

# MONITOR

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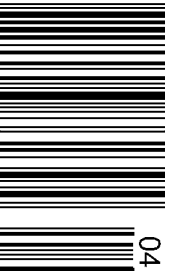
# LOWES

Who's left out of Canada's booming  
cannabis capitalism?



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## MONITOR

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



A complicated marijuana legalization is enriching a new class of white cannabis entrepreneurs while leaving those on whose backs the fledgling “legitimate” industry was built languishing in prison or stuck with criminal records. **John Akpata** looks at the cops, capitalists and regulatory kinks that are taking the shine off decriminalization—and what the government could do to fix it. **18**

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STUART TREW

# Doing it for the money

**G**OVERNMENTS COME AND go, the state grinds on—and can grind down even the most modest ambitions for change in the hearts of incoming MPs and their parties. Whether this is the Trudeau government's problem is debatable. I mean, how much federal waffling and sidestepping—on things like arms sales, “progressive trade,” and especially climate change—is due to inertia within an industry-captured state and how much simply a product of deeply held beliefs about what governments do?

The Liberals agree wholeheartedly, for example, with the nonsensical oil industry view that the path to lowering greenhouse gas emissions in Canada runs through new pipelines carrying expanded tar sands production to Gulf refineries and West Coast export terminals. Government memos obtained by Greenpeace Canada and reported in *The Guardian* (U.K.) this winter show the Trudeau government was enthusiastic about Trump's 2016

presidential win, at least in so far as it was “positive news for the Canadian energy sector with regard to a potential increase in energy trade.” And Natural Resources Minister Jim Carr said in mid-February he'll use “all tools available” to make sure the BC NDP can't postpone or cancel the Kinder Morgan pipeline expansion, which the federal government proclaims to be in the national interest.

As inconsistent as these plans are with the Trudeau government's objective of meeting Canada's climate obligations under the Paris Agreement, they should not come as a surprise to anyone. The Liberals have consistently claimed that the main problem with Canada's environmental assessment process is it discourages investment and fails to “get resources to market,” as Prime Minister Trudeau wrote in his 2015 mandate letter to Environment Minister Catherine McKenna.

Such views, reflected in reforms to the major project approvals process

announced in February, left environmental groups scratching their heads: shouldn't the government's priority be protecting fragile ecosystems, like our oceans and coastal regions, and eventually transitioning the Canadian economy off of fossil fuels? Actually, no. The reforms were about restoring public trust and “investor confidence” in the consultation process. “And when you have confidence, you're not going to get everyone on-side, but people are going to feel heard,” said Minister McKenna on *Global News*.

There's a reason the world's corporate class has been riding Prime Minister Trudeau's coattails since the 2015 election. Optimism is contagious. While markets have more than rebounded since 2008-09, and Canada's economy witnessed a late-2017 jolt that pushed unemployment down and GDP growth up, we're hardly out of the swamp. The federal government expects growth to drop back down again



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in a year or two, even after stimulative spending in the budget kicks in—including in positive areas like social housing (see page 7). The globalization favoured by the financial elite, of unleashed animal spirits and unequal accumulation, is in crisis. Trudeau's talent is his ability to sell this system, and the inequality that drives it, back to voters as being ultimately what's best for "the middle class and those striving to join it." It's a mutual thing.

The government's marijuana legalization plans are a case in point (see our cover story on page 18). If Canada's licensed producers are not yet locked in a tight tango dance with Ottawa, the federal government seems in a rush to get to the ball. A new cannabis capitalist class is emerging—is being carefully created—and consolidating quickly; board rooms are filling up with former establishment types from Canadian politics and the police. Meanwhile, the public health messaging is confused, past marijuana convictions have not yet been pardoned, and a series of new rules in bills C-45 and C-46 may end up recriminalizing the poor, racialized and young—the very people whose persecution and activism made it possible to be a pot billionaire today.

Whoever is ultimately championing profit-making over the public interest—an industry-captured state or the elected government—Canada remains stubbornly attached to the idea that you can solve most problems by creating more rich people. Fewer and fewer people buy it, and it's unlikely they will "feel heard" if it remains the only solution on offer. **M**

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### Sounds bad, but what is it?

I read Robin Shaban's review of Cédric Durand's *Fictitious Capital* ("Dismal visions hinder finance reform," November/December 2017) in hopes of discovering what it is and why it's a bad thing. It certainly sounds like a bad thing. However, all I learned was that Shaban considers Durand to be excessively cautious and pessimistic about the chances of stopping the practice of people earning interest and/or dividends on imaginary capital. That may be true, but the review does not enlighten this reader about why we should worry about fictitious capital.

**Leon Surette**, Ottawa, Ont.

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### Don't print fake news

I am a long-time supporter of the CCPA and depend on the *Monitor* for information that mainstream media may not be willing to convey. I was therefore gratified to see Michelle Weinroth's finely written review of Ilan Pappé's book, *Ten Myths About Israel* ("Handbook for a just peace in the Middle East," September/October 2017), as well as the subsequent letters in support of

it. But then, predictably, the Zionists came running with their usual fictions about Israel and the Occupied Territories.

Much has been written on this subject, but these are the basic facts: Israel was established on the basis of a methodical program of land theft and violent ethnic cleansing, and has flouted more UN resolutions than any other nation. Palestinian Israelis—about 20% of the population—are subjected to more than 50 discriminatory laws in a system that can only be called apartheid, and that was named as such by both Nelson Mandela and Desmond Tutu. There are now about 800,000 settlers living on prime land in the West Bank, while the Palestinians there endure a brutal and illegal military occupation, with home demolitions, the destruction of olive groves and water diversion.

There are thousands of Palestinians, including children, currently being held in detention without charge. Meanwhile, the Gaza Strip—which has been called the largest open-air prison in the world—has still not recovered from Israel's blistering attacks of 2008-09 and 2014, in which banned weapons such as white phosphorous were used against civilian targets like schools, hospitals and mosques. The situation has just been made significantly worse by President Trump's decision to recognize Jerusalem as the capital of Israel.

I have written many letters on the subject of Israel/Palestine, but this is the first in which I am proposing that in publishing the usual Zionist

propaganda about Israel, media outlets—including the *Monitor*—are not simply giving equal space to the "other side of the argument," but are promoting damaging misinformation about the plight of one of the most oppressed peoples in the world. These "alternative facts" are no less appalling and risible than those Trump and his accomplices have been telling the world for over a year now.

But Zionist fictions really are "fake news" and ought to be treated as such. In a world teetering on the edge of annihilation, they no longer deserve to be given a platform.

**Conrad Alexandrowicz**,  
Victoria, B.C.

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### Corrections

On page 36 of the January/February issue, the final sentence, which carries onto page 38, was cut off at "Global." It should have read: "This is blatantly obvious in cases of Western mining abuses in the Global South. But we've also seen it happen in Canada, where a forestry company walked away from the province of Newfoundland and Labrador..." We apologize for the omission.

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**Send all feedback, corrections, poems, praise or complaints to [monitor@policyalternatives.ca](mailto:monitor@policyalternatives.ca).**



## New from the CCPA

### The hidden costs of NAFTA

Against the backdrop of recent NAFTA renegotiations comes the revelation that the federal government has spent more than \$95 million in unrecoverable legal fees defending the ballooning number of anti-democratic investor-state lawsuits filed against Canada under the free trade deal's controversial investment chapter. Those stunning legal fees, made public for the first time by the CCPA in a report out in January, are on top of the \$219 million Canada has paid out in awards and settlements resulting from NAFTA losses.

"The current renegotiation opens the door to get rid of, or at least neutralize, the investor-state dispute settlement (ISDS) mechanism in NAFTA and I certainly think Canada should grasp the opportunity," said CCPA Senior Researcher **Scott Sinclair**, author of the report **Canada's Track Record Under NAFTA Chapter 11**, in an interview with The Canadian Press.

Since 2010, Canada has been sued under NAFTA Chapter 11 over twice as many times as Mexico and the U.S. combined and is currently facing eight active

investor-state claims—including by Omnitrax, related to its broken rail line to Churchill, Manitoba, and by Lone Pine Resources, which is challenging Quebec's fracking moratorium—that combined seek more than \$475 million in damages. Late last year, Canada's chief NAFTA negotiator said "if the U.S. is going to opt out [of ISDS], Canada would opt out as well, and Mexico said they also would opt out." But at the Montreal negotiating round at the end of January, Canadian negotiators said they were pursuing options with Mexico to keep Chapter 11 intact bilaterally, even in the event the U.S. opts out.

As of January 1, Canada has lost or settled eight NAFTA investor-state claims, which frequently target legitimate, non-discriminatory environmental protection, public health and resource management decisions by Canadian governments. The federal government and several environmental organizations are currently in court challenging Canada's shocking recent NAFTA loss to Bilcon, a U.S. aggregate company that convinced an ISDS arbitration panel the environmental assessment denying it a permit to build a massive quarry in Nova Scotia violated several of NAFTA's investment protections. Canadian lawyers are arguing the panel had no jurisdiction to hear Bilcon's complaint.

Canada could gain valuable negotiating leverage in the NAFTA talks, and avoid more anti-democratic cases like the Bilcon NAFTA claim, "by withdrawing its opposition to the U.S. proposal to

let countries opt-out of ISDS," said Sinclair in a statement about his new report. "This could help negotiators advance other key Canadian interests, such as safeguarding affordable access to medicines or securing meaningful continental labour standards. Canadian negotiators should not let this opportunity slip through their hands."

### Transition that works

The transition to a cleaner future guarantees neither prosperity nor hardship, argues **Hadrian Mertins-Kirkwood**, CCPA researcher, in a new report assessing Canada's response to climate change. Although this transition will create more jobs than it destroys, he writes, that's little consolation to the 200,000 fossil-fuel workers whose livelihoods are put at risk by environmental policies. These workers, and their communities, will be best served by a national strategy to ensure the move to a clean economy leaves no one behind.

"There's no doubt we need to reduce greenhouse gas emissions, but in doing so governments must prioritize the stability of communities in vulnerable regions and the well-being of workers across the country," says Mertins-Kirkwood, author of **Making Decarbonization Work for Workers: Policies for a Just Transition to a Zero-carbon Economy in Canada**. Those communities are overwhelmingly found in B.C., Alberta and Saskatchewan, but "the threat of job losses is not

just a problem in the oil patch. This research makes it clear there are communities across the country that rely on fossil fuel jobs for their prosperity."

Without a proactive just transition effort, writes Mertins-Kirkwood, environmental policies will lose popular support and won't be as economically productive or inclusive as they could, and should, be. The report therefore calls for enhancement to Canada's social security and workforce development programs, and the promotion of growth and equity in the workforce through strategic investments in apprenticeships and vocational training for the zero-carbon economy. "The fact is, Canada's social safety net is not robust enough to support a just transition for those impacted. That needs to change," says Mertins-Kirkwood.

### Restoring forestry

Forests are one of the iconic symbols of British Columbia, but successive governments and companies operating there have largely focused on the cheap commodity lumber business that benefits industry. In a new report for CCPA-BC, former provincial forestry minister **Bob Williams** proposes that regionally based forestry with co-management by local communities and First Nations would best serve B.C.'s public forests and the communities that depend on them. He looks to Sweden as a model, where forests are managed in the public interest for the long term rather than for the short-term interests

of the commodity lumber industry.

"For several generations in coastal B.C., we demolished great forests, clear-cut countless valleys and watched giant corporations come through and liquidate this great natural asset and then move on," writes Williams in **Restoring Forestry in B.C.** "Regionalization would also ensure that power rested with the communities most directly affected by forest management decisions and not with bureaucrats."

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## The inclusive economy

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All around us, we see the results of the gaps that capitalism leaves. So what would the full picture of an economy that is for and by the people look like? Can we create good inclusive jobs while tackling waste and poverty in our communities? That's the question explored by economists, community economic development (CED) practitioners and employees of social enterprises and co-ops in the new film **The Inclusive Economy: Stories of Community Economic Development in Manitoba**, co-produced by CCPA-MB, the Canadian CED Network Manitoba, the Manitoba Research Alliance and Rebel Sky Media.

Community economic development is prevalent in Manitoba. In her recent CCPA-MB report on the practice, **Sara Wray Enns** explains that CED "does not focus on the creation of profitable businesses alone. It also seeks to improve local communities through stable employment, improved health, a better physical environment and

community control of resources."

CCPA-MB's 2017 **State of the Inner City** report revealed that local community-based organizations (CBOs) are uncertain whether they will continue to receive funding from provincial multi-year agreements following the government's spending review. "Needless to say this is a precarious situation [for Manitobans who rely on their services]," writes author **Ellen Smirl**.

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## Pennies added to Nova Scotia minimum wage

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In late January, the Nova Scotia government announced the province's minimum wage would go up by 15 cents to \$11 an hour. With other provinces like Alberta and Ontario moving toward a \$15 minimum, the lower provincial increase is a "slap in the face to workers," CCPA-NS Director **Christine Saulnier** told *Metro Halifax*.

In a December report on **Child and Family Poverty in Halifax**, Saulnier and **Katherine Ryan** call on the government to ensure fair income for all work, and for the Halifax Regional Municipality to become a Living Wage employer (by setting the wage floor at around \$19 an hour). Almost one in five children were living in poverty in Halifax in 2015, according to the analysis.

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## Global inequality continues to reign

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Income inequality "is progressive in the best sense of the term and benefits all



strata of the population," wrote the Austrian economist Ludwig von Mises in 1955—a relatively good year for *equality*. One has to wonder, had Mises lived to see how effectively the neo-liberal policies he inspired would crank inequality to the max, whether he would eventually have dialed back his exuberance about the natural virtues of the rich.

Today even Mises's most devoted practitioners at places like the Fraser Institute get a little hot under the collar talking about the off-the-rails wealth gap. Oxfam's annual report on inequality, released in January, shows that 82% of the wealth generated globally in 2017 went to the world's richest 1%, while the 3.7 billion people who make up the poorest half of the world saw no increase in their wealth at all. To personalize that, it takes just four days for a CEO from one of the top five global fashion brands to earn what a Bangladeshi garment worker will earn in a lifetime, the Oxfam report notes.

Here at home, the CCPA's annual report on national CEO compensation, **Climbing Up and Kicking Down: Executive Pay in Canada** (our *Monitor* cover story in the January/February issue) made

CCPA Senior Economist David Macdonald (right) with Partha Mohanram on TVO's *The Agenda*.

hundreds of headlines across the country and internationally after revealing that Canada's top-paid CEOs made 209 times more than the average worker in 2016.

"The interesting relationship with CEOs is that there is not a clear link between higher CEO pay and better corporate performance," report author and CCPA Senior Economist **David Macdonald** told CTV's *Power Play* in January. David discussed his report with TVO's Steve Paikin and Partha Mohanram of the Rothman School of Management on the January 23 edition of *The Agenda*, which can be streamed from the TVO website.

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# Behind the numbers

WHAT WE'RE BLOGGING ABOUT

ERIKA SHAKER | ONTARIO

## Public backs overdue minimum wage hike



Despite business sector fearmongering and misreporting by the mainstream media, Ontario's move to raise the minimum wage to \$15 an hour has broad public support, according to a recent survey by Forum Research. "[W]hat is surprising," said the polling firm, "is that support for the move is spread across all income groups. A lot of people are in favour, *even though they themselves aren't affected*" (emphasis added).

It's an odd and divisive assertion—that only low-wage workers are positively impacted by a higher minimum wage—when we know that society as a whole benefits economically and socially from a reduction in income inequality. But let's set that aside for a moment.

How often are low-income workers expected to hear it's not a higher minimum wage they need; rather, society must create "incentives," in the words of Philip Cross at the Macdonald-Laurier Institute, to "pursue actions that will lift them out of low income, such as working hard, demonstrating initiative and enterprise, and obtaining a good education"? In this view of the world, it's all about doing one's homework, making sacrifices and planning ahead, as we can read in any number of articles on financial literacy.

Consider how the increase is framed in so much of the media coverage, and by business associations like Restaurants Canada that have come to depend

on low-wage employment. They call the minimum wage bump "reckless" or "sudden" or "too much too fast." What's *truly* surprising (reckless even) is that so many businesses didn't see it coming, even after a two-year \$15 minimum wage campaign in Ontario, a series of global precedents and provincial legislation in the works for years.

Similar minimum wage increases have been studied, debated and implemented in several U.S. states, in Britain and Australia, and here in Canada in Alberta. All this strikes me as something businesses might have considered "market research" or simply "planning ahead" to minimize any sudden shocks to their bottom lines.

Not only that, but the province's Changing Workplaces Review was initiated back in February 2015, "to consider issues brought about in part by the growth of precarious employment." Ontario businesses had seven months' notice of the bump to \$14 an hour on January 1—part of legislation, the Fair Workplaces, Better Jobs Act, aimed at improving the working lives of contract and part-time workers—and they have another year before \$15 an hour kicks in.

To be fair, some businesses did prepare. "You make choices. I don't have a Sea-Doo. I'd rather give my cooks a raise," one Ottawa-based restaurant owner told the *Ottawa Citizen*. The "recovery shouldn't be on the backs of workers. It should be a shared

responsibility," explained another in the *Toronto Star*. "We're not changing economics here, we're just catching up."

And that's the main point here. The increase to the minimum wage shouldn't be seen as a shock, but rather a long-fought-for correction. Those companies and industry associations arguing loudest against it might just be the ones who'd become a little too comfortable in an outdated business model where profit margins depend on low-wage employees. Like the "rogue" (head office's term) Tim Hortons franchises that decided to dock worker benefits and take away their tips as a buffer against increases to their payrolls.

Now, back to those broader community benefits from the pay raise. One in four workers in Ontario earn at or below the minimum wage and 82% of them are 20 or older. A little extra money can help relieve stress in low-income households and modestly increase their spending power, which will eventually be felt in business revenues. Automation—one of the fear factors in the Ontario debate—has been progressing independent of wage increases, and in the fast-food industry was introduced to increase orders and consumer spending, not reduce staff.

There's no question the changes businesses will have to make for the \$14 and then \$15 an hour minimum wage, as well to adjust to new workplace standards, will require some adjustment on the part of owners. But hey, workers living in poverty are constantly told to rejig their household expenses—with far fewer resources at their disposal.

Of course, for those businesses that have been paying their workers well all along, and reading the political tea leaves, the change will be much less abrupt. Progress is shocking only when you resist or postpone it.

Rather than retreating to last-minute obstructionism, businesses would do better to simply prepare now for next January's additional \$1 raise to \$15 an hour, which is what polls suggest the public want them to be doing. In the spirit of financial planning, good asset management and projected returns on investment—if not economic justice—let's get to work. **M**

ERIKA SHAKER IS DIRECTOR OF EDUCATION AND OUTREACH WITH THE CCPA. FOLLOW HER ON TWITTER @ERIKASHAKER.



# Getting to know Canada's National Housing Strategy



The Trudeau government unveiled its anticipated National Housing Strategy in November. While much of its content and funding levels had already been broadly outlined in the 2017 federal budget, the strategy told us at least 10 things about the government's plans to renew the federal role in affordable housing in Canada.

## 1.

The strategy aims to reduce chronic homelessness by 50% over 10 years. The federal government describes the "chronically homeless" as those people, "often with disabling conditions (e.g., chronic physical or mental illness, substance abuse problems), who are currently homeless and have been homeless for six months or more in the past year (i.e., have spent more than 180 cumulative nights in a shelter or place not fit for human habitation)." Setting targets is positive, but in the absence of a clearly defined implementation framework it's very challenging for researchers to accurately assess how realistic this target is vis-à-vis various spending commitments.

