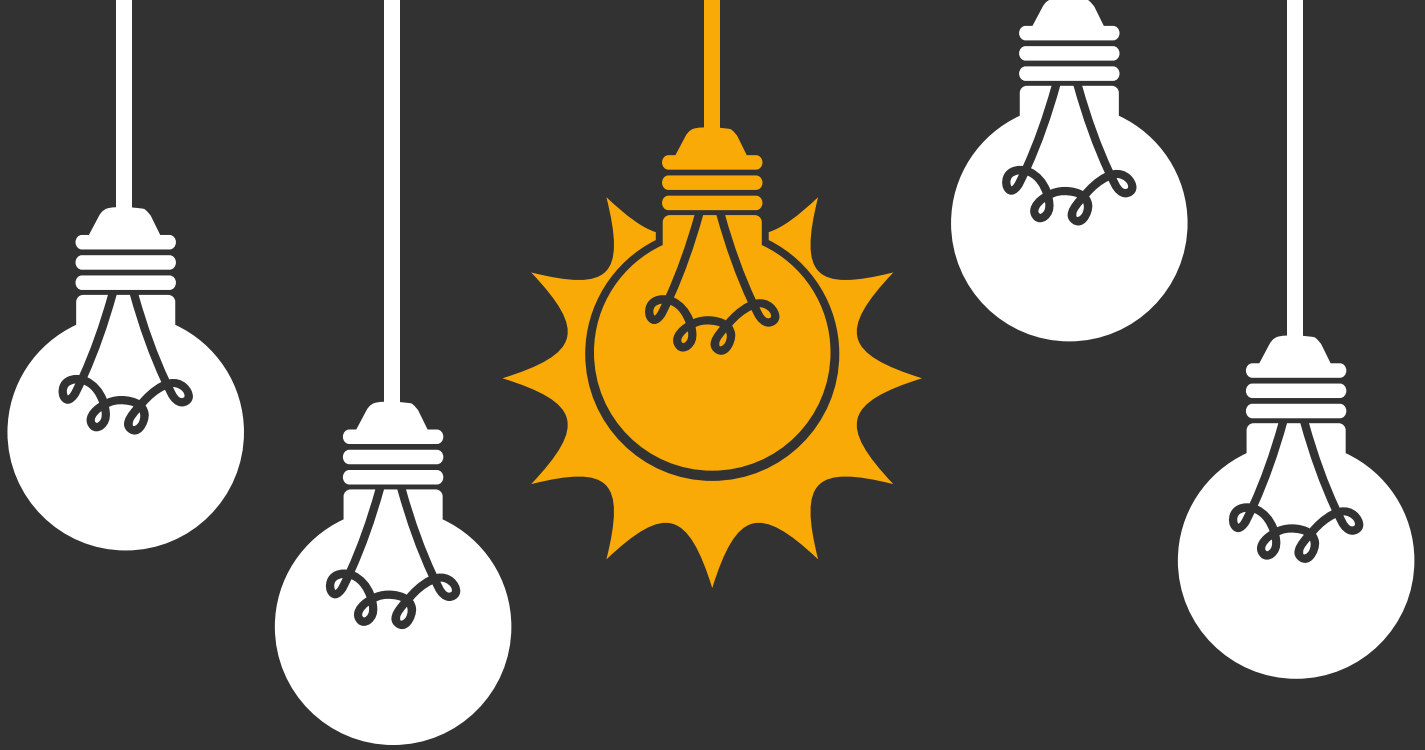
For those interested in the impact of consumption on the natural environment it is crucial to make a clear distinction between the love of buying things and the love of owning things. While consumerism and materialism are often used interchangeably, taken literally they are polar opposites. If you really loved your car, the thought of replacing it with a new one would be painful. Similarly, if you really loved your kitchen, your belt or your couch, then your materialism would prevent you rushing out and buying a new one.

Symbols matter, and psychological benefits matter. The fact that people are willing to spend their own time and money to show they fit in or to make sure they stand out should be of little or no concern to others. But for those who are concerned with the impact of 7.5 billion humans' consumption decisions on the natural environment, the choice of such symbols matters enormously. Whether people choose to signal their wealth by spending money on huge cars or antique paintings is arbitrary, but that does not mean the environmental consequences aren't highly significant.

Put simply, if we want to reduce the impact on the natural environment of all of the stuff we buy, then we have to hang on to our stuff for a lot longer. We have to maintain it, repair it when it breaks, and find a new home for it when we don't need it any longer. If we want to cure affluenza, we have to get more satisfaction from the things we already own, more satisfaction from services, more satisfaction from leisure time and less satisfaction from the process of buying new things. **M**

EXCERPT FROM *CURING AFFLUENZA: HOW TO BUY LESS STUFF AND SAVE THE WORLD* BY RICHARD DENNISS (BETWEEN THE LINES, JANUARY 2017), EDITED AND ADAPTED WITH PERMISSION.





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