## 2.

A key feature of the strategy is the creation of a Canada Housing Benefit developed in partnership with the provinces and territories to help low-income households afford rent in both private and social housing units. The Trudeau government estimates this will cost \$400 million over seven years beginning in 2020, and that the average beneficiary will receive \$2,500 in support per year. It is expected that half of this money will come from the federal government and the other half from provinces and territories. Certain subgroups will be prioritized, though it's not yet clear which, nor do we know how this new

benefit program will interact with the rest of Canada's income assistance framework. For example, will a social assistance recipient who receives this new benefit be allowed to keep the full value of both financial supports? What about a household that's already receiving a provincially administered rent supplement? And what will this look like on reserves?

## 3.

A new National Housing Co-investment Fund will create up to 60,000 units of new housing and repair up to 240,000 units of existing housing. Over 10 years, this federally managed initiative will be worth \$15.9 billion (including \$4.7 billion in capital grants and \$11.2 billion in low-interest loans from the Canada Mortgage and Housing Corporation). About half of the grant funding will go

**The Trudeau government appears to want to shift traditional social housing models toward mixed-income developments.**

to repairs while the other half is for new builds. This large fund will both assist with social housing and housing that's owned and operated by for-profit landlords, and consist of several programs (including grants and loans) that target different groups. The federal government anticipates 6,000 new housing units annually will be created in addition to repairs. At least 7,000 shelter spaces will be created or repaired for survivors of family violence. There will also be 12,000 new units created for seniors, and at least 2,400 new units for persons with developmental disabilities. Though it is a unilateral federal program, some assistance from provincial and territorial governments may be required. In general, among other things, we can say this is a demonstration of the Trudeau government's interest in getting back into the direct delivery of housing programs. Quebec has already said that it does not want direct federal involvement in the housing sector and expects to negotiate an arrangement whereby the province will remain solely responsible.

## 4.

The Canada Community Housing Initiative will focus on preserving existing units of social housing at a cost of \$4.3 billion over a decade, with a cost-matching requirement from provinces and territories. Note that this is precisely the amount of federal funding set to expire over the next decade on existing social housing units, i.e., this is about expiring operating agreements. Canada's approximately 500,000 social housing units that are both administered by either provincial or territorial authorities and have rent-g geared-to-income (RGI) subsidies are eligible for this money. This fund will assist with repairs, help keep rents affordable and provide mortgage assistance for operators. This means the issue of expiring operating agreements is fixed for the next 10 years—provided the provinces and territories agree to match costs. (The Federal Community Housing Initiative will do essentially the same thing for social housing units that are federally administered, including co-op units. This will entail \$500 million in federal funding over 10 years. No cost-matching will be required here.)

5.

The Trudeau government appears to want to shift traditional social housing models toward mixed-income developments. Developments that are 100% RGI will be discouraged, and the government will encourage the redevelopment of existing projects that meet that definition. This will be done through the National Housing Co-investment Fund and Canada Community Housing Initiative, both of which are discussed above.

6.

An assortment of additional new initiatives were announced, such as the creation of a new Federal Housing Advocate and National Housing Council, the latter an advisory body that will provide ongoing input to the Canada Mortgage and Housing Corporation (CMHC) beginning in 2018. A new Community-Based Tenant Initiative will also be created (to foster participation by people with lived experience) alongside a new public engagement campaign with an anti-stigma focus.

7.

A new National Housing Strategy Research Agenda worth \$241 million over 10 years is set to embrace open data. Some of this funding will go to Statistics Canada, some to CMHC. The Trudeau government says it wants to increase funding for housing research “both inside and outside government and enhance the channels available to communicate research results.” Also, according to the strategy, “Solution Labs will be funded to bring experts and a range of housing stakeholders together to rapidly incubate and scale potential solutions to housing affordability pressures. Through open competitive processes, teams from the housing sector will be invited to identify housing challenges in key National Housing Strategy priority areas and propose strategies to develop new, world-leading solutions.”

8.

We’re told this is “Canada’s first ever National Housing Strategy,” but that may not be accurate. In the mid-1980s, the federal government released a document titled “A National Direction

## A key feature of the strategy is the creation of a Canada Housing Benefit to help low-income households afford rent in both private and social housing units.

for Housing Solutions,” which many housing policy experts considered to be a type of strategy. This had a transformative impact on affordable housing policy in Canada, specifically by getting the provinces and territories more engaged. Also, while the new strategy contains some language pertaining to home ownership, it is very heavily focused on the rental sector.

9.

The strategy may overstate a few other points as well. For example, it vows to create four times as many housing units annually as were created from 2005 to 2015. However, according to Greg Suttor’s new book, *Still Renovating: A History of Canadian Social Housing Policy* (McGill-Queen’s University Press), approximately 7,900 affordable rental housing units (not counting on-reserve housing) were created annually during the 2005–2013 period. Since the strategy claims it will create 100,000 new units over 10 years, it would be more accurate to say that it will result in a modest increase in new builds (it’s quite unlikely they will even double in number). Furthermore, CMHC has not published good data on numbers of new units created annually over the past several decades, so this makes it challenging for researchers to fact-check any such claim with any level of precision.

10.

There will be lots to monitor over the next several years, and there are many unresolved questions. For example, beginning in 2020, there will be reports to Parliament every three years on housing targets and outcomes. But who will do that reporting? Who will set the metrics for the reporting and who will calculate the figures? Also, the federal government says it’s working with First Nations, Métis and Inuit organizations to develop separate housing plans, but what will they look like and will they involve new funding? The strategy vows to take a “rights-based approach to housing” requiring new legislation, but it’s not clear what such an approach actually means. Finally, what happens if some provinces or territories refuse to match the costs of some of the initiatives?

In sum, the new strategy is arguably the most positive development in federal housing policy since the early 1970s, signalling that the Trudeau government is serious about the issue. But while the government’s intent is clear, we’ll be watching this year’s budget and other developments to see how well they can actually deliver. **M**

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KEITH REYNOLDS | BRITISH COLUMBIA

## As U.K. audit slams P3s, B.C. projects continue

The public-private partnership (P3) model for delivering public infrastructure and services is an expensive mess, confirmed again by new international evidence and a high-profile bankruptcy in the United Kingdom. Will the B.C. government ever get the message?

Since 2002, the provincial government has relied heavily on P3s to build public hospitals, roads, bridges, environmental projects and even the new Emily Carr University campus (pictured). Under these arrangements, corporations provide some or all of the funding for public capital projects, and often also service the projects for decades. In return they get a guaranteed cash flow for the life of the P3 contract.

B.C. borrowed the P3 model from the United Kingdom where it was pioneered under the term "private finance initiative" or PFI. Whatever you call it, the private-sector-led infrastructure strategy has developed a bit of a stink for how wasteful it can be.

In January, the U.K.'s National Audit Office (NAO), the equivalent of Canada's

auditors general, issued an assessment of government P3s over the past several decades. According to that report, the U.K.'s 2010 national infrastructure plan estimated the indicative cost of capital for PFIs to be 2% to 3.75% above the cost of government borrowing.

Higher interest rates produce higher project costs. The NAO report found that "paying off a debt of £100 million over 30 years with interest of 2% costs £34 million in interest; at 4% this more than doubles to £73 million." In other words, over a 30-year period (the standard life of a P3 contract), the higher cost of borrowing nearly doubled the cost of paying off debt.

In 2009, two of B.C.'s most prominent forensic auditors came to exactly the same conclusion as the NAO: government consistently raises capital at a cheaper rate than P3 providers. B.C.'s auditor general also flagged this issue in a 2014 report, noting that the cost of P3 borrowing was twice as high as normal government borrowing.

Moreover, the NAO report found that instead of objectively assessing

whether a P3 is the best model for any particular infrastructure project, decision-makers in the U.K. have tipped the scale in favour of P3s. The same complaint has been raised in B.C., including in a review of Partnerships BC conducted by the Ministry of Finance.

One of the chief arguments in favour of P3s is that they transfer the risk of cost overruns on the project to the private sector. But the NAO found "there is little evidence that overall construction cost is lower." P3 proponents have also argued that with private companies operating the projects the government will earn tax revenue from them. However, the NAO report found that government had overestimated the amount of taxes it would earn from P3 companies.

Here in B.C., the government also cites taxes from P3 companies as an advantage for the program, but there is little indication they have actually studied this issue. For example, the B.C. government had no information on what the implications were on tax returns from P3s when the parent company moved their operations. The provincial auditor found "[t]here is still a lack of data available on the benefits of private finance procurement."

Even if benefits have been harnessed under P3s, the U.K. audit report found "these can also be achieved without the use of a long-term private finance contract." In other words, public projects funded by government borrowing could achieve the same benefit.

For example, the NAO states that the use of fixed-price contracts for publicly financed projects, in which the price is set up-front and is therefore ultimately independent of costs, "can be effective in reducing cost overruns." In another approach, "[t]he risk of construction cost overruns could also be transferred using a shorter private finance contract that only covers the construction period but this option has never been pursued in the U.K. under PFI contracts."

Economist Marvin Shaffer has raised exactly this point in the B.C. context. In fact, the latter option was pursued in B.C. for the building of the Evergreen Line transit route, as compared to the full-fledged P3 model under which the Canada Line was built.

There were also questions in the U.K. about the costs of having private

## CARILLION CANADIAN P3 PROJECTS

Project	Sector	Capital Cost (\$CAD)	Delivery Model
Stanton Territorial Hospital Renewal	Health	\$300m	Design-Build-Finance-Maintain
Saskatchewan Hospital North Battleford	Health	\$300m	Design-Build-Finance-Maintain
Oakville Trafalgar Memorial Hospital	Health	\$1.1b	Design-Build-Finance-Maintain
Forensic Services and Coroner's Complex	Justice, Secure	\$300m	Design-Build-Finance-Maintain
Centre for Addiction and Mental Health	Health	\$200m	Design-Build-Finance-Maintain
Royal Victoria Regional Health Centre	Health	\$260m	Build-Finance
Sault Area Hospital	Health	\$276m	Design-Build-Finance-Maintain
Sunnybrook Health Sciences Centre M-Wing Expansion	Health	\$142m	Build-Finance
Royal Ottawa Mental Health Centre	Health	\$130m	Design-Build-Finance-Maintain
Brampton Civic Hospital	Health	\$510m	Design-Build-Finance-Maintain

SOURCE: "THE COLLAPSE OF P3 GIANT CARILLION AND ITS IMPLICATIONS," JOHN LOXLEY, CCPA-MB.

corporations act as ongoing service providers in public facilities. The NAO found "recent data from the NHS London Procurement Partnership shows that the cost of services, like cleaning, in London hospitals is higher under PFI contracts."

That may be rather understating the point. While the audit office took an intensive look backward, there is a more recent development they did not examine.

Carillion, one of the UK's largest providers of P3 services, fell apart in early 2018 and went into receivership after failing to meet huge debt commitments accumulated as a result of

the overexpansion of P3 projects. The UK government has had to take over Carillion's responsibilities and is now, as John Loxley points out in a new CCPA-Manitoba report on the matter, scrambling to feed school children, care for hospital patients, make sure that prisons remain staffed and that roads are maintained.

"Carillion obtained about 11% of its total annual revenue or £596 million (over \$1 billion) from Canadian operations...and employs 6,000 Canadian workers," writes Loxley. "It is heavily involved in 10 P3s in Canada [see chart] with total capital assets of \$3.25 billion, eight in Ontario and one each

in Saskatchewan and the Northwest Territories. Seven of these are hospitals and two are mental health centres."

B.C. barely escaped getting caught up in this Carillion mess. The company bid, as part of consortiums, on several provincial P3 projects but, as luck would have it, did not win any of them. (Carillion was granted creditor protection by an Ontario court at the end of January and claims its Canadian operations are safe for the time being.)

Ontario's auditor general also raised questions about P3s in her 2016 and 2017 annual reports. "There is no empirical data supporting the key assumptions used by Infrastructure Ontario to assign

<b>Carillion's Role</b>	<b>Financial Close</b>	<b>Substantial Completion/ Years of Concession</b>	<b>Location</b>
Developer, Equity Investor, Financier, Facilities Management, Lifecycle Renewal	2015	2018/ 30 Years	Yellowknife, NWT
Developer, Equity Investor, Financier, Design-BUILDER, Facilities Management, Lifecycle Renewal	2015	2018/ 30 Years	North Battleford, SK
Developer, Equity Investor, Financier, Design-BUILDER, Facilities Management, Lifecycle Renewal	2011	2015/ 34 Years	Oakville, ON
Developer, Equity Investor, Financier, Design-BUILDER, Facilities Management, Lifecycle Renewal	2010	2013 30 Years	Toronto, ON
Developer, Equity Investor, Financier, Design-BUILDER, Facilities Management, Lifecycle Renewal	2009	2012/ 30 Years	Toronto, ON
Developer, Financier, Design-BUILDER	2009	2013/ 25 Years	Barrie, ON
Developer, Equity Investor, Financier, Design-BUILDER, Facilities Management, Lifecycle Renewal	2007	2010/ 30 Years	Toronto, ON
Developer, Financier, Design-BUILDER	2007	2010/ n.a.	Toronto, ON
Developer, Equity Investor, Financier, Design-BUILDER, Facilities Management, Lifecycle Renewal	2004	2007/ 20 Years	Ottawa, ON
Developer, Equity Investor, Financier, Design-BUILDER, Facilities Management, Lifecycle Renewal	2003	2007/ 25 years	Brampton, ON

costs to specific risks," she said in the first. And, like the U.K.'s NAO, she found that with good contract management practices public sector projects could reap the theoretical benefits of P3s while also benefiting from the savings of lower public financing costs.

In 2017, the Ontario auditor general found that while there are mechanisms in place for solving disputes between hospitals and their P3 partners, these were ineffective and involved potential conflicts of interest. She said "hospitals informed us that the independent certifiers assigned may not always be impartial because their ongoing work comes from the

private-sector companies and not the hospitals."

The U.K. government has managed to claw back profits from some P3s while other P3 contracts have been cancelled or bought out. The official opposition Labour Party has proposed bringing P3s to an end altogether.

Despite the mounting evidence against them, several P3 projects are moving ahead in B.C. The government announced in October the "preferred proponent" for an Interior hospital "will be responsible for designing, building, partially financing, and maintaining the new tower." The Royal Columbian Hospital Redevelopment Project, with

construction due to start this year, is also going down the design-build-finance-maintain P3 procurement road.

It is long past time for both the B.C. government and our auditor general to give these projects the kind of critical attention we are seeing in the U.K. and Ontario. Ideally, we'll see action before we waste more time and money on new P3 projects—and before a Carillion-level crisis forces us to pay attention. **M**

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# Should Manitobans trust nuclear burial plans?



There was a time when a plan to bury highly radioactive materials 500 metres from a river that provides drinking water and flows into Lake Winnipeg would have attracted a fair bit of attention in Manitoba. Maybe even a mild uproar. One imagines the provincial government at least would have had something to say about it.

So how is it that this scenario seems destined to unfold—soon—and there is scarcely a murmur to be heard in the public sphere? What has changed?

A few things, as it turns out.

First, when the WR-1 research reactor was built in Pinawa (about 100 km east of Winnipeg) in 1963, the agreement between the federal government (responsible for most nuclear matters) and Manitoba was that at the end of the reactor's life the site would be restored to "green field" (i.e., natural) conditions.

The original licence to "decommission" the reactor planned exactly that: the spent fuel having already been moved, the reactor would be completely dismantled and its remaining radioactive inventory, consisting mostly of contaminated reactor parts, taken off site to await "disposal" in whatever Canada's final nuclear waste solution was going to be. Notwithstanding the residual contamination remaining from the multiple accidents and leaks this reactor experienced, the "green field" promise would be honoured.

Now, however, Canada wants out of the original agreement and instead prefers in-situ decommissioning (ISD), a proposal that leaves all the non-spent-fuel radioactive inventory, some of which will remain deadly for tens of thousands of years, grouted in place in a shallow grave next to the Winnipeg River. This new project is subject to another environmental assessment and licensing process.

Second, the original proponent of the reactor decommissioning was Atomic Energy of Canada, Ltd. (AECL), a federal Crown corporation and "owner" of the

nuclear waste that the WR-1 reactor now constitutes. But that has changed, too.

The new proponent is Canadian Nuclear Labs (CNL), a consortium of multinationals, including SNC Lavalin, Mitsubishi, Fluor Corp, Rolls Royce and CH2M HILL, to whom the federal government has given the responsibility for "reducing Canada's nuclear waste liabilities," with a reward of billions of taxpayers' dollars.

A quick Google search on consortium members turns up multiple international scandals and charges, some of which involve breaches of nuclear safety. None of the now-retired nuclear scientists who live in Pinawa, and who know the reactor and the site well, were consulted by CNL for the new plan and are, incidentally, highly critical of it.

Third, the regulatory environment is different. The Harper government's changes to environmental assessment legislation placed responsibility for the safety and soundness of nuclear plans in the hands of the regulator, the Canadian Nuclear Safety Commission, sometimes referred to as a "captured regulator" due to its cozy relationship with nuclear proponents. CNSC has never denied a nuclear reactor licence and demonstrably does not understand the planning necessary for sound environmental assessment. Moreover, its decisions may not be overturned by government.

It's hardly comforting to know that in nuclear matters Canada is now reputed to have a "benign regulatory environment," according to the World Nuclear News. In other words, bring your nuclear business here, we won't be watching you very carefully!

Fourth, governments have also changed. Here in Manitoba, the Conservatives seem blissfully unconcerned about the new plans for Pinawa. In Ottawa, the Liberals have proposed reforms to the environmental assessment process for major projects but seem

reluctant to extend their amendments to the nuclear situation.

Instead, we are encouraged by Minister of Natural Resources Jim Carr (ironically, the senior minister from Manitoba) to trust the regulator and join him in believing that CNSC would never make a decision that would risk the health and safety of Canadians.

This is despite the fact that in-situ decommissioning is not the international best practice and has never been used in Canada, and that CNL's current environmental assessment is beset with significant problems, including not proving that ISD is the safest option for people and the environment, and failing to account properly for the concerns of Indigenous Canadians.

Some things don't change, such as successive Canadian governments' cheerleading for the nuclear industry, and, perhaps worse, the continued absence of a coherent policy to deal with the stockpile of spent fuel, contaminated reactor components and uranium mine tailings accumulating across the country.

Instead we are being asked to trust ad hoc and unproven schemes to render our nuclear liabilities temporarily invisible.

And that's a real problem. Because something else that hasn't changed is the profound danger these materials pose to human health and ecosystems when, not if, they become mobile in the environment. Manitobans should not be guinea pigs for this particularly inappropriate and precedent setting proposal. **M**

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# ALTERNATE FUTURES

ROBIN SHABAN

## The biggest bet of your life

**T**HERE IS AMPLE and often trivial public debate over the defining quality of the millennial generation: tech-loving, narcissistic, obsessed with avocado toast, and so on. Often grossly overlooked is the cohort's low financial resilience.

Millennials stand at the intersection of several unfortunate trends, including stagnating wages, rising tuition costs (and student debt), more precarious work, and lastly, rising house prices. Now they are approaching their thirties, which is generally the age when people transition from renting to home ownership, as every generation in Canada born after 1920 has done.

Home ownership is not just about having a house. It is important if you want to have children, as there are generally few homes for rent that are big enough for a family. Even more broadly, the intense commodification of housing means that home ownership becomes a "making it" benchmark by which we assign status.

A common line of reasoning states that, on top of the familial benefits, home ownership can be a *solution* to financial instability and not *the cause of it*. While it may be difficult, if not impossible, to save enough for a down payment, once you buy a home you begin to build equity in a low-risk, modest-return asset. And once you retire, so the story goes, you have the option to sell your home and cash in that equity.

In short, home ownership is a financial oasis, if one with a very high entry fee. The crux of this argument, commonly espoused by baby boomers, is the refrain that house prices (more precisely, land prices) always go up. The problem is, they don't, or at least they don't always go up enough for this argument to make sense. (I want to acknowledge a friend of mine, who wishes to remain anonymous, for a very helpful conversation that led to this column.)

A recent paper in the *American Economic Review*, titled "No Price Like Home: Global House Prices, 1870–2012," shows that housing prices have only significantly trended upward in the last 40 years. Go back to the 1870s, however, and the graph looks more like a hockey stick, with prices relatively stable up until the Second World War then increasing sharply. Since the late 1980s, housing prices have increased at a rate faster than we have ever seen in 150 years.

It was during the eighties that many boomers bought their first homes. Interest rates were so high that having a mortgage was like buying a house on a credit card. Still, many home buyers eventually came out ahead from property values outpacing at least part of the cost of high

interest. These generations were able to build themselves a sizable amount of equity with relative ease.

So, the idea of housing as a stable investment with a guaranteed return is based on the experience of older generations of Canadians who lived through an anomalous increase in house prices. That being said, there is some logic to the claim that housing values always appreciate.

One could argue, for example, that housing prices will continue to increase because the Canadian population is growing and there is a fixed supply of land. With constant supply and increasing demand, the only place for prices to go is up. The same people may argue that current homebuyers have it even better than earlier generations because interest rates are so low.

In reality, despite demographic growth and relatively cheap mortgages, the choice to buy a house *as an investment* will expose you to *more* financial risk, not less.

As with any investment, we cannot know with true certainty what housing prices will do in the future. More cautious types will point out that if the enigmatic Bank of Canada chooses to continue increasing interest rates it could price new buyers out of a mortgage and make paying current mortgages more difficult, resulting in lower demand for housing and lower prices.

At the end of the day, when you buy a house for the purposes of ensuring your financial future, you are making a very big bet, typically worth hundreds of thousands of dollars. So, if you are thinking of buying a house, consider

**One solution is to increase the supply of social and co-operative housing.**

your expectations. Are you buying hoping to grow some equity to fund your retirement? Or are you simply looking for a comfortable place to live and willing to lose money, or at least come out even?

Fundamentally, to address the millennial financial crunch with respect to housing, we have to attack the root of the problem: extreme commodification. One potential solution is to increase the supply of social and co-operative housing. More supply—and a better mix of rental options for families—brings prices down, which ultimately benefits everyone.

Another option is to eliminate the capital gains exemption on primary residences. This tax credit, which allows you to exempt the gains from selling your primary residence on your taxes, likely increases demand for housing, making homes less affordable in the long run and thus harming the very people it is meant to benefit.

By turning to non-market solutions, and cutting tax credits that are shown to primarily benefit higher-income families, people of all generations, social strata and income levels can access a dignified place to call home. **M**

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KATE MCINTURFF

# What #metoo is bringing to Canadian politics

It's hard to believe that only two months ago the most exciting thing in Ontario politics was the possibility that the Progressive Conservatives might upset the sitting Liberal government in the upcoming election. Recent weeks have given us something else to talk about.

On January 24, the leader of the PC Party, Patrick Brown, held a press conference in which he denied allegations that he had engaged in sexually predatory behavior. By the next day, CTV had aired a story outlining those allegations, his senior staff had quit and Brown had stepped down as leader of the party.

With a leadership race in frantic swing as the *Monitor* went to print, and an election only months away, the party and pundits are trying to decide which way the political wind is blowing. Will the leadership contest foretell a shift to the socially conservative right? Will the PCs lean to the centre? Will the party be able to bind the new leader to the existing platform?

A shift to the right or the middle isn't the only change in the offing. Some of Brown's colleagues, and the reporters who cover Queen's Park, have commented that the allegations against him didn't come as any surprise. Others have written about the "rumour network" that warns young women entering the political sphere about which men might treat them as potential sexual conquests rather than political staff.

It is also worth noting that Canada's libel laws are more stringent than those of the United States. So the fact that stories of sexual harassment and assault are making it into the news is notable. The fact that there are serious consequences for those accused of sexual harassment and assault is more than notable, it has the potential to fundamentally reshape the political landscape.

I write this as someone who can remember being called "babe," "sweetheart" and, my special favorite, "honey." I remember the period during which someone other than me objected to the use of these rather un-charming endearments, and I have met the generation who thinks the possibility of using such words in the workplace is laughable.

Therein lies my hope for #metoo. A hope for a world in which two (male) MPs cannot refer to a third (female) MP as "your dog" (looking at you, Peter MacKay). A hope for a world in which a young woman with political ambitions does not have to accept a hand on her ass as the price of admission to the political sphere. #Metoo is already changing the world of politics; allegations of sexual assault are putting an end to political careers.

At my most cynical, I have little faith in the sincerity of the protestations

of political parties of all stripes that they condemn sexual harassment or sexual assault absolutely. Just a few years ago these allegations were not always enough to ruffle caucus feathers (looking at you, Rick Dykstra, Patrick Brazeau). Yes, I think the rapid expulsion of federal and provincial legislators in recent days is a political calculation. But I'm fine with that.

Recent research on perpetrators of sexual assault teaches two things. First, that many are serial predators: the more often they "get away" with sexual assault, the more likely they are to do it again. And second, across all perpetrators of violent crime, they are the least likely to demonstrate remorse. So, am I going to put my energy into making sure the political figures and the party machinery that protected them are truly, deeply, sincerely sorry? Not so much.

Here's the hope. For the time being, for as long as this #metoo moment lasts, we are going to see real consequences for sexual harassment and assault. We are going to see more women elected to political office. We are going to see a space for women with political ambitions to operate with less likelihood that they are going to encounter unwanted sexual attention or even violence. In the long term, this is going to mean more women in office, more women with the experience to run for office, and fewer sexual predators in positions of power.

Now, I'm not going to say that women are incapable of bad behavior. But let me remind you that 98% of those charged by police with sexual assault are male. Simply as a matter of statistical probability, having more equitable representation of women and men in office will lower the odds of predatory sexual behavior in the political arena.

Already there are signs of structural changes—changes that will force a

**In the long term, this is going to mean more women in office, more women with the experience to run for office, and fewer sexual predators in positions of power.**



shift in behavior. In 2014, the federal Liberal Party expelled two MPs from caucus following allegations of sexual assault. This also led parliamentarians to realize that they didn't actually have any procedure in place to deal with allegations of sexual harassment and assault at their workplace. Now they have one: the federal government has recently tabled legislation that would further protect political staff from sexual harassment.

The #metoo movement signals a deeper change for all political parties. It introduces them to a new constituency—one that doesn't fit neatly into a partisan box. That constituency includes the 553,000 women who have been sexually assaulted in the past five years in Canada (according to Statistics Canada's General Social Survey on Victimization). That constituency includes more than 50% of working women, who, according to a recent poll by Insight West, report having experienced sexual harassment in the workplace.

Perhaps most importantly, for the longevity of the impact of #metoo, are the 6.3 million women in Canada under the age of 30 who don't remember the Anita Hill hearings in Washington. Whose expectations haven't been ground down by years of watching the perpetrators of sexual harassment and assault go unpunished. Whose worldview hasn't become irreparably darkened by watching those perpetrators get promoted to positions of increasing power—positions like Party Leader, Cabinet Minister, Senator.

It is in those young women that I find the greatest reason for hope—hope that the power of the #metoo movement will live long after the currency of the hashtag fades. Hope that those who use their positions of power to do violence to women will face consequences for their actions. Hope that there will be a generation for whom such behavior is not only unacceptable, it is truly unimaginable. **M**

**BRUCE CAMPBELL**

## As the Lac-Mégantic criminal trial ends, government action must begin

In January, a jury rendered a not guilty verdict in the criminal negligence trial of the three railway workers involved in the Lac-Mégantic tragedy in 2013. Forty-seven people were killed and the town centre was destroyed after an unattended 74-car freight train carrying Bakken crude oil rolled downhill into the Quebec town and derailed.

The trial result was a just decision given that these men, the last links in the accountability chain, were facing so many factors beyond their control, all of which failed that terrible night. The citizens of Lac-Mégantic have been exceedingly gracious in their acceptance of the verdict. Many have expressed the view that the right people were not on trial.

In its wake, the government has an obligation to fulfil a number of long-overdue commitments to improving rail safety, and to the people of Lac-Mégantic. First and foremost, its highest priority must be to ensure a rail bypass around the town gets built. It will be five years in July. No more procrastination or buck-passing from the federal government should be tolerated.

Trains carrying dangerous goods are still being parked at that same location on the track that slopes down steeply to what was once the town centre and is still a vast open field. Unbelievably, the quickly rebuilt track curve is even sharper now than when the train derailed. The bypass is a precondition for the people of Lac-Mégantic to feel safe again, to rebuild their lives and their community.

The trial was a distraction from the underlying causes of the disaster. The Transportation Safety Board report identified some but not all contributing factors. There are many unanswered questions about what went on inside Transport Canada and related departments; about political interference and the actions of the industry.

An independent judicial inquiry is essential to uncovering the whole truth: what happened, why it happened and who is responsible, including at the highest policy levels. The institutional and policy breakdown must be brought to light, and changes made to prevent a recurrence.

Despite some improvements, Transport Canada remains captive to industry and lacking the resources to provide comprehensive rail safety oversight. The railways still set the rules: blocking, diluting, delaying or eliminating regulations that negatively affect their costs. Oil-by-rail traffic declined in 2015-16, but as production increases and pipeline capacity bottlenecks loom, oil trains rumbling through our towns and cities are on the rise again.

Both diluted bitumen (dilbit) and Bakken shale are explosive products. Oil companies have not been required to remove their volatile components prior to transport. This is unacceptable. Despite the transport minister's accelerated phase-out of the old DOT-111 tank cars, the marginally safer tank cars currently hauling oil will not be fully replaced by the new strengthened models until 2025.

The increase in train runaways in recent years indicates ongoing problems with train securement practices. Most disturbingly, railways continue to have too much freedom to self-regulate, to triage safety risks against costs.

The federal government failed to meet its primordial obligation to protect the safety of its citizens from the dangers of transporting oil by rail. The people of Lac-Mégantic paid the horrific price. As they struggle to rebuild and ensure no other community has to suffer as they have, there can be no more prevaricating. As a society, we owe them justice. **M**

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# BELOW THE FOLD

CYNTHIA KHOO

## The ghost investor

**IT'S HARDLY SURPRISING**, given the size and market power of today's internet giants, that questions about their impacts on public life and governance are rising fast and furious. What is surprising, however, is how consistently we refuse or neglect to acknowledge one of the central pillars of these entities' private success: the public sector itself, in the form of public services, government support and a mass citizen consumer base.

In telecommunications, popular industry rhetoric implies that internet and mobile wireless providers exist in a bubble, or that they self-generated before landing on Earth with Promethean connectivity. Large carriers typically oppose opening their networks to independent competition because of all the money they say they've invested. But this conveniently glosses over any federal or provincial funding they may have received, the rights of way they were granted, historical government-protected monopolies, and the many hours of our elected representatives' time they have appropriated with their lobbying.

The contradiction between industry's claims of self-emancipation from the state and evidence of their underlying dependence also shows up in the arguments of some carriers, before the CRTC, that people's inability to afford internet access is a poverty problem and therefore the government's alone. In other words, the private sector has nothing to do with public welfare, despite depending on the public sector for infrastructure, investment, roads, education, health care, a (relatively) functional legal system and other essential elements of growing a business.

Internet platform companies similarly depend on the public, even more so when you consider their exploitation of users' online activities, personal data and relationships. However, in contrast to telecom companies—who pretend the public sector does not exist, is an inconvenience or has nothing to do with them—internet firms seem to think they *are* the public sector. Mark Zuckerberg's "Building Global Community" manifesto and Reddit's "we consider ourselves...*the government of a new type of community*" (emphasis added, HT Sarah Jeong's *Internet of Garbage*) come to mind as prominent examples of this mindset.

While laudable, these ambitions can be hollow when put next to track records of damaging real communities and undermining public policy: Airbnb exacerbates housing crises; Facebook facilitates fundamental threats to democracy;

Twitter enables targeted online abuse; and Google's search ranking and ads perpetuate systemic discrimination through harmful stereotypes. But perhaps the most blatant hypocrisy, shared by industries old and new, is the siphoning off of public funds through tax avoidance and tax havens.

According to a recent report by Canadians for Tax Fairness, BCE Inc. (Bell Canada) paid an effective tax rate of 4.53% over a 10-year period ending 2014. Its statutory tax rate is 26.5%. Based on those numbers, we can estimate that this taxation gap produces a public deficit of roughly \$6.5 billion—over eight times the cost of the CRTC's broadband funding regime, and enough to fund the federal Connect to Innovate program 13 times over. A recent *Toronto Star* article updated BCE's average 2011–2016 tax rate to 13.1%, suggesting Bell still pays less tax, proportionately, than the lowest-income Canadian (15%).

Media coverage has confirmed that Facebook, Apple, Amazon, Google, Microsoft, Uber, Airbnb and Twitter all engage in tax avoidance through numerous subsidiaries and tax havens, sometimes resulting in single-digit or near-zero tax rates. Whether it was the International Consortium of Investigative Journalists (ICIJ) revealing Apple's scramble to circumvent Ireland's tax reform, *Fortune's* investigation into Uber, *Skift* on Airbnb or the European Commission's high-profile crackdown on the whole gang, no platform has been left unscathed.

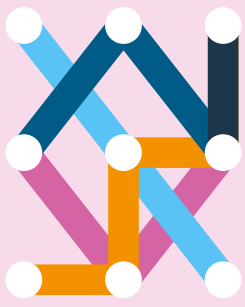
Nor do any of them deserve to be. These socioeconomic leviathans rely on public infrastructure and state governance to operate; profit directly off of citizens' everyday behaviours, thoughts, self-expressions, relationships and personal data; and induce far-reaching negative externalities in the fabric of society itself. The absolute least they could do is pay the actual taxes owed on what they made at the public's expense.

Combining tax inequity with other digital policy issues salts the commons even further. For example, the Paradise Papers leak found significant music royalties in offshore tax havens, meaning some copyright owners take twice from the public domain: first through excessive copyright terms and enforcement, locking away culture and knowledge, then through withholding public funds on the copyright royalties earned.

While those benefiting from tax havens hasten to note they can have legal uses, copyright-owning industries put all their weight behind the opposite view—that no other motive exists than crime—in debates and lawsuits over peer-to-peer file-sharing, online storage websites, blank CDs and the Sony Betamax, all of which are and were also used for legal purposes. The double standards abound.

When protecting digital rights, or human rights, in the face of a breakaway digital economy, it's important to keep the entire picture in mind. No person is an island, and no platform or company is either, as much as they'd like to think otherwise. As tax inequity rises on the agendas of Prime Minister Justin Trudeau and ministers Bill Morneau, Diane LeBouthillier and Navdeep Bains, it's not too much to ask that these businesses' largest yet most invisible investor be able to expect—and actually receive—fair returns as well. **M**

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## Index Rockets and Satellites

### 1957

Sputnik, the first artificial Earth satellite, is sent into orbit in October by the Soviet Union, causing widespread panic in the U.S.

### 1958

The first U.S. satellite is launched in January. Explorer 1 was smaller than Sputnik but included a Geiger counter, which detected what would eventually be known as the Van Allen radiation belt—a zone of charged particles, mostly from solar wind, held in place around the Earth by its magnetic field.

### 4.41%

NASA's share of U.S. budget spending at its high point in 1966 before collapsing to its current level of about 0.5%.

### 1973

Skylab, the first U.S. space station, is launched into orbit.

### 1982

Space Services' Conestoga rocket becomes the first private space launch in the United States. That same year, Ronald Reagan issues a national security decision directive making the

expansion of private sector involvement in civil space activities a national goal.

### 2004

Space officially privatized in the U.S. through the Commercial Space Launch Amendments Act.

### 2006

Space Exploration Technologies (SpaceX), founded by Elon Musk in 2002 (a year before he co-founded Tesla), launches its first demo Falcon 1 rocket from a pad in the Marshall Islands.

### 2011

NASA's shuttle program, once the only way to get stuff and people into and back from space, is cancelled.

### 50+

Missions flown by SpaceX's Falcon 1, Falcon 9 and Falcon Heavy (pictured) since then.

### 202

Total number of private U.S. space launches between 1990 and 2017. There were 169 private European launches in that time, 162 Russian, 23 Chinese, 4 Indian and 1 Ukrainian, among others.

### 50+

Number of objects launched into space between January 1 and February 10 this year, according to the United Nations Office for Outer Space Affairs: 26 from the United States, 13 from China, 5 from South Korea, 3 from India and 1 from Canada, among others.

### 1,738

Total number of operating satellites in orbit at the end of August 2017, as compiled by the Union of Concerned Scientists. Among the hundreds of satellites launched last year, many are smaller constellations of Earth-watching cameras or communications satellites owned by Planet Labs, Spire and Iridium.

### 59%

Number of U.S. satellites in orbit (476 of 803) owned by the private sector through the end of August, according to UCC. Of the rest, 150 were government-owned, 159 military and 18 civil. "In 2016, commercial companies filed for a U.S. Federal Communications Commission licence for 8,731 non-geostationary communications satellites, including 4,425 for SpaceX, nearly 3,000 for Boeing, and 720 for OneWeb."

### US\$90 million

Cost of sending a payload of up to eight metric tonnes into orbit on SpaceX's Falcon Heavy rocket. The new SpaceX rocket can also deliver the company's Dragon spacecraft into orbit carrying goods (and eventually humans) to the International Space Station and other future orbiting destinations.

### US\$4.9 million

Cost to send much smaller payloads (e.g., nanosatellites) into orbit from New Zealand with the company Rocket Lab, which owns the launch pad and the partially reusable rockets.

### 266

Number of private companies offering products and services related to nanosatellites. As of January 1, there were an estimated 560 nanosatellites in orbit.

### April 2018

Student teams to be selected by the Canadian Space Agency for the Canadian CubeSat Project, in which students will design, build and operate their own nanosatellites.

### 200,000+

Estimated number of space objects, including debris (space junk), orbiting Earth in 2014. U.S. aerospace and weapons maker Lockheed Martin estimates there are 200 threats to orbiting satellites identified every day. The Chinese government is experimenting with a laser system for annihilating dead satellites and other non-essential orbiting objects.





STORY BY JOHN AKPATA / ILLUSTRATIONS BY ERIN TANIGUCHI

# Prometheus re-bound

A long-time marijuana activist tries to make sense of Canada's new cannabis capitalism

**Nothing is so painful to the human mind as a great and sudden change.**

—Mary Wollstonecraft Shelley,  
*Frankenstein*

**FIND MYSELF POISED** between astonishment and outrage at the miserable marijuana monstrosity that has been bred by the Trudeau government and sold to dotting Canadians as “legalization.” You might think that legalization without decriminalization is paradoxical, that one cannot exist without the other. You might believe that law is based on logic and facts. My skeptical nature had me anticipating that “legalization” actually meant “financialization,” that is, a regulated framework of legal and financial engineering that would create a new species of aristocrat, the Canadian Marijuana Entrepreneur. My healthy distrust of government had me predicting that legalization would also continue to oppress and criminalize minorities and the poor. Two years ago, I speculated “It’s going to get worse before it gets better.” Now bills C-45 and C-46 are slouching toward Ottawa to be born. Now, it’s worse.

I have been a member of the Marijuana Party since 2004. I have run in the last five federal elections and am currently the peace officer for the party. I have had to consistently deconstruct the flawed thinking of reefer madness; I have had to face the medusa of racism that hides in the history of Emily Murphy; I have suffered the slings and arrows of every Cheech and Chong joke; I have smiled at every Jimi Hendrix or Bob Marley reference; I have risked my personal and professional reputation by aligning myself with something that was

thought to be immoral, dangerous and criminal. The members of the Marijuana Party have been unified by one common ideology: *Cannabis should not be criminalized*. In order to defend this position, I have had to study botany, science, the policies of Health Canada and Veterans Affairs Canada, and the law. I am now, as I have always been, in a bit of a haze at the reasoning of it all.

Having marijuana or cannabis included in the schedule of the Controlled Drugs and Substances Act and enforcing that with the Criminal Code is outrageous. It is non logical. It defies the laws of nature, science and the will of the people. Marijuana prohibition is a monster roaming the countryside that kicks in doors and takes property away; takes children away from their parents; randomly beats down the public; handcuffs people and saddles them with a criminal record. Humans become outcast before they can apply for a “pardon,” or a “record suspension” as it is now called. Yet, Bill C-45 is creating a monopoly for the rich; Bill C-46 will let the police continue to beat down the poor.

## Sausages

It’s been over two years since Justin Trudeau said the new Liberal government would legalize marijuana “right away.” When the Prime Minister formed his cabinet, he appointed a lawyer to be Minister of Justice, an infantry officer to be Minister of National Defence, and an astronaut to be Minister of Transportation. One would reason that a scientist (a biologist or a botanist) or health expert would be put in charge of drafting marijuana legislation in 2015. Instead, Trudeau appointed a police officer.

The former Toronto police chief William Sterling “Bill” Blair was made Parliamentary Secretary to the Minister of Justice and the head of a nine-member task force on marijuana, responsible for co-ordinating with Health Canada, Public Safety and each of the provinces and territories. At this point, I am reminded of the Iron Chancellor Otto Von Bismarck’s maxim about “laws and sausages,” which was actually a quote from lawyer and poet John Godfrey Saxe: “Laws, like sausages, cease to inspire respect in proportion as we know how they are made.” My personal respect was ceased not by process, but by the man in charge.

Bill Blair was the chief of Toronto Police during the infamous G20 summit in Toronto. In June 2010, 1,100 people were arrested, including some kettled by riot police in the rain. It was the largest mass arrest in Canadian history. In April 2015, Ontario ombudsman André Marin reported that Blair’s handling of the G20 was “the most massive compromise of civil liberties in Canadian history.” The heavy-handed response, which was seen as an egregious abuse of power and a massive human rights violation, led many to call for the resignation of the chief, but Blair remained aloof of the whole affair. “I’m responsible for policing and safety in Toronto,” he said. “I wasn’t making the operational decisions that weekend, but it’s still my town and my responsibility.”

You’ve heard of “sorry not sorry”? Well here’s “responsible not responsible.” Blair later explained that he had misinterpreted regulations from the Ontario cabinet on the increase of police powers for the G20 summit. The man that misinterpreted provincial law is now in charge of drafting federal

law. The man that facilitated people getting stomped on by horses and thrown into pop-up prisons, like in the dystopian film *Punishment Park*, is now in charge of making the Frankenstein sausages of legal marijuana.

### The elite 89

So, some of my outrage comes from the appointment of Bill Blair, which I can only view as a foreshadowing of police abuse on an epic scale (more on this later.) As for my astonishment, that comes from the current marijuana industry as it is shaping up, based on the numbers—and by numbers I mean money.

Canada's current marijuana climate—the foundation on which a “legitimate” industry is now being constructed with the co-operation of the federal and provincial governments—was created by the sick and the poor who were for decades persecuted by police and the courts. It is their resistance, their court battles and their sacrifice that have resulted in today's marijuana reforms.

But a curious thing happened on the road to legalization: what was once known as *marijuana* is being transformed into *cannabis*. The new cannabis laws are designed for political insiders and an elite group of entrepreneurs who have emerged from what is now referred to as “the grey market” or “the former underground economy.” Canada's cannabis industry is all about the licensed producer (LP).

Health Canada issues authorized licences to produce cannabis for medical purposes under the Access to Cannabis for Medical Purposes Regulations (ACMPR.) There were, at publishing time, 89 LPs in Canada, all fairly small companies (though some of them with big market clout), most having around 100 employees. Many of these corporations, licensed to grow what was once called “medicinal marijuana” for licensed recipients, are simultaneously preparing themselves to be able to grow “recreational marijuana” or “cannabis” under Bill C-45.

Wordplay aside, LPs are grow operations that have made it through a rigorous system, passed all the inspections, met the requirements and have been given the green light. Wouldn't you love to start a LP? Yes I would, or so I thought.

In October 2017, I attended the Ottawa Cannabis and Hemp Expo at the Shaw Centre. It was a mixture of glass blowers, bong sellers, people hocking LED grow lights and different home-grow systems, and something that I had never encountered before called the “cannabis consultant.” For \$20,000, these guys would do all the paperwork for your LP application, find you a commercial property, ensure that you met the requirements of Health Canada, and get you a licence to grow. They weren't lawyers or government officials, they were all information middle-men, “brokers” that made lots of assurances but no real guarantees on your application.

As of March 2015, Health Canada had received nearly 1,300 applications for commercial growing licences. Approximately 75% of applications do not meet the standards. They are rejected, assessed as incomplete or withdrawn completely. The first few LPs spent around \$1 million to meet the standards set by Health Canada. In order to meet the standards created by C-45 an LP will cost \$5–10 million.

So, aside from the rare application where a “cannabis consultant” is successful, how does one actually get to create an LP? Prepare to be astonished.

### The fix is in

A monopoly is the exclusive possession or control of the trade in a commodity or service. An oligarchy is a government of a small group of people. A plutocracy is a government of the wealthy, for the wealthy, by the wealthy. Canada's burgeoning for-profit cannabis industry is a fascinating conflict-of-interest mélange of elected officials, high-ranking police officers, and almost exclusively white Anglo males, who are trying to figure out how to capture and control the whole industry. A 2017 *Maclean's* article compiled an interesting list of some of the players.

That list includes famous insiders such as Senator Larry Campbell, a former RCMP officer and Vancouver mayor who is now an advisor to Vodus Innovative Pharmaceuticals Inc.; Norman Inkster, an independent director at Mettrum who was once head of the RCMP; Dr. Joshua Tepper, former assistant deputy minister of health and one-time senior medical officer for Health Canada (also an independent director at Mettrum between 2014 and 2016); Mike Harcourt, a former B.C. premier who is now the chairman of True Leaf Medicine Inc.; George Smitherman of THC BioMed, a former Ontario Liberal deputy premier and minister of health; and John Turner, former prime minister, who has an open medicinal marijuana application in Ontario.

We can also add Kash Heed, a strategic consultant with National Green BioMed who was formerly B.C.'s solicitor general and a West Vancouver police chief; former Vancouver-area federal cabinet minister Herb Dhaliwal, currently the chairman of National Green BioMed; and Tim Humberstone, a 20-year veteran of the RCMP's municipal and federal drug enforcement sections who spent time on the B.C. Organized Crime Agency, who is now a director of Abcann Medicinals. (Humberstone has provided expert court opinion in the fields of cannabis trafficking and production techniques.)

**The men who are going to profit the most from the multi-billion-dollar cannabis industry are veterans of the establishment. They formerly enforced the law, incarcerated people, and were the status quo.**

The men who are going to profit the most from the ground-floor creation of a multi-billion-dollar industry are veterans of the establishment. They formerly enforced the law, incarcerated people, and were the status quo. Now they are going to be the international profiteers who benefit from the legal recreational growth and distribution of cannabis.

## Stocks, dude

**So much has been done, exclaimed the soul of Frankenstein—more, far more, will I achieve; treading the steps already marked, I will pioneer a new way, explore unknown powers, and unfold to the world the deepest mysteries of creation.**

—Mary Wollstonecraft Shelley,  
*Frankenstein*

One of the problems with articles on Canada's cannabis industry is that the handful of top LPs are going to get a tonne of free publicity when weed is "legalized." The media, the public and everybody trying to cash in on the green wave is going to have to go to the experts, the insiders, to determine what is best practice, based on what they have already made a deal on. But I think that the public should know just how big these grow operations are, and how incredibly ambitious their profit motives are.

Clearly number one is Canopy Growth, aka Tweed. The company operates famously in a former Hershey's factory in Smiths Falls, Ontario and was the first federally regulated publicly traded marijuana producing corporation in North America. Canopy has around 650 employees and a market capitalization of over \$6.5 billion. The company has about 665,000 square feet of growing capacity with plans for significant expansion.

In December 2017, Canopy announced plans to open a 40,000-square-foot grow facility in Odense, Denmark to cater to medical marijuana patients in the Scandinavian country (in a partnership with Spectrum Denmark, a European Hemp producer). Canopy also has a business deal with Constellation, an

international producer of beer, wine and spirits that has operations in the U.S., Canada, Mexico, New Zealand and Italy, and they are the first LP to be underwritten by a major bank (BMO Capital Markets and GMP Securities bought roughly five million shares in Canopy for \$175 million earlier this year). This shift from one of Canada's big six banks means that many more LPs will be able to benefit from the financing and commercial banking that they desire.

Aphria Inc. had a market capitalization of about \$2.5 billion in early February. The cannabis company has raised capital through private investors, without any major banks backing them yet. In late January, Aphria announced it had entered into a definitive arrangement to acquire 100% of Nuuvera Inc., a cannabis company with a strong presence in Europe, Africa and the Middle East. Aphria is growing by purchasing portions of smaller companies, which is basic yet effective business. If your company makes a bad investment, you can sell it off, most likely at a profit, before that other company, which is your competition, tanks.

OrganiGram Inc. was the first LP to have a recall for pesticide contamination when it failed an inspection by Health Canada. Mettrum Ltd. also had

the same infraction. Both companies were found to be selling medical marijuana that contained chemicals not authorized for use in cultivation, including trace amounts (up to 20 parts per million) of the pesticide myclobutanil, which produces hydrogen cyanide during combustion. Company stocks tanked (albeit temporarily) on the news, and both are facing a class action lawsuit from patients who unknowingly ingested the chemical through use of their medicine. The upside in a for-profit market is that if the companies settle, or if they successfully defend, there's always the option of changing their name, and their stocks will go up again. Mettrum was purchased by Canopy Growth in 2016, and OrganiGram's stock has soared since September 2017.

Supreme Pharmaceuticals is the only company that is a business-to-business grower. All other LPs in Canada sell direct to the consumer, but Supreme grows for other LPs, as they have a licence to cultivate but not to sell. Their 342,000-square-foot grow facility is one of the largest in the world. By 2019 they will have invested over \$70 million into their corporation and hope to expand to over 300 employees. The goal is to reach a maximum output of 50,000 kilograms per year. Once Health



## The reefer madness scare tactics employed by detractors in the Senate and by opposition parties have no scientific basis whatsoever.

Canada approves their licence to sell recreational as well as medicinal cannabis, they will most likely be one of the most profitable cannabis corporations on Earth.

### Colonize this

In February 2017, I went to Jamaica to be a feature performer at the 14th Annual Poetry in Motion Festival, held in Mandeville. I was featured in two newspapers and did three radio broadcasts to promote the show. I was John Akpata, international poet, not John Akpata, marijuana politician. During my stay, I had several people try desperately to get in touch with me through social media and through my host. They invited me to their homes, their yards and their gardens because they wanted input and advice on their plants. Keep in mind that Jamaica decriminalized marijuana in February 2015. Possessing two ounces may result in a small fine (approximately US\$5) and no criminal record. Each person is allowed to grow five plants at a time, and Rastafarians are allowed to use marijuana as sacrament.

One of the people I met was an extremely enthusiastic Canadian from B.C. who was overly excited to meet me. He had dozens of plants around his property, in myriads of pots, at different stages of growth, and some monsters in the ground. He didn't know much about genetics, could not differentiate sativa from indica, lost track of which plants were from seed and which from cuttings. All he knew was that he wanted to make a profit. He was determined to partner with anybody, needed a source of seeds, and wanted a famous spokesperson for the branding of his corporation.

He told me that with my previous life experience, my dreadlocks and general appearance, I was exactly who he needed to make him legit. His goal was to become the number one marijuana producer on the island before anyone else got to it.

"I'm not interested in competing with Jamaicans on their island for growing marijuana for profit," I told him. "Don't you think that Jamaicans can grow their own? Don't you think that they would rather have their own citizens and people making the money off of ganja, as opposed to importing foreigners who are going to take the money out of the country?"

The man was shocked. "It's already happening," he said. "We have to get in on the ground floor before somebody else does."

At the time, I thought that this person was either high or hallucinating if he thought that a Canadian company could set up shop in Jamaica. The idea was inconceivable to me. It turns out that I was as naive as ever, unaware of the larger plans of some Canadian entrepreneurs.

Timeless Herbal Care was founded by a Toronto lawyer one month before I had arrived. It has ties to Israel, Canada and Jamaica. Timeless has established strategic partnerships with the University of the West Indies, the University of Technology Jamaica, and O.penVAPE, producers of the Ziggy Marley signature vaporizer. Ernie Eves, the former Progressive Conservative premier of Ontario, joined the company as its chairman. "Huh," I thought, "Canada is trying to colonize the world with grow operations."

### Save the children

When it comes to the creation of regulations and drafting of laws, one principle is to ensure that the most vulnerable people in society are protected. That usually means the elderly and children. As such, the federal government has fomented the idea that they have to strictly limit or block access to cannabis to young people, for their own protection. Bright colours and logos will not be allowed on packaging. Advertising will be tightly controlled for the same reason, and all cannabis activity is to happen well away from any schools, where young inquisitive minds may be enticed to experiment with the herb.

There will be severe penalties for those who sell or give marijuana to youth (up to 14 years in prison) or otherwise exploit them in the trafficking of cannabis. That length of sentence is in the ballpark of what you'd get for producing child pornography or engaging in terrorism, so I suspect there will eventually be a Charter challenge to this aspect of the law. Currently, the penalty for supplying alcohol to a minor is a maximum of one year in prison.

Under the proposed federal rules, people aged 12 to 18 will be able to possess five grams before facing criminal charges. According to Ralph Goodale, the federal minister for public safety and preparedness, "a person with a very small amount of cannabis in their possession should not face a criminal record." There will also be zero tolerance for drug-impaired driving for anyone 21 and under, novice drivers, and all commercial drivers. In Ontario, a fine for drug-impaired driving would range from \$250 to \$450.

In September 2002, the Senate's special committee on illegal drugs published "Cannabis: Our Position for a Canadian Public Policy," which recommended 16 years as the threshold for legal access to cannabis. Fifteen years later, in September 2017, a House of Commons standing committee on health that was assessing the Liberal legalization plans heard from marijuana activist and former Liberal hopeful Jodie Emery (the party rejected her as a candidate for the last election) about how incongruous these age limits were.

Emery quoted a *Journal of Adolescent Health* report suggesting that teens do not exhibit an increase in psychosis



with cannabis alone. Only those with genetic predispositions, and those who used tobacco and alcohol, showed increased symptoms. Emery also quoted a 2016 report from the British Association of Psychopharmacology that claimed there is no IQ loss in users of cannabis, even in long-term users. The American Psychological Association in 2015 reported that the majority of cannabis-only users, even youth, have no health problems associated with cannabis.

All of this suggests strongly that the reefer madness scare tactics employed by detractors in the Senate and by opposition parties, and ridiculous notions about pot dealers in schools ruining the minds of children, have no scientific basis whatsoever. It's when it comes to getting behind the wheel of a car, however, that young people tip the scale.

According to Statistics Canada, "drug-impaired driving peaks among young adults, with a rate of 17 incidents per 100,000 drivers aged 20 to 24." This category is also more likely going to be accused of impaired driving. So, although many adults decry the validity of police doing roadside stops to determine who is "impaired" or "intoxicated" with cannabis, I have always believed the police are most likely going to ruthlessly target young people for driving while blazing, and most likely violate their youthful rights with impunity.

Bill C-46 comes with a \$274-million budget to detect and deter any drug-impaired driving. Police will be able to pull over the driver of a vehicle, based on their reasonable suspicions of impairment, and demand an oral fluid sample to determine whether or not the driver has THC in their body. Three new offences have been created for having specified levels of THC in the blood within two hours of driving. Any of these tests can determine whether there is THC in your blood, but they cannot determine your level of impairment. Tests can also include a blood sample or a drug test at a police station, and will most likely incur another Charter challenge.

Over the next five years, a cannabis education and awareness campaign will be launched under the direction

of Health Canada with a budget of \$36.4 million. Another \$9.6 million over five years will focus on public education, awareness and surveillance. Under the current Controlled Drugs and Substances Act there are eight cannabis-related offences, such as importing, exporting, trafficking and possession. Under the Cannabis Act there will be 45 offences with penalties that can only be described as severe.

Although the enforcement arm of the new law is being advertised as protecting children and youth and keeping drug-impaired drivers off the roads, my dreadlocks start to tingle when I consider actual statistics: 27,000 Torontonians were arrested for marijuana possession in 10 years; Black people were charged at more than three times the rate as white people with similar backgrounds; once charged, Black people are more likely to be detained for bail; a 2005 profiling study found that Kingston police stopped Black people 3.7 times more than their white peers.

In October 2016, a similar report on profiling was released in Ottawa. The Traffic Stop Race Data Collection Project showed that Ottawa police demonstrated bias and prejudice, from every police officer that generated data, against Black and Middle Eastern people, who are disproportionately pulled over. Blacks get pulled over 2.3 times more often than others in the population, and those perceived to be Middle Eastern are pulled over 3.3 times more often than the rest of population.

Add Bill C-46 to what already exists and I suspect that police will have a marijuana chip on their shoulder while they racially profile on the open roads.

### Recreational medicine

There are over 100,000 medicinal users of cannabis in Canada. Like Emery, Philippe Lucas from the Canadian Medical Cannabis Council has also made recommendations on legalization to the House of Commons health committee. The CMCC, which represents seven LPs that supply 40,000 patients, conducted a national patient survey that garnered 2,032 responses from medical cannabis users. The information pulled from the results is very interesting.

The average age of a medical cannabis user is 40. Most sought out cannabis after other treatments had failed (i.e., they were seeking alternatives). The CMCC survey found that about 40% of users are medicating for insomnia, mental health and PTSD; 37% use for body pain and headaches; 78% use less than three grams per day, and most use 0.5–1.5 grams; 31% of medical users vaporize instead of smoking; 69% use cannabis instead of prescriptions; 35% use cannabis instead of opioids; 44% use cannabis instead of alcohol and 26% use cannabis instead of illicit drugs; 60% gave up opioids altogether, and 31% gave up alcohol altogether.

Lucas told the committee of a study in the *Journal of the American Medical Association* showing that medical

**In Canada, over one million people have been charged with a marijuana crime and over 500,000 people currently have a criminal record ahead of the summer 2018 deadline for marijuana legalization.**

cannabis use reduced rates of violence, homicide, suicide and accidents. According to his presentation, teen use of cannabis has declined in all U.S. states where medicinal marijuana is legal.

The Supreme Court ruled that medical marijuana patients should have access to edibles. The only way to do so today is to purchase cannabis from LPs and make your own. The non-legal cannabis producers have moved on to edibles as a staple in dispensaries. The future lies in LPs reaching out to edibles producers, but there are no Health Canada regulations in place for edibles yet. Perhaps that is why, as of August 31, 2017, there are 10,547 Canadians approved to cultivate for personal use, an increase of over 50% in two months.

### Set the captives free

In the federal election of 2015, when Justin Trudeau promised to legalize marijuana, I adopted a wait-and-see attitude. I did what was required to get my name on the ballot (in Ottawa Centre), but was not interested in participating in a 13-week campaign where every federal political party except the Conservatives had promised to either legalize or decriminalize marijuana. I attended only the all-candidates debate at Carleton University, and was allowed one question.

I asked the panel of candidates how long it would take to expunge the criminal records of every marijuana-related offence in Canada? How much they were going to compensate people for the harm done to these people? How long it will take to let people out of prison? And, at the end of the day, how many plants can I grow? Both the Liberal candidate, Catherine McKenna, and the NDP's Paul Dewar were shocked. "Nobody has ever asked that before," said Dewar. McKenna, now Canada's environment minister, spoke about drafting legislation that would protect children and keep the profits away from organized crime.

It was not until January this year that Public Safety Minister Goodale said those Canadians who have a criminal record for simple possession of marijuana deserve amnesty.

He recognized that a record suspension would be the fair and equitable thing for the Liberal government to do, especially in the face of impending recreational legalization (and, perhaps, another upcoming federal election in the fall of 2019).

Justin Trudeau was wishy-washy and lukewarm when questioned recently about Goodale's sentiments, which is a shame. Any reasonable person who knows a few facts would support amnesty. Approximately 55,000 people were charged with a marijuana-related offense in 2016, 17,733 for simple possession of pot, according to Statistics Canada. Approximately 30% of court time is dedicated to drug offences where there was no harm, loss or injury. It will be difficult to determine who is eligible for a record suspension for marijuana, as most police forces do not differentiate between a marijuana offence and an offence for other drugs. Possession is possession, of what, nobody specifies.

California's 2016 ballot initiative to legalize the production, distribution and use of marijuana for recreational purposes also included the reclassification and/or expungement of marijuana-related offences. For those still serving sentences there will be opportunities for re-sentencing. When the law came into effect on January 1, 2018, California officially ended the war on marijuana, which disproportionately targeted non-white citizens. When Uruguay legalized marijuana in 2013, the government included a strong emphasis on public health and human rights.

In Canada, over one million people have been charged with a marijuana crime and over 500,000 people currently have a criminal record ahead of the summer 2018 deadline for marijuana legalization. If the Liberals do not create a mechanism for widespread record suspensions this year they can expect an election battle from opposition parties, as well as a class action lawsuit from a group of lawyers in Toronto who are including racial profiling statistics in their strategies.

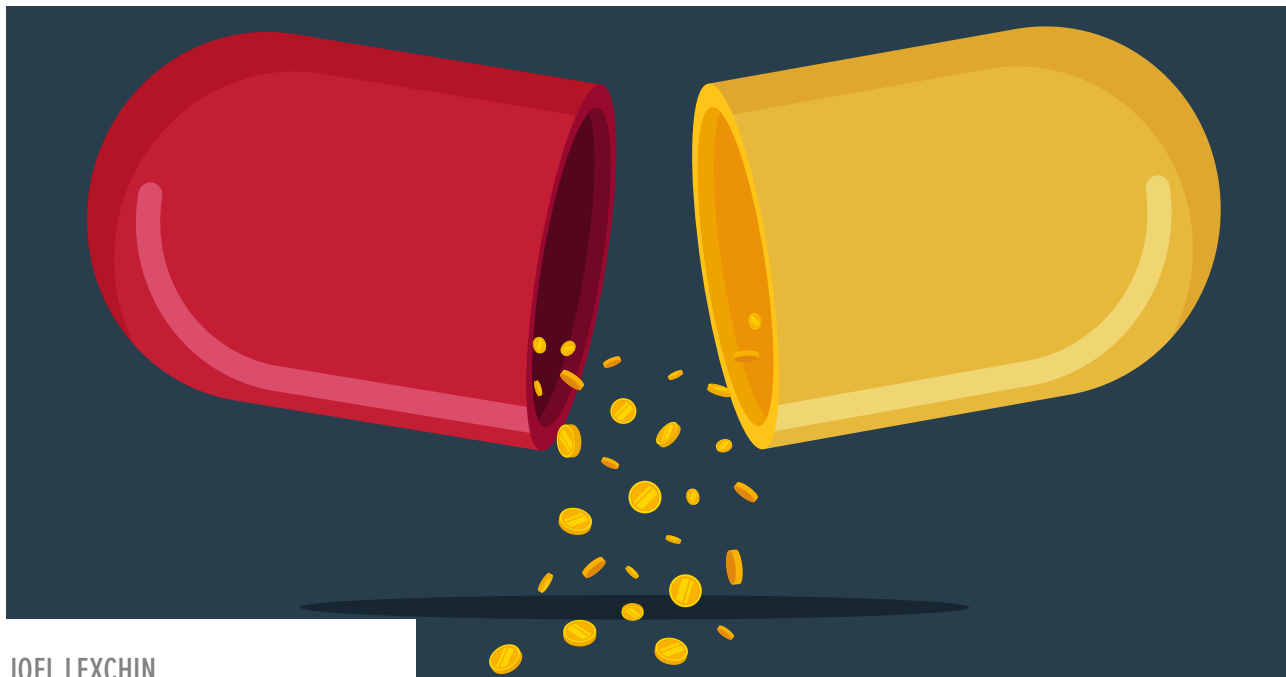
I was asked on *CBC News* in January to respond to Goodale's and Trudeau's statements on pardoning people with marijuana records. I said I agreed with the minister, but added that amnesty does not go far enough. There should be an apology issued to all Canadians for past marijuana practice, especially directed to those harmed by an old-fashioned, outdated and antiquated prohibition system that has ruined lives, destroyed families and punished people who, according to the Canadian public, should not be criminals at all.

Perhaps during the next election I will again break out the soap box, climb up my high horse, and quote warnings from Mary Shelley Wollstonecraft and declarations from Bob Marley:

**I had desired it with an ardour that far exceeded moderation; but now that I had finished, the beauty of the dream vanished, and breathless horror and disgust filled my heart.** –Mary Shelley Wollstonecraft, *Frankenstein*.

**Set the captives free.** –Nesta Robert Marley, *Exodus*.

**Canada's current marijuana climate—the foundation on which a “legitimate” industry is now being constructed—was created by the sick and the poor, who were for decades persecuted by police and the courts.**



JOEL LEXCHIN

ILLUSTRATION BY KATIE RASO

## Crisis at the pharmacy

There's a connection between high drug prices, high company profits and poor health outcomes. A better regulatory system could sever it.

**T**HERE IS A crisis in the pharmaceutical world, but it is not a crisis of profitability. In December 2015, *Forbes* magazine reported net profit margins of 25.5% for “major” pharmaceutical companies, 24.6% for biotechnology firms and 30% for generics. Comparable rates for tobacco companies, internet software and services, information technology and large banks were 27.2%, 25%, 23% and 22.9% respectively.

No, the crisis in the pharma sector is in the escalation of prices for individual drugs, especially but not exclusively in the United States, and the low number of new products that offer major therapeutic gains over existing medicines. The industry's lavish profits make these deficiencies all that much harder to tolerate.

For example, the cystic fibrosis treatment Kalydeco was initially priced in Canada at \$300,000 a year. Until recently, Soliris, a medication for a rare disease involving blood cells and the kidneys, sold for a staggering

\$700,000 a year. There are now 19 drugs on the Canadian market that cost more than \$50,000 a year, and an additional 55 that come in at \$20,000 to \$50,000 annually. It might be fine if we could say we were getting what we're paying for, but the facts often tell a different story.

Among all cancer drugs for solid tumors introduced in the U.S. between 2002 and 2014, the median gain in overall survival was a modest 2.1 months. For breast cancer the best increase in survival was 4.2 months (using ado-trastuzumab emtansine for HER2-positive metastatic disease) and comparable data were not known for three of the 10 new drugs. According to the French drug bulletin *Prescrire*, of 1,032 new drugs and new uses for old drugs introduced into the French market between 2004 and 2015 only 66 offered a significant advantage whereas more than half were rated as “nothing new,” and 177 were judged “unacceptable” because they came with serious safety issues and no benefits.

Various experts have advanced ideas about how to resolve this crisis. In his recent book, *Rigor Mortis: How Sloppy Science Creates Worthless Cures, Crushes Hope, and Wastes Billions* (Basic Books, 2017), Richard Harris explores the crisis in research that stems from the inability of one lab to reproduce the results of another. Mislabeled cell lines, mishandled ingredients and “the economic imperative for researchers to get and keep jobs and funding encourages dubious behavior, from poor experimental design to sloppy statistics and shoddy analysis,” he writes.

In a 2017 working paper, the economist William Lazonick and his colleagues document how pharmaceutical companies are not plowing their profits back into research and development (R&D) on newer and better drugs. More money is going into paying out dividends and buying back corporate stock—a recurring feature in our economy a decade after the Great Recession. Lazonick et al. note

that between 2006 and 2015, the 18 U.S. pharma companies listed in the S&P 500 Index spent \$465 billion on R&D, \$261 billion on stock buybacks and \$255 billion paying out dividends.

“Incentivizing these buybacks is stock-based compensation that rewards senior executives for stock-price ‘performance,’” the economists explain. Buybacks automatically increase earnings per share by reducing the number of shares available. That, in turn, leads to an increase in demand for shares and higher share prices, which rewards executives who receive most of their income through stock-based pay.

According to Lazonick, pharmaceutical companies should be developing new innovative products that can be sold at affordable prices, but instead the companies that dominate the U.S. industry restrict product development and raise prices.

Both Harris and Lazonick et al. provide a number of recommendations that would improve upon the current situation, which we can summarize as sky-high pharma profits alongside lackluster R&D and drug performances. However, both largely leave the current regulatory model intact and therefore do not get at the root of the problem. Taking my lead from Courtney Davis and John Abraham’s influential book, *Unhealthy Pharmaceutical Regulation: Innovation, Politics and Promissory Science* (Palgrave, 2013), I believe we should adopt an empirical (realistic) and interests-based approach to understanding and resolving this crisis.

What would realistic reform look like? Well, first, it would approach the industry as it is now constituted. We should not be under any illusions about why pharmaceutical companies exist and what they do. Like any other corporations, they have an obligation to make profits for shareholders and investors. They should therefore do whatever is legal to advance this objective. This is not a cynical statement but a realistic one, and it would be naïve to think otherwise.

It would be just as naïve to think that in pursuing this profit-focused

objective the companies will behave in all instances above board. “Economic theory predicts that firms will invest in corruption of the evidence base wherever its benefits exceed its costs,” explains the British economist Alan Maynard in an unpublished report (shared with me). “If detection is costly for regulators, corruption of the evidence base can be expected to be extensive.

“Investment in biasing the evidence base, both clinical and economic, in pharmaceuticals is likely to be detailed and comprehensive, covering all aspects of the appraisal process,” he continues. “Such investment is likely to be extensive, as the scientific and policy discourses are technical and esoteric, making detection difficult and expensive.” Therefore, it should not come as any surprise that companies’ economic aims seem to conflict with their declared goal of improving health.

The point that Davis and Abraham make in their 2013 book is that society has a dual expectation from the pharmaceutical industry: companies should make profits for shareholders and investors, but those products should also provide a health benefit. From the viewpoint of the industry that is exactly what has been happening, as reflected in the economic outcomes. Governments and their drug regulatory agencies are less trusting and therefore act as a check on industry assertions of effectiveness and health benefits.

“Yet there is a paradox at the heart of pharmaceutical regulation in the neo-liberal era,” write Davis and Abraham. “On the one hand, state regulation has been introduced and maintained on the assumption that the interests of the pharmaceutical industry and public health do not always converge. On the other hand, the last 30 years has seen a raft of deregulatory reforms, ostensibly to promote pharmaceutical innovation deemed to be simultaneously in the commercial interests of industry and the health interests of patients.”

In my recent book, *Private Profits vs. Public Policy: The Pharmaceutical Industry and the Canadian State* (Lorimer, 2017), I use the insights from Davis and Abraham to show how the

federal government has sought to co-operate with the pharmaceutical industry, to the point of sometimes actively promoting the its interests through legislation and policies, even when those interests conflicted with the public interest. In some areas Canada has voluntarily turned over de facto regulatory power to industry.

These were not isolated moves but represent a global phenomenon. Neoliberal reforms enacted by western governments, including Canada, over the past two or three decades have prioritized intellectual property rights over things like affordable access to medicines (here or in the Global South), and they have altered drug-pricing and R&D policies to the benefit of the industry.

These reforms were not simply an incarnation of *laissez faire* capitalism. In true neoliberal fashion they were acts of the state to *facilitate* markets, i.e., to adopt a regulatory regime that encourages capital accumulation as its main *raison d’être*. It would be a mistake to see the Canadian government as a passive victim of external pressure; rather, it actively co-operated in the normalization of a pro-pharma regulatory environment and the relinquishing of national authority over intellectual property rights.

In the mid-1990s, Health Canada’s introduction of pharmaceutical company user fees (to help fund part of the drug approvals process) established the industry as a client of the government—as a contracting agent whose needs should be met by the regulatory system. One of those needs was speed. Each day of delay in getting a drug onto the market could mean the loss of millions of dollars in sales for pharma companies.

Not only were speedier drug reviews made a priority, but Health Canada devised two mechanisms to get drugs through the system even faster: priority approvals, and a policy of granting conditional approval to medications based on preliminary evidence, called Notice of Compliance with conditions (NOC/c). Both of these mechanisms were much more valuable for industry than for the health of the public. Drugs with marginal value were marketed more rapidly;

those that went through the priority review and NOC/c processes were much more likely to receive serious safety warnings or be pulled off the market, further damaging the health of patients who took them.

Focusing on the needs of the industry client also meant that Health Canada was not willing to devote the necessary resources to monitoring the safety of products once they were approved. Even if safety problems were identified, warnings about them could be subject to prolonged negotiations with companies. The value of communications that Health Canada issued to health care professionals and the public regarding safety issues was never evaluated. Innovation, as defined by Health Canada, was tailored to meet the needs of industry, emphasizing new drug molecules rather than better drug therapy.

Layered on top of poor regulation of clinical trials, faster drug approvals and poor safety monitoring has been the refusal of Health Canada to do anything effective about the way that medications are promoted to doctors and the public. Control over promotion to consumers of both over-the-counter and prescription-only drugs was progressively weakened and handed over to private interests with little to no oversight by Health Canada. Complaints about regulatory violations in direct-to-consumer advertising of prescription drugs are ignored for months or longer and then dismissed.

Finally, Health Canada's position vis-à-vis the interests of industry versus those of the public is encapsulated by its obsessiveness in keeping information secret on the grounds that it is commercial business information, although there are some hopeful signs that the organization is finally changing its position in this regard.

Without tackling these basic contradictions in the pharmaceutical world, all of the other problems—with intellectual property rights, corruption of the regulatory system, high drug prices, promotion to doctors, etc.—will only fester.

A working group from Physicians for a National Health Program (U.S.) and Canadian Doctors for Medicare has been developing a set of proposals for radically reforming drug policy, including the creation of new institutes for prescription drug development in both countries. The institutes would prioritize drugs for development based on their potential clinical utility, focusing on diseases that are neglected, commercially unprofitable, lacking in effective treatments or are of particular public health salience. Because the new agents would be unpatented, they could be produced or purchased at a low price by other nations, improving global population health.

To deal with the problems of companies controlling clinical trials and the data that comes out of them, Arthur Schafer, director of the Centre for Professional and Applied Ethics at the University of Manitoba, has proposed that the research and commercialization processes must be separated, which would include the complete isolation of industry from clinical trial data. There are better and worse ways to do this, as far as I'm concerned, or weaker and stronger models.

One relatively weak model for achieving separation was proposed by Stan Finkelstein and Peter Temin in their 2008 book, *Reasonable Rx: Solving the Drug Price Crisis* (FT Press). Although they are primarily concerned with drug prices, the authors, both MIT professors, suggest the creation of an independent, public nonprofit, the Drug Development Corporation (DDC), to acquire new drugs emerging from private sector R&D and then transfer the rights to sell the drugs to a different set of firms.

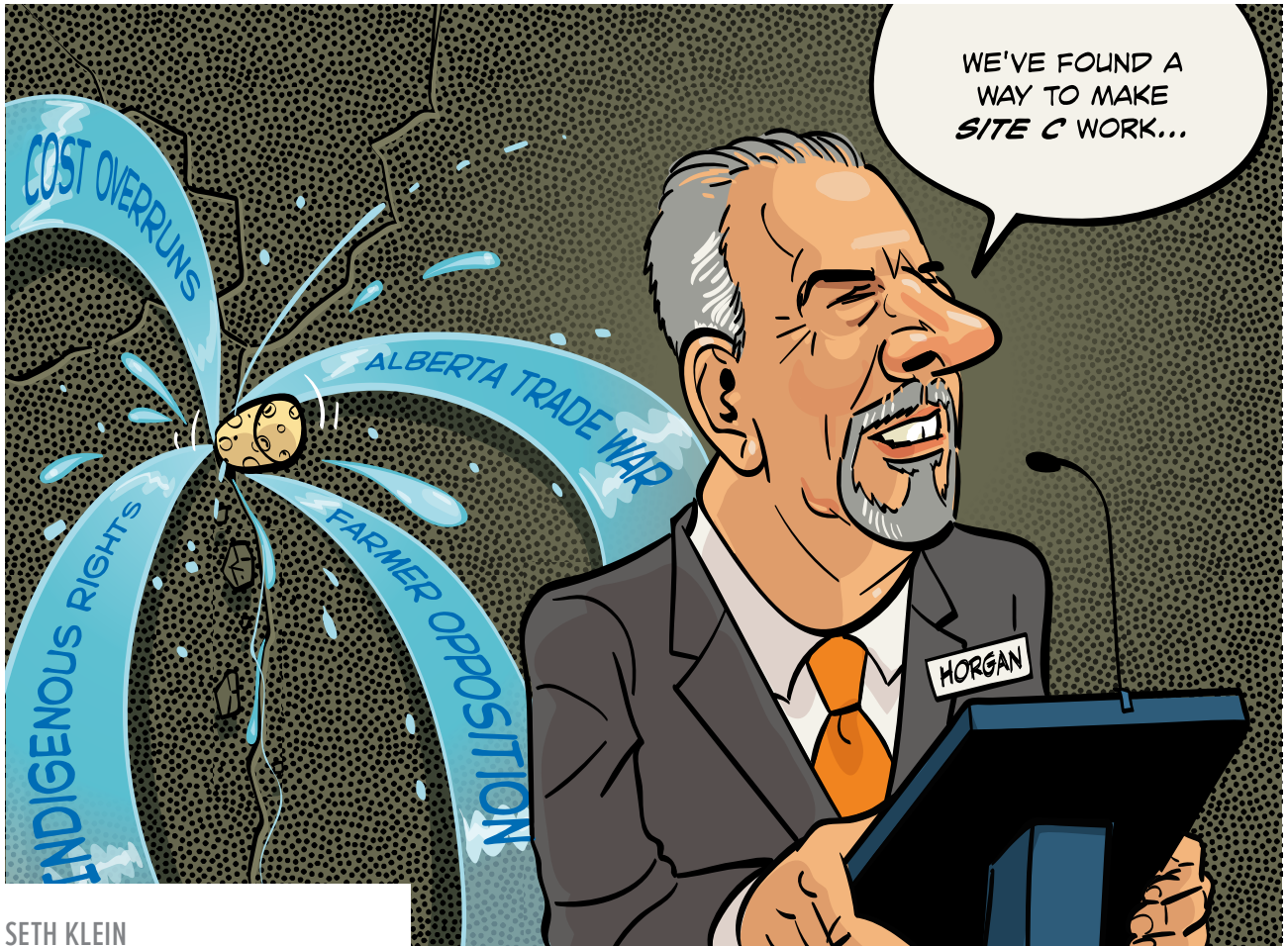
In addition to its role in helping to reduce drug prices, the DDC would be mandated to submit "the results of all basic scientific studies and clinical trials...for publication in peer-reviewed journals as soon as patent and other intellectual property considerations permit," write Finkelstein and Temin. The DDC would also make all negative trials public. Although this last function would helpfully increase the availability of information, research design and the trials process would remain in the hands of the pharmaceutical industry.

A stronger version of Schafer's separation model would see an institution such as the Canadian Institutes of Health Research organize and manage clinical trials and the data that comes out of them, with funding coming from taxes collected from the pharmaceutical industry and/or general tax revenue. As Tracy Lewis, Jerome Reichman and Anthony So argue in a 2007 article, drug companies under this model "would no longer directly compensate scientists for evaluating their own products; instead, scientists would work for the testing agency."

However, the authors argue that the companies should continue to fund a significant portion of the research agenda, "in order to discourage the wholesale testing of marginal drugs with little therapeutic value, or candidate medicines with little chance of clinical adoption." While companies would continue to develop and market their products, this would be separated from the process of generating and interpreting clinical data.

Dean Baker, co-founder of the Centre for Economic Policy Research, goes even further in a 2008 report, arguing for a system whereby all clinical trials would be publicly financed, with the cost of the trials in the U.S. being covered through lower drug prices under Medicare and other public health care programs. The benefits of publicly funded trials would include trial data staying in the public domain, the minimization of commercial conflicts of interest, and the ability to redirect research away from "me-too" drugs (with little additional benefit over existing products) and toward real innovations, including unprofitable but essential treatments.

At present, despite over a decade of talking about reforms, no country has yet had the political will to implement any meaningful changes. However, that does not mean that change is not possible. Tommy Douglas, who as premier of Saskatchewan first introduced universal first-dollar coverage for hospital and doctor services in Canada, famously said: "Courage, my friends; 'tis not too late to build a better world." Taking inspiration from the public health care pioneer, there are plenty of good ideas out there for building a better pharmaceutical system. It's a matter of finding the courage to implement them. **M**



SETH KLEIN

ILLUSTRATION BY REMIE GEOFFROI

## Site C's economic justifications are unconvincing

Approval of controversial dam project shows it's time we made decisions differently.

**THE DECISION TO** proceed with the Site C dam was clearly a very difficult one to make. With \$2 billion already spent on the project by their Liberal predecessors, the new Horgan government was forced into a no-win choice: there would be substantial political and economic costs for either terminating or proceeding with what is one of the largest and most expensive capital projects in B.C. history. I don't envy the NDP, but nor do I think they chose wisely.

In a difficult decision like this one, it matters who gets listened to, whose expertise wields authority and what

considerations win the day. That's why unpacking this decision matters—so we can consider how progressives might shake up the framework by which future decisions are made.

First things first, the Site C approval does deep harm to the prospects for reconciliation with Indigenous people. It is fundamentally at odds with the government's stated commitment—affirmed in the NDP-Green Confidence and Supply Agreement and in the mandate letters of each minister—to implement the United Nations Declaration on the Rights of Indigenous Peoples. Fundamental to

UNDRIP is the duty to secure consent before engaging in major projects that impact the land and title of First Nations people. Achieving that consent should be embedded in our decision-making process. And yet in this case it is absent.

For thousands of people who strongly oppose Site C, for both environmental reasons and because of its impact on Indigenous rights, this decision feels like a political betrayal—and will for many years. And with every likely new announcement of a cost overrun in the years to come, more salt will be ground into the wound.

The CCPA's Marc Lee, in his submission last summer to the B.C. Utilities Commission, outlined why he felt the electricity that Site C will provide is not needed. Indeed, our contention for many years has been that what was truly driving the push for the dam was the natural gas industry's demand for electricity—both for fracking operations and, down the road, to electrify the process of liquefying that gas. That would mean Site C was primarily about producing “clean” energy in service of dirty fossil fuels (and it still might be).

In the final years of the Clark government, the push to take Site C “past the point of no return” was, I believe, driven by a different but related political imperative. Having failed to secure foreign investment for a new LNG industry (and the associated promise of thousands of jobs for B.C.'s northern regions), our former premier, ironically, beat a path back to the public sector and looked to BC Hydro to deliver those jobs through construction of the Site C dam.

### **Economic rationale doesn't hold water**

Premier Horgan appeared notably unenthusiastic when he made the announcement that the government would proceed with Site C. Make that downright miserable. He made it clear that Site C was, at its outset, a wrong-headed policy choice, not a project his government would have started. But with \$2 billion spent, and reclamation costs of termination pegged at \$1–2 billion more (likely the low end), the premier felt his government had “no choice” but to proceed.

Granted, the prospect of spending \$3–4 billion and having nothing to show for it hurts. But the government went further, stating that absorbing such a bill would put its progressive economic and social agenda at risk. Some ministers expressed the view that termination costs would threaten B.C.'s AAA credit rating and would consequently drive up our debt service costs.

Minister Mungall, in an email to those who wrote to her about Site C, stated: “To do anything but move forward would require British Columbians to take on \$4 billion in debt that would have to result in massive cuts to the services people count on us to deliver. After witnessing the legacy of BC Liberal cuts, I can't allow that to happen again.”

This line of argument may sound compelling. But on closer inspection, it is not at all convincing. Had the costs of termination remained on BC Hydro's books, this would indeed have resulted in an increase in hydro rates, but not to the degree stated by the government. And proceeding with Site C will also result in increases in hydro rates down the road (quite possibly bigger ones).

Given that the decision to green-light Site C was politically driven by the previous government, my view is that the costs of terminating the project should not have been borne by BC Hydro, but rather by the provincial government as a whole (as it seems the government considered). Some may say this makes no difference; taxpayers and ratepayers are one and the same after all. But it does make a difference.

As the CCPA has noted in past research, hydro rates are regressive: they impact lower-income households harder than upper-income ones. In contrast, provincial government debt is serviced from overall taxes, which are mildly progressive now that the new government has brought in an upper-income tax bracket and is phasing out Medical Services Plan (MSP) premiums. With further fair tax reform, the costs would be even more fairly distributed.

Relieving BC Hydro of the costs of termination could have been done by transferring Site C's sunk costs and termination costs onto the provincial government's debt. Or, if the government did not want to assume the \$3–4 billion debt from BC Hydro, it could simply have agreed to annually transfer the interest costs of that debt to BC Hydro (as restitution for this politically imposed cost).

Would taking on \$3–4 billion in termination debt, with no asset to show for it, squeeze out the rest of the government's agenda and potentially erode B.C.'s credit rating with the consequence of driving up debt interest costs? This seems highly unlikely.

At today's interest rates, \$4 billion in debt would result in additional interest costs of at most \$150 million a year. That's not insignificant. But neither is it enough to derail a government's agenda: \$150 million is less than the current surplus, and represents about 0.3% of the province's \$50-billion annual budget.

In contrast, consider that in the September 2017 mini-budget the new government cut MSP premiums by 50% and chose not to replace those revenues with progressive tax increases (as the CCPA has previously recommended). In doing so, the government chose to walk away from \$1.2 billion in annual revenues—a much more costly decision it did not feel put the rest of its agenda at risk.

Similarly, as Green Party leader Andrew Weaver has noted, the government chose to cancel tolls on the Port Mann Bridge and take on that debt at a price of \$3.5 billion (and annual costs of replacing the toll revenues of about \$150 million), but expressed little concern about the impact this would have on the affordability of B.C.'s debt.

The September mini-budget estimated that taking on the Port Mann Bridge debt would increase B.C.'s debt-to-GDP ratio (the size of the provincial debt compared to the size of the economy) by about 1.2 percentage points. The cost of terminating Site C would have been similar in debt-to-GDP

**Unpacking this decision matters—so we can consider how progressives might shake up how future decisions are made.**

terms—an impact that is entirely manageable in economic terms and well within B.C.'s recent debt levels.

Would taking on this debt have resulted in a downgrade to B.C.'s credit rating? Possibly, but not necessarily. B.C.'s fiscal situation would have remained enviable relative to other provinces with respect to both debt-to-GDP and debt service costs. It is arguably also possible that credit rating agencies would have given kudos for termination, seeing it as an expression of fiscal caution that avoided further potential multi-billion-dollar cost overruns as are common with such mega-projects, particularly given the fact the credit agencies and B.C.'s auditor general have already expressed concerns about BC Hydro's debt load.

Even with a downgrade (if it occurred), would B.C. face significantly higher interest costs? Again, despite frequent fearmongering on the point, this result should not be assumed. Bond markets don't respond slavishly to credit rating agency assessments. And if there were a credit market response to a downgrade it would be minimal.

Canadian provincial credit ratings vary from B.C.'s triple-A high to Prince Edward Island's single-A low. But as economists Trevor Tombe and Blake Shaffer note, the practical significance of this difference is that long-term provincial bond interest varies from 3.1% in B.C. to 3.5% in the Atlantic provinces. They note further that, "On average, each notch on the S&P ratings scale is associated with 0.04 per cent higher yield on a 25-year bond." In other words, not much.

### Letting others call the tune

Numerous NDP MLAs have offered public explanations of the decision to proceed, all stating some variant of: we referred the utilities commission report for further analysis to financial experts, and with great regret were told that, while the actual costs of termination versus completion were similar, the accounting treatment of the choices would be very different.

Effectively, the government has said that accounting practices—as interpreted by finance ministry

**It is a curse of modern social democratic governments that, on economic matters especially, they are inclined to let others tell them what is and isn't allowed.**

officials—trumped good policy and UNDRIP.

The problem, I fear, is that the full scope of options gets lost at the cabinet table. If one's deputy minister, for example, sounds the debt and/or credit rating alarm, few politicians feel comfortable pushing back. Or if the government is spooked by a credit rating agency warning—Finance Minister Carole James did go visit the rating agencies early in the new government's mandate—there is political fear of a downgrade.

It is a curse of modern social democratic governments that, on economic matters especially, they are inclined to let others tell them what is and isn't allowed. This dynamic plagues otherwise progressive people who lack confidence in economics, and it is heightened when senior civil servants remain in place after a change of government—the same people giving the same advice as always.

Another way was possible. The government could and should have taken on the costs of termination (realistically a figure closer to \$3 billion). It could have taken on other energy conservation and renewable electricity projects over the coming years (wind, solar, geothermal, etc.) as needed and in partnership with local First Nations and the building trades. In doing so, it could have created just

as many jobs as Site C will provide, but more helpfully spread across the province and closer to where people actually live, rather than concentrated in one locale (which will mean having to import much of the labour).

Actually, this is exactly what the NDP proposed in its 2015 PowerBC plan. Sadly, that plan was short-lived, a lost opportunity to move forward with far less of a price and much more to gain.

### What now?

In the end, and official explanations notwithstanding, Site C was clearly a political decision, not an economic one. Only time will tell if that political decision was strategically correct or a costly mistake.

The government made a calculation, affirmed by recent polls, that the majority of the public would support continuation. They likely worried about the reaction of mainstream media pundits and the corporate sector had they chosen termination. But the economic and political costs of proceeding with Site C will haunt the government throughout its mandate and beyond.

It seems at this point that the prospects of an about-face are highly unlikely. So why bother rehashing the decision? First, it is important to challenge unconvincing economic justifications—and the fearmongering of credit rating downgrades—or risk setting a precedent for more disheartening decisions down the road.

Second, understanding this decision matters so that the new government can be encouraged to approach future decisions differently. Much progress is clearly still needed to truly implement and operationalize UNDRIP in B.C. policy-making. And this is an opportunity to change the frame, to shift whose expertise wields authority and to reconsider what priorities win out.

In the last election British Columbians voted for change. Rather than deferring to the same accountants and ministry officials, this still newish government can continue to bring in new voices, invite more creative solutions and engage more fully with civil society. **M**





PHOTO BY JASON WOODHEAD (FLICKR CREATIVE COMMONS)

COMMENTARY / RITA WONG

## Restoring peace against the odds

Premier Horgan announced in December that his government would proceed with the Site C dam, increasing its budget by more than \$2 billion despite having opposed the project before. Downplaying the B.C. Utilities Commission's findings that Site C was late, over budget and replaceable by other options, Horgan implied that the interests of "a handful of people" in the Peace Valley weren't as important as BC Hydro's plans. He said that his own wife believed "that the values lost were greater than the values gained," but he went against his wife's values anyway.

Horgan basically ignored how the last 20% of the free-running Peace River is a precious legacy for all Canadians and the world. In addition to the West Moberly and Prophet River First Nations, 14 downstream Indigenous nations urged Horgan to cancel the dam. UNESCO and the International Union for Conservation of Nature have called for the river's protection, as well as Amnesty International, the Sierra Club and the Yellowstone to Yukon Conservation Initiative, among others. The region's farming families understand that they are guardians for everyone who deserves to experience and inherit the incredible Peace Valley intact.

To dismiss \$2 billion in sunk costs and the inflated \$1.8 billion cost for remediation as money "spent on nothing," leaving B.C. without "an asset," is to completely ignore the value of ecosystem services. The Peace's current natural capital is worth billions in perpetuity, as the David Suzuki Foundation has shown. B.C. can't afford to lose more forest after the summer of devastating fires; we need such natural buffers and carbon sinks in a time of impending climate destabilization, especially with the frequency and intensity of extreme weather events on the rise. Money talks loud, but nature bats last.

The dam doesn't benefit B.C.'s 4.5 million citizens in the long term. Horgan's threat to have to cut social spending upon dam termination rings hollow in the wake of the NDP giving up billions in revenue from bridge tolls in the Lower Mainland without even a mention of credit ratings or accounting practices. As Green leader Andrew Weaver pointed out, these are trade-offs that the NDP has made. Unfortunately, the Greens have not used their influence to terminate the dam either. Horgan may argue that financial conventions excuse this sacrifice of the Peace, but

our economy depends on healthy ecosystems. The government could recognize this by declaring the Peace Valley a provincial asset or park, worth much more than "nothing."

The good of the province—and the nation—depends on its actions being perceived as honourable, by demonstrating wise management and enacting reconciliation. Unfortunately, the provincial and federal governments' refusal to honour Treaty 8 and to prevent ecosystem destruction leads to mistrust, systemic violence and ongoing injustice. There is a high reputational cost when we can't trust our governments. The Peace Valley Solidarity Initiative held an Accountability Summit in Victoria at the end of January to address why the trust has been broken and what could be done to remedy the situation.

As Marc Eliesen points out in the *Times Colonist*, "There will be higher hydro rate increases in the future by continuing construction than by terminating the project today." Such costs land hardest on the poor, least able to pay for skyrocketing rates through the economy's boom-and-bust cycles.

*This article was first published in the National Observer, January 12, 2018.*



BENJAMIN CHRISTENSEN

PHOTO BY MEMPHIS CVB (FLICKR CREATIVE COMMONS)

## Come together for pension justice

The history of retirement security in Canada is pro-employer. With a bit of collaboration, the future can be pro-worker.

**OVER THE PAST** three years, workplace pensions and the security of defined benefit (DB) plans have been grabbing headlines. Air Canada has underfunded its plan, Canada Post has been trying to kill DB benefits for new employees, and Unifor recently accepted defined contribution (DC) plans for future hires at GM. More recently, employees and pensioners at Sears will likely lose out on the DB pension they had been promised for years of loyal employment. The problems facing these pension plans are not only cases of poor management. Rather, they point to the structural limitations of Canada's voluntary private pension system.

Sears is not unique. In the media, the retailer's plight has been compared to what happened at Nortel 10 years ago. If one digs deeper into history, companies renegeing on pensions goes far back in time and has been the catalyst of pension policy stretching back to the 1960s, when Ontario implemented Canada's first "minimum standards" pension legislation. Since then, all provinces (with the exception of Prince Edward Island) and the federal government have put in place pension legislation intended to protect worker's retirement income.

Yet, given all the rounds of reform that have occurred since the 1960s, private sector workers who belong to a DB pension plan remain vulnerable.

This is augmented by the reality that part-time workers, the self-employed and independent contractors usually have no pension coverage, in part because Canada's workplace pension system was designed to protect only full-time workers. As 2016 census data indicates, full-time employment is decreasing (only 48.2% of adults aged 24–54 worked a full-time job for all of 2015), intensifying the challenges of providing retirement income security for Canada's labour force.

To understand why Canada's private sector workplace pension system is failing so many workers, one must interrogate history and the political and economic terms in which this system was negotiated. Knowing this

history puts into focus the need to re-evaluate this system if we are to successfully expand pension coverage.

### The birth of workplace pensions

The first employment-based retirement income scheme in Canada was introduced in 1821 by the Hudson's Bay Company. In 1870, the federal government introduced a pension plan for civil servants, followed a few years later (1874) in the private sector by the Grand Trunk Rail (whose plan covered clerks). In general, workplace pensions developed alongside the growth of large employers, typically in government, railroads, utilities, hospitals, universities and private manufacturing sectors.

From the employers' perspective, the scale of these industries and bureaucracies required a loyal and dedicated workforce. Pensions thus served as a mechanism to attract and retain quality workers, and as an instrument of personal management. The size and longevity of employment characterizing that time enabled employers to make a legitimate promise to workers. Labour movements across Canada and other industrializing countries took root and the demand for unionized work environments slowly evolved. Workplace pensions for "good service" came to represent an aspect of the social wage model as part of worker's compensation.

Before the Second World War, the private pension system (then in its infancy) was not viewed as an enforceable legal right. Many workers left their employer before receiving a pension. Coverage rates were low, pension funds were often mismanaged, and the absence of government pension regulation meant employees and their dependents were vulnerable to the whims of paternalist employers. It was not unusual for employers to use the promise of a company pension as a leveraging tool to control their workers, threatening to withhold an employee's pension if they became involved in labour organizing activities.

As corporate welfarism grew in Canada during the first half of the 20th century, favourable federal income tax legislation was introduced to make establishing pension funds more attractive (i.e., the Income War Tax Act of 1917, which was amended in 1928 and 1938). This legislation allowed employers to deduct pension plan contributions and exempt investment income from their taxes if the employer agreed to place the fund in a trust under separate management. But there still was no common law principle that prohibited an employer from withholding pension entitlements from a member.

The golden era of private pensions began after the Second World War and lasted until the 1970s. Full-time employment across industrial sectors, growing unionization and rapid industrial economic expansion characterized a new range of political co-operation as Canada's welfare state expanded. To identify the structural problems facing Canada's workplace pension system today, it is useful to describe the broad forces that have shaped different workplace pension systems across Western industrialized societies since then.

The destruction wrought by the Second World War was most damaging to the economies of continental Europe,

where, along with the Great Depression, the net worth of many private employers and their pension schemes were destroyed. Consequently, there was little to be offered to the aged. Given the comparatively strong tradition of publicly provided welfare in continental Europe, national wage bargaining occurred after the war, institutionalizing labour-market relations that became the basis for organizing mandatory quasi-public social insurance covering all workers. Subsequently, workplace pension systems became administered through public-private systems.

In countries such as Canada, the United States and the United Kingdom, workplace plans became a separate private pillar in a broader public-private retirement income system. A strong corporate-financial culture dominated conservative business perspectives on the role of government. These countries also exited the Second World War in a stronger economic position where workplace pension plans could still be offered to workers. The result was that collective bargaining in countries such as Canada was conducted at the company or industry level.

The need for reliable sources of labour in war industries led governments in Canada and the United States to establish an institutional framework that would integrate unions into capitalist economic expansion through industrial relations legislation and arbitration.

For example, in 1935, the Wagner Act in the United States became a foundational statute guaranteeing the basic rights of private sector employees to organize into unions, to engage in collective bargaining and to strike. During the Second World War, the National War Labor Board legislated that employers must negotiate sick leave, and that disability wage plans and group insurance must be written into labour management contracts. In 1948, the board concluded that "employers were legally obligated to negotiate pension plans," thus making pensions a formal bargainable issue.

In Canada, although workers had been granted the right to freely associate into trade unions in 1872, following the Trade Union Act, in 1944 the Privy Council Order 1003, adopted by Wartime Labour Relations Regulations under the Liberal government of Mackenzie King, forced employers to negotiate with organized workers, including on workplace pensions.

**The labour movement is currently splintered when it comes to agitating for collective pension reform and campaigning for non-member workers with no benefits.**

While collective bargaining rights were established, the desire of Canadian and American governments to use collective bargaining to mitigate labour disputes created an opening for employers to establish corporate welfare models of industrial relations. As a result, control over workers' economic security became a key battleground for control of the economy and class power.

Initially, many unions had lobbied for universal security for the elderly in the shape of national or industrywide workplace pensions, but found themselves reluctantly negotiating private pension schemes with single employers through collective bargaining. Governments were unwilling to step in to labour disputes beyond setting out basic parameters of collective bargaining.

By offering new benefits and keeping unions out of the administration of employment benefits, along with demanding collective bargaining occur at the local or plant level, employers were able to win advantage over many unions. Consequently, employers could now dictate the structure of Canada's private pension system, in which the risk of providing retirement security was voluntarily assumed by the employer as long as favourable economic conditions prevailed.

In hindsight, while the power of labour did substantially grow, along with increasing wages and social benefits for workers, unions were not able to secure control over retirement income security. By the late 1950s, governments began to develop public policy that served to fill the holes left in private social policy, ultimately siding with the interests of employer-sponsored welfare capitalism. The design of the Canada/Quebec Pension Plans (C/QPP) and Ontario's Pensions Benefit Act during the mid-1960s reflected the acceptance by government of the role employers would play in Canada's retirement income system.

In the absence of a universal pension plan that offered full coverage, unions increasingly accepted and negotiated for beefed up workplace pension plans through the end of the 1950s and 1960s. This pivotal period reflected a victory for capital, in which the

labour movement's intent of pooling risk across a broader group of workers was terminated by the desire of large industrial employers to control the retirement savings of their workers and benefit from the tax exemptions.

Subsequently, private sector pension coverage rates shot up dramatically in Anglo-Saxon countries such as Canada, the United States and the United Kingdom, expanding coverage from around only 15% during the 1930s to over 40% by the 1960s. In Canada, the 1970s was the pinnacle of pension coverage in the private sector, reaching over 50% for male workers, many of whom worked for large industrial companies in manufacturing.

This cemented the key function of workplace pensions as a central pillar in retirement income systems, in contrast to the mandatory social insurance arrangements in continental Europe. It is here that one can locate how the risk of saving for retirement has been historically institutionalized between workers and employers.

### **The long decline and the future of pension coverage**

The peak of pension coverage in the 1970s was short-lived and began to diminish into the 1980s as corporate restructuring integrated Canada's economy into global markets, often by way of plant closures, unhinging the postwar industrial employment relationship.

Growing regulatory and accounting standards, unfavourable court rulings and deteriorating economic

conditions compelled employers to believe they were taking on too much of the risk involved with plan administration (what actuaries and employers termed the "asymmetry of risk"). At the same time, unionization levels were decreasing and unemployment was growing for men in industrial jobs, allowing more employers to diminish pension benefits with less resistance from workers. These conditions led, in the 1990s, to a critical period in which employers exited *en masse* from the provision of retirement security in the form of the DB pension plan.

The trend continues today. Virtually no new private sector DB plans have been established since the 1990s, and existing plans continue to be underfunded and replaced by less secure pension schemes such as DC and target-benefit plans. Even public sector DB plans, which typically are viewed as more secure, have come under threat in recent years, as experienced at Canada Post and by public sector workers in New Brunswick.

The workplace pension system designed in the 1950s and 1960s was only feasible in the long term if economic conditions remained the same. But economic conditions have changed. Given that workplace pension policy was designed to fill the holes left in a system that was created by siding with employers in the early postwar years, it is not surprising that this system is now deteriorating. Secure DB pension plans are being left to sink, forcing workers to worry about the risk of losing their pension income.

So what is to be done? How can we protect current pensions from the fate faced by workers at Sears? And how can we expand workplace pensions to workers with low coverage, particularly the self-employed and part-time workers in low-paying jobs?

There are some new policy innovations and services that are worth highlighting. In Canada, Common Wealth, a Toronto-based firm that provides pension plan recordkeeping and administrator services, is assisting labour and professional associations establish quality multi-employer pension plans for part-time and low- to middle-income workers. For example, in 2017, Common Wealth launched a

**Only 48.2% of adults aged 24–54 worked a full-time job for all of 2015.**

retirement plan for lower- and moderate-income Canadians in partnership with the Service Employees International Union (SEIU), targeting part-time frontline health care workers.

New policies are being legislated south of the border, too, with the intent of expanding pension coverage for employees of small businesses. The state governments of California, Oregon, Illinois and New Jersey are proceeding with “auto-IRAs” that automatically enrol employees in individual retirement accounts through paycheque deductions. These programs are administered through financial service companies and overseen by the state government.

While these ideas have the potential to increase retirement income security for some, the fact remains that pension coverage continues to decrease. The majority of working Canadians today have no workplace pension coverage to speak of. To meaningfully expand coverage to more sectors in the labour force, Canada’s labour movement must play a leading role and collectively advocate for *all* workers, particularly the precariously employed. This will require new organizing strategies that cross jurisdictional and sectional boundaries in Canada’s economy.

One recent victory occurred when the federal Liberal government expanded the CPP in 2016 from covering 25% to 33% of preretirement earnings. While a significant change, it still fell short of the 50% coverage that the Canadian Labour Congress (CLC) has been fighting for since the 1970s. It means middle-income workers will still need other sources of retirement income besides CPP. Beyond this CLC-led campaign, there are no other significant organizing efforts across Canada’s labour movement with the goal of expanding pension coverage.

Instead, campaigns occur at the provincial or federal levels, typically targeting a specific piece of legislation. For example, at the federal level several unions and grassroots groups such as the Ottawa Committee for Pension Security are campaigning against Bill C-27, legislation that would establish a target-benefit plan in federally regulated workplaces. In New Brunswick, Pension Coalition NB, a lobby organization representing 13,000 public sector pensioners, is suing the provincial government over the introduction of legislation that retroactively changed DB pension entitlements into a target-benefit pension plan.

On the other side of the country, the Alberta Federation of Labour is leading a campaign to introduce a joint worker-employer trustee governance model for public sector workers to better protect existing DB plans. And in Manitoba the provincial government has recently launched a consultation process on a new funding regime to convert existing DB plans to target-benefit, generating a new showdown between public sector unions and the government.

These battles are notable and must be fought vigorously. However, they are geared to protect *already existing benefits*, and are fought separately in the absence of a cohesive national movement, reflecting the need for a new collective strategy. Presently, the labour movement is splintered when it comes to agitating for collective pension

**By offering new benefits and keeping unions out of the administration of employment benefits, along with demanding collective bargaining occur at the local or plant level, employers were able win advantage over many unions.**

reform and campaigning for non-member workers with no benefits.

One hurdle that must be overcome is Canada’s collective bargaining system that atomizes unions into negotiating at the company or local level. Campaigning for pension expansion is often high up on the to-do list as individual unions face a multitude of pending issues on a regular basis. When time is given to the pension file, unions spend their resources protecting already existing benefits for their membership, either against aggressive employers at the bargaining table or against legislative threats that seek to dismantle the hard-fought-for pension benefits discussed above. This limits a union’s available resources for organizing new campaigns *collectively* across Canada’s labour market.

The time is right for a national discussion, like the ones that took place during the “Great Pension Debate” of the 1970s, to address the existing voluntary pension system that is simply not providing adequate retirement income security for Canadian workers. Employers are walking away from the pension system that they shaped in their own interests generations ago. Current labour campaigns and the pension innovations mentioned above offer band-aid solutions to a structural problem that is worsening. It is hard to imagine workplace pension coverage expanding within the current system.

While there may be some bright spots for pensions among public sector workers in places such as British Columbia and Ontario, threats remain on the horizon, with legislative attacks such as Bill C-27 that aim to transform secure DB plans and shift the risk of saving for retirement onto employees. The power of traditional DB plans is that members are required to contribute earnings to the plan, and these earnings are pooled, generating more secure retirement income. To expand pensions coverage to all workers in the Canadian economy, the labour movement, retirees, concerned workers with a good pension plan and those without, must band together at a national level to demand a larger role for Canada’s public pension system as the best remedy to expand coverage for all workers. **M**

ASAD ISMI

# Careful what you wish for

Canadian business wants a notch in China's Belt and Road Initiative. In Asia, as in Canada, there are domestic and foreign policy risks to consider.

**I**N MID-JANUARY, AT a forum in Shanghai, the Chinese government presented the latest additions to its global economic strategy known as the Belt and Road Initiative (BRI), the largest infrastructure project in the world. The BRI consists of economic corridors—roads, pipelines and maritime links—connecting Asia with the Middle East, North Africa and Europe. Chinese spending on BRI infrastructure projects, including mines, ports and other mega-projects at home and in countries along each corridor, could reach \$8 trillion over the next 20 years; \$300 billion had already been spent by October 2017.

With this massive investment China is “quietly reshaping the world,” in the words of *Atlantic Monthly*, in particular the lives of its closest neighbours. The BRI, which was launched in 2013, has so far funded a China-Pakistan Economic Corridor (CPEC) passing through the latter's Balochistan province, a new military base in Djibouti in the Horn of Africa, which opened in August last year, a high-speed China-Thailand railway line, and collaborative projects with 16 East and Central European countries.

Chinese Foreign Minister Wang Yi announced in December that there were Belt and Road co-operation agreements with 80 countries and organizations, and that China had built 75 overseas economic and trade co-operation zones in 24 countries. With so much money on the table, even rich countries are angling for a piece of the BRI action. The British government, for example, has declared the U.K. “a natural partner” for China, and the German government claims the country's private sector is “willing to support BRI.”

But not everyone is so enthusiastic. There is major opposition to the BRI in Pakistan's Balochistan province, where ethnic Balochis are fighting a separatist insurgency against a Pakistani army accused of massive human rights violations. Balochistan is in fact crucial to the creation of the CPEC, which in turn is a major part of the BRI.

Gwadar Port in Balochistan, a BRI-funded project, will give China an important alternate route for oil imports from the Middle East. Pakistan and China are also building road and rail networks between Gwadar and Xinjiang, China's largest province bordering Pakistan. “If [the BRI] is like a symphony involving and benefiting every country, then construction of the [CPEC] is the sweet melody of the symphony's first movement,” said Minister Wang in 2015.

Balochistan comprises 43% of Pakistan's land area and holds most of its natural resources, including a rich supply of oil, natural gas, coal, copper, gold, silver, platinum, aluminium and uranium. Yet the Balochis, who represent 3.38% of Pakistan's population, have long been oppressed by the country's army, and 63% live below the poverty line. Natural gas from Balochistan produces 40% of the country's primary energy, but only 6% of Balochis receive it and the province only gets 12.4% of gas royalties.

Given such deprivation, it is not surprising there have been five Baloch insurgencies against the central government since 1948, the latest one starting in 2005. Balochi insurgents and nationalists have called on China to stop the construction of the CPEC until the province becomes independent.

An estimated 18,000 Balochis have been forcibly disappeared by the Pakistani army. Naela Quadri Baloch, president of the World Baloch Women's Forum, accuses the army of “using rape as a tool of oppression,” and blames increased violence by the Pakistani state on Beijing's interference. “China is looting the resources of our province, including the gold reserves, and turning a blind eye to the genocide of the Baloch,” she told *The Indian Express* in April 2016, adding that many new roads for the CPEC were being destroyed by Balochi insurgents.

**B**alochistan should be a cautionary tale for Canada, whose participation in the BRI is being encouraged by Beijing and domestic corporate lobby groups. Not only could Canadian companies vying for BRI funding get pulled into potential human rights disasters abroad, but there are possible concerns related to Chinese government influence in Canada as well.

“China's economic strategy has grown to include much of the world,” says Gordon Houlden, director of the China Institute at the University of Alberta. “With so much money being spent by China, there are opportunities for Canadian companies to participate in BRI infrastructure projects, as some of them have substantial engineering capabilities.”

Canadian companies such as Montreal's Bombardier and Calgary's Grand Power Logistics Group are already tapping into the BRI by investing in Turkey's high-speed rail line and a rail service in China. But overall, Canadian participation in the Chinese infrastructure vision is not yet extensive.

“With a few exceptions, our business community is behind the curve in terms of taking advantage of Belt and Road opportunities,” writes Eva Busza, vice-president of research at the Asia Pacific Foundation of Canada, a corporate and government-funded think tank that promotes closer Canada-Asia relations, in a recent blog post. In a business survey released by the Canada-China Business Council in April 2017, 74% of respondents knew about the BRI and 44% saw opportunities for themselves in it.

In Canada, many business groups see a free trade agreement with China as a way to quickly increase profit-making opportunities in Asia, and the initiative has been taken up enthusiastically by the Trudeau government. “There is an opaqueness to the Chinese economy,” claims Houlden. A free trade deal “could act a cudgel to break down barriers to investment and trade.” In return, China will expect “loosened investment rules” in Canada, he tells me, including a lighter touch when it comes to foreign takeovers.

Canada’s Investment Act allows the federal government to apply a national-interest or “net benefit” screen on foreign takeovers above \$1 billion, though it is rarely used—a sign of Canada being “open to business,” as espoused by successive federal governments. Chinese state-owned enterprises, however, face additional screens, first introduced by the Harper government in 2007, when investing in Canadian energy and infrastructure.

The majority of Chinese investment in Canada is in the energy sector and in mines and minerals, and Beijing will undoubtedly seek a relaxation or elimination of “net benefit” screens in these areas under any FTA. The second Chinese priority is an oil pipeline in Canada that would take tar sands bitumen to the West Coast for shipment to Asian markets. The Trans Mountain pipeline expansion approved by the Trudeau government aims to accomplish this but faces legal challenges in B.C.

“Since NAFTA looks like a train wreck, it is very important for Canada, whose prosperity is based on trade, to look for diversification in this area,” argues Houlden. “We’re

dependent for 75% of our trade on the U.S. market—I’d like to see that number go down to 50%. The sheer size of the Chinese economy and the rate at which it is growing makes it a very attractive trade partner. Having a range of trading partners will give Canada greater economic stability.”

The Canadian Centre for Policy Alternatives (publisher of the *Monitor*) agrees with Houlden on one point—that it is important for Canada to deepen economic, political and cultural ties with China. But, as Senior Researcher Scott Sinclair adds in the CCPA’s submission to the federal government on a possible China FTA, pursuing this goal through a standard free trade deal “creates unacceptable risks for Canada, and particularly for Canadian workers.”

Sinclair warns that a CCFTA will reinforce Canada’s high trade deficits with China (which increased from \$8.5 billion in 2001 to more than \$43 billion in 2016), further erode Canada’s manufacturing base, intensify competition with lower-waged and poorly protected Chinese workers, and likely worsen domestic inequality.

“China is a superpower,” he writes. “However painstaking Canada’s negotiating strategy or skilled its negotiators, due to the vast power imbalance between the two parties, China will ultimately be the rule-maker and Canada the rule-taker in any one-on-one FTA negotiation.”

This was, after all, the experience in negotiating the Canada-China Foreign Investment Promotion and Protection Agreement (FIPA), signed by the Harper government in 2012. The FIPA, which protects Chinese investment in Canada to a much greater extent than Canadian investment there, includes a controversial investor-state dispute settlement (ISDS) mechanism. Under NAFTA’s ISDS process, Canada has been sued more times than either Mexico and the U.S., frequently by U.S. companies whose resource projects were frustrated by public interest regulation or community opposition.

The Hupacasath First Nation, based in Port Alberni, B.C., sued the government in federal court in 2013 over the Canada-China FIPA, arguing that the

agreement undermined its control over resources in its territory and that the government had failed to consult with the First Nation as it was legally required to do. The Hupacasath lost the case, which the judge decided to be based on speculation, ignoring completely the NAFTA and international ISDS record of companies running roughshod over democratic decisions.

The Trudeau government has signalled it will be more welcoming to Chinese investment than the Harper government. Since taking office, it has approved the sale of high-tech firms Norsat and ITF Technologies to Chinese buyers, even though both companies manufacture “military-edge” technology. The ITF sale approval essentially reversed official Canadian policy. Canada blocked the deal in 2015 after the Department of National Defence warned “China would be able to domestically produce advanced military laser technology to Western standards sooner than would otherwise be the case, which diminishes Canadian and allied military advantages.”

The Trudeau government is now reviewing the sale of Aecon, one of Canada’s largest construction group, to CCCI, an overseas financing arm of the China Communications Construction Company. Canada’s domestic construction industry opposes the takeover—for fears of undue Chinese government influence and the potential to suppress prices—though Aecon shareholders have already voted their support. CCCI has been previously delisted by the World Bank for fraudulent activities in the Philippines, and is criticized for recent worker deaths in Guangzhou and Dongguan.

A free trade deal with China, like the FIPA before it, would arguably make it more difficult to hold Chinese firms accountable for their actions in Canada. Sinclair recommends instead that Canada should consider “a sectoral approach focused on developing ambitious strategies to co-operate in achieving both countries’ urgently needed transition to renewable energy,” an area where China has made great progress. “A successful co-operative model in renewable energy could be built on and extended to other sectors.” **M**



## The good news page

Compiled by  
Elaine Hughes

### Climate and energy

Sweden now tops a chart of 11 European Union countries that have already met their 2020 renewable energy goals, two years ahead of schedule. The Scandinavian country derives 53.8% of its energy from solar, wind, biomass or hydropower, followed by Finland (38.7%) and Latvia (37.2%), with the Netherlands, France and Ireland furthest away from meeting their country targets. French President Emmanuel Macron did, however, announce his country would shut down all its coal-fired plants by 2021, along with Denmark, Finland, Italy, the Netherlands, Portugal and the U.K. According to Adnan Amin, director general of the International Renewable Energy Agency (IRENA), solar and wind power will soon be “consistently cheaper” than electricity from fossil fuels, which will be a boon for communities the world over that were never connected to centralized power grids. London Mayor Sadiq Khan attributed the British capital’s cleanest mid-January air in 10 years to the introduction of

low-emission bus zones and fees for dirtier cars. California Governor Jerry Brown has launched a \$2.5-billion plan to get five million zero-emission cars on the road by 2030 and expand a system of charging stations to service them. The money will come from the state’s cap-and-trade system, as well as existing programs at the California Energy Commission. / Euractiv / Reuters / EcoWatch / BBC News / Associated Press

### City matters

In early January, Portland, Maine council unanimously passed a tough ban on synthetic pesticide use, earning the city an “organic” status. The ordinance, which becomes effective on July 1, 2019, is one of the strongest pesticide reduction policies in the United States, with fines ranging from \$100 to \$500 for violators. A Detroit at Work training program, put in place by the city in February 2017, has trained and graduated 500 residents, most of them into full-time jobs in health care, information technology, construction, transportation, retail, hospitality and manufacturing. At 9.6% in September, Detroit’s jobless rate is nearly half what it was in January 2014. / Pesticide Action Network / Detroit News

### Flora and fauna

As of March 1, lobsters in Switzerland must be stunned (by electric shock) or have their brains mechanically destroyed



before they are plunged into boiling water to cook, and transporting live marine crustaceans on ice or in icy water will no longer be permitted. The overhaul of Swiss animal protection laws also aims to crack down on illegal puppy farms and imports, and ban devices that automatically punish dogs when they bark. Norway will ban all fur farming by 2025 in response to a 2014 document on the country’s 300 fur farms produced by People for the Ethical Treatment of Animals (PETA). In an effort to combat overfishing and plastic pollution, the Greenpeace ship Arctic Sunrise is on a three-month Antarctic expedition to help further the joint EU and Greenpeace case for a massive ocean sanctuary five times the size of Germany in the Weddell Sea and around the Antarctic Peninsula. The 1.8-million-square-kilometre sanctuary would stop industrial-scale krill fishing and create “an urgently needed safe zone” for creatures like penguins, whales and seals that call the area home. The U.K.’s People’s Postcode Lottery has donated £100,000 (\$175,000) to the National Trust to improve 150 acres of land north of the Devon coast to serve as a safe habitat for the country’s most endangered

butterfly, the high brown fritillary (pictured). Conservationists believe 50 years of climate change and the abandonment of coppicing have contributed to the steep decline of the large, powerful, fast-flying butterfly. / Agence France-Presse / EcoWatch / Guardian (U.K.)

### Writing wrongs

Canada will formally exonerate Chief Poundmaker, a legendary First Nations Cree chief who was convicted of treason in 1885 after being wrongly accused of provoking a bloody battle with Canadian soldiers. Former chief of the Poundmaker Cree Nation, Blaine Favel, and other members of the Saskatchewan First Nation have been asking for this from Ottawa for decades. Two Middle Eastern filmmakers made history when they received Oscar nominations—the first for their respective countries—for best foreign language film (Ziad Doueiri’s Lebanese drama *The Insult*) and best documentary (Syrian Firas Fayyad’s *Last Men in Aleppo*). Speaking of insults, as part of his new antiquities trafficking unit, Manhattan District Attorney Cyrus Vance Jr. recently returned three ancient sculptures, dating from the 4th and 6th centuries and valued at more than \$5 million U.S., to their rightful owners in Lebanon. / Globe and Mail / Reuters / CBC News



# SUPPORTER PROFILE

## Meet Kevin Morris

**The Monitor** periodically gets to know CCPA supporters. In this issue we speak to Manitoban Kevin Morris.

*Hi Kevin, read any good books lately?*

No books, but I have been getting into a very thoughtful personal finance blog/podcast called “A Wealth of Common Sense” ([www.awealthofcommonsense.com](http://www.awealthofcommonsense.com)). It’s written by a wealth manager in the United States and speaks about the different cognitive biases investors go through and how society has reacted over the past century to different market crashes and bubbles. I’ve been meaning to read *BRICS: An Anticapitalist Critique*, by Ana Garcia and Patrick Bond et al.

*Tell us about someone who was a big influence on you and your political thinking.*

In my late teens and early twenties I was heavily influenced by the heterodox economics and history professors in the global political economics program at the University of Manitoba: Henry Heller, Mark Hudson, Ian Hudson, Robert Chernomas, John Serieux, Rod Keuneman and Jean-Luc Chodkiewicz, among others. I was on a trajectory toward blissful ignorance until they introduced me to reports by the CCPA and *Le Monde Diplomatique*.

*Why did you decide to become a supporter of the CCPA?*

I recently began donating to the CCPA as a monthly supporter as I started gainful employment. I feel that supporting economists and accessible research that provides evidence in support of people is important, especially when self-interested wealthy individuals are able to give so much more to their think-tanks. I was donating for almost a year and then doubled my monthly donation when the CCPA started calling out the Fraser Institute’s garbage analysis on taxation.

It really impressed me that the CCPA would refute bad analysis on top of promoting its own. I think the CCPA is special because it’s one of the few Canadian organizations that funds heterodox economists outside of universities, which are becoming more profit-oriented lately. The CCPA also doesn’t phone it in. I can’t remember the last time I read a shoddy analysis by a CCPA staffer.



*Name one policy alternative that would make people’s lives better today.*

I think this is an emerging issue, but in light of boondoggles such as the Phoenix pay system, data leaks, and the high cost companies and governments pay for software, I would like to see more adoption of open-source software in the government.

For a few years now, the Open Source Observatory has been following the adoption of open-source software in European Union governments, and its use has significantly improved government efficiency. My hope is that the Canadian government will adopt a similar policy for open-source use (where relevant) in the near future. “Public Money, Public Code,” as the saying goes.



**CCPA**  
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The CCPA is grateful to those supporters who have switched to monthly giving or are considering it in the future. We would appreciate the chance to provide information about the benefits of monthly giving—please contact Katie Loftus, Monthly and Legacy Giving, at 1-613-563-1341 ext. 318 (toll free: 1-844-563-1341 ext. 318) or [katie@policyalternatives.ca](mailto:katie@policyalternatives.ca).

# WORK LIFE

LYNNE FERNANDEZ

## Today's coders, tomorrow's precariat

**D**ESPITE BEING BETTER educated than previous generations, there are fewer decent jobs for younger workers, even after they have paid their dues working entry-level jobs or unpaid internships. They're taking on considerable student debt only to find a fractured labour market that denies them access to full-time jobs with decent pay and benefits. And it doesn't seem to matter which sector of the labour market they turn to.

The non-profit sector relies on those who are willing to work for relatively low wages, few if any benefits and contracts tied to unstable funding. Many workers are between the ages of 23 and 35, and others have spent most of their working lives in the sector, often moving from one job to another. They work long hours at women's centres, homeless shelters, co-ops and recycling centres. Others work with marginalized Indigenous and newcomer youth, and people struggling with addictions.

The majority of these workers have a bachelor's degree and many have a master's. They are analytical, articulate, strategic thinkers who feel as comfortable lobbying a cabinet minister as they do on the street. They can work all the social media tools, understand local politics, have business smarts, have built extensive networks and work collaboratively. But they may not have jobs next year or next month, they cannot afford to save for retirement, can't afford to buy a house, and are putting off starting a family.

From a moral perspective, and in terms of reducing government costs for social services, the work these young people do is so important. Why does society undervalue their contributions? The easy answer is that they work in the non-profit sector: no profit, no glory.

But in today's for-profit world there are no guarantees. As Canada's economy continues its long transition from manufacturing to the service sector, the labour market has fewer good jobs and many precarious ones. Of increasing concern are the growing gig economy, robotics and declining unionization. This is the world Canada's younger generations find themselves in. Inevitably, even promising sectors like tech may eventually dry up for young workers.

The high-tech sector has convinced educators to adapt school curricula to its needs. Coding is the flavour of the day, with experts calling it an "essential skill" for children's future success. According to the *Guardian's* (U.K.) Ben Tarnoff, 40% of American schools now teach coding. The

Chicago public school system will soon make computer science a high school graduation requirement.

Supposedly, this emphasis will prepare students for high-paying tech jobs and open the door for the next Steve Jobs or Jeff Bezos. But Tarnoff offers a more plausible scenario: "At its root, the campaign for code education isn't about giving the next generation a shot at earning the salary of a Facebook engineer. It's about ensuring those salaries no longer exist, by creating a source of cheap labour for the tech industry."

It's simple: high wages eat into profits. In fact, tech wages, although still high, have stagnated since the 1990s. Tarnoff claims that this stagnation is the result of collusion between the tech companies to prevent employees from switching jobs and bargaining up their wages. The industry also imports skilled and exploitable guest workers from low-wage countries, paying them much less than American or Canadian workers.

It is increasingly clear that the generations behind the boomers have fewer and fewer job options. As the CCPA's new report *No Temporary Solution* shows, the post-secondary sector is now heavily reliant on part-time, low-pay contract work, a growing trend throughout the public sector.

With almost no secure jobs in the non-profit sector, and fewer and fewer in the public and private sectors, where can younger generations turn for decent work? Even if coding remains a useful skill into the future—it's hard to tell with things changing so fast—it will not protect workers from the proclivity of employers to lower wages. One way or an-

**Even tech wages, although still high, have stagnated since the 1990s.**

other, today's coders are tomorrow's marginalized workers.

It doesn't have to be this way. In the private sector, government needs to increase the minimum wage, better accommodate unionization, improve employment standards and tax corporations that don't invest in job-creating strategies.

Government should also be providing long-term and increased funding for the non-profit sector so that its dedicated workers are adequately compensated. And by increasing public spending in the green economy, health care and education—including in foundational fields (math, science, language skills, civics and history) that will always be needed—all generations of Canadians could have decent jobs and access to necessary public services.

The rapid deterioration of the labour market reminds us that corporations will not voluntarily create good jobs in perpetuity. It's up to government to ensure that today's young workers, and those in generations to come, are not squeezed out of decent work. **M**

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REVIEW ESSAY BY MICHELLE WEINROTH

# Annexation, incarceration and “the bureaucracy of evil”

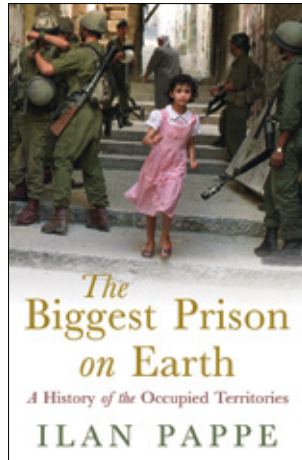
## THE BIGGEST PRISON ON EARTH: A HISTORY OF THE OCCUPIED TERRITORIES

ILAN PAPPE

One World Publications, June 2017, \$43.50

*Reaction to my previous review of Ilan Pappé's Ten Myths about Israel (“A handbook for a just peace in the Middle East,” September/October 2017) has been polarized. While some Monitor readers lauded it, others responded angrily, finding it difficult to confront Pappé's critique of the Israeli state and the myths on which Zionism was built. I am aware that his book and my sympathetic review would be very unsettling to those who have a longstanding attachment to Israel. I recognize their discomfort. However, in 2018, with the relocation of the U.S. embassy in Jerusalem, with the incarceration of the 16-year-old Ahd Tamimi, iconic symbol of Israel's abuse of Palestinian youth, with Gaza's unprecedented humanitarian crisis, caused by a 12-year Israeli blockade, and so much more, there is ample reason and factual evidence to justify a harsh critique of the Israeli state. Pappé's Ten Myths about Israel and his most recent work, The Biggest Prison on Earth, which I review here, are essential texts for understanding the lead-up to the ever-worsening crisis we are witnessing today in Israel-Palestine.*

**THE YEAR IS** 1968. After four years abroad, my father returns with his family to Israel. A Cambridge PhD in hand, he is poised on an academic career. Within a few months, the Hebrew University invites



him to teach soldiers about the merits of war. He cringes at the prospect. A historian of pre-First World War pacifism, he abjures the mere thought of adulating military aggression and declines the offer. Seeing the writing on the wall, he quotes a line from ancient scripture: “In the land of the blind, the one-eyed man is King.”

He mutters these words with bitterness, having sacrificed 20 years of his life to the building of a just society in Israel, only to see his political dream evaporate and his Zionist beliefs shattered. The progressive world he sought to build in Palestine had become a nightmare with no end in sight. In retrospect, I imagine that his despair, which he suppressed and sublimated into ceaseless work, weighed heavily on his chest.

My father died suddenly (age 46) at a New Year's Eve party, having eagerly joined our guests in a celebrative Israeli folk-dance. *Mayim, Mayim*, the life-giving water dance was, ironically, my father's last fling on earth. His already damaged heart

would soon burst: a fusion of joy and deep distress, a cathartic release of anguish over lost ideals, had arrested his pulse. The dance had reignited for one fleeting instant his political fantasy, but also the recognition of tremendous loss and the approach of Israel's dark future.

His brusque departure left me with many unanswered questions. But the words he spoke 50 years ago about the one-eyed king, the man with the patch, were not difficult to parse. If he was not the John Wayne of *True Grit* (1969), this ruler was unmistakably Moshe Dayan, the John Wayne of the West Bank, the Gaza Strip and East Jerusalem.

Dayan, glorified military commander and Israel's defence minister during the June 1967 war, was as much a gunslinger in Knesset cabinet meetings as he was in the field. Not long after the June victory, when ministers discussed at length the future management of the newly conquered territories and, most crucially, what to do with the 1.5 million people living there, Dayan's insouciance allowed him to run roughshod over the uneasy conscience of his colleagues. He hectored his wavering peers when the ghost of 1948 (i.e., the Zionist expulsion of 800,000 Palestinians, known as the *Nakba*) reared its head. His confident retorts squelched their slightest qualm. Unapologetic about the idea of “transfer,” or a military occupation that would span 50 years, Dayan played a pivotal role in sealing the fate of countless Palestinians.

Ilan Pappé's latest book, *The Biggest Prison on Earth*, demonstrates with substantive proof what my father

could only suggestively foretell in his cryptic reference to the iconic general. What we get here is a systematic account of the Israeli occupation of Palestine, its genesis, unfolding and intensification from 1963 to the present, along with the actors (military personnel, legal staff, academics, officials from the Ministry of the Interior) who made (and make) it possible. Holding it all together is Pappé's versatile metaphor of the military occupation as mega-prison—an acknowledgment that where international law deems occupation to be the temporary custody of an occupied people, the bleak reality is that Israel treats the occupied inhabitants of Palestine as inmates, to be denied all civic and human rights.

If at first the book reads as a straightforward chronological narrative, punctuated by a series of salient episodes—the 1967 expulsion of Arabs from the Old City of Jerusalem, the depopulation of countless Palestinian villages (among them Beit Nuba, Yalo and Imwas, whereupon Canada Park was built), the two Intifadas, the Oslo Process and the dismal fate of the Gaza Strip—it is also a schematization of the prison's operating system, with each chapter illuminating a crucial mechanism in that apparatus. The book is not only the historian's delineation of political time, but his depiction of repressive *political space*—the enclosure of Palestinians within a grid of degradation.

*The Biggest Prison* “does not seek to demonize Israeli society as a whole.” Rather it yields a psychological portrait of Israel's ruling political elite, a lineage of generals, ministers and bureaucrats. Breathing life into dry, now declassified government minutes, Pappé succeeds in holding the reader's attention, converting the tedious stuff of cabinet meetings into an arresting political disclosure. He also achieves the rare feat of sustaining a sober prose style while not dulling the edge of his devastating critique. He allows the facts—the words of Knesset members—to speak for themselves. The result is a startling revelation not only of the ministers' proposed course of action, but something of their psychological makeup.

To retain the territories in perpetuity, these men—of every political stripe—convened to justify, normalize and entrench an institution of sheer cruelty. Invoking euphemisms and casuistic rules, they spoke and acted with a sense of prerogative and entitlement to “biblical” lands like Judea and Samaria (alias the West Bank), and the holy sites of Jerusalem. In effect, this gathering of men worked out a solution to a conundrum that had dogged Zionists from the late 19th century: how to rid their coveted Greater Israel of its Arab demographic while preserving the allure of moral rectitude in the eyes of the international community.

It was a public relations challenge that entailed squaring the circle. They thus studiously devised the tactics that would obscure both their ultimate objective—*annexation*—and its violent means: the incarceration and humiliation of the indigenous inhabitants. Here Dayan features as the one-eyed king amid the blind—men who covered their eyes as they hatched a plan to condemn millions of innocent people to a life of hell. In the collaborative energy of Knesset discussions was thus born what Pappé calls “the bureaucracy of evil.”

“There are very few evil people in modern human history but there are quite a few evil systems,” clarifies the author in his introduction. “The mega-prison of Palestine is one of them. The villains of...this book are therefore the Israelis who worked out the fine detail of the system to begin with, those who upheld it for all those years and those who ‘perfected’ its operation: namely its power to abuse, humiliate and destroy.”

Inspired by other military regimes (e.g., British Mandatory Emergency Regulations and British counter-insurgency methods employed against Palestinians during the Arab Revolt of the 1930s), Israel's occupation has successfully fused extreme human brutality with routine bureaucratic behaviour. *The Biggest Prison* makes this plain. It shows how the occupation routinized a complex system of tyranny, discipline and surveillance governed by a civil administration that “not only regulated the freedom

of [Palestinian] movement; it also had the power to rob anyone it wished of the right to work, to study, to build and to trade. Any such elementary activity required a permit that would be withheld or denied.” Beyond a system of permits, the occupation also arbitrarily imposed blockades, justifying closures to “tighten supervision” and to “roundup people, ‘suspects’ as the Israelis call them.... Such actions were usually conducted with violence, leaving a scene of havoc and destruction in the homes visited. The members of the household were beaten, abused and their furniture destroyed.”

The occupation was a method of social control hinging on punishments and meagre rewards (i.e., some basic civil and human rights). But these scant allowances were contingent on utter subservience. At any time, if Palestinians resisted they could be stripped of these fundamental rights. With this carrot-and-stick approach the system guaranteed its built-in permanence. Over time, it proved to be a windowless prison; its exits were merely revolving doors, and no amount of perks for “good behaviour” guaranteed Palestinians a release into veritable freedom and human dignity. Political rights for the inmates, according to the Zionist view, would simply “threaten Israel's existence”—its 80% Jewish majority.

Since its inception in 1967, the occupation has not fundamentally changed, it has only become more intense and more entrenched. “Movement within the West Bank is...severely restricted. All major roads...are apartheid roads; in other words, Palestinians are banned from using them. Control of the roads has tightened since 2007. Movement has become even more of a challenge since the Israeli authorities recently finished building a new highway (divided by a wall segregating the road into Jewish and Palestinian lanes), which bisects the West Bank in two from north to south.”

A 50-year occupation, however, is no longer an occupation. It is, as Pappé notes, an annexation, lodged in the bedrock of Israel's longstanding expansionist agenda. For years, state spokespersons have flouted Geneva conventions and managed to define

the occupation as a temporary scenario. All the while they ensured its permanence, guarding it as a cover for settler interests. The arc of Pappé's historical account allows us to see the far-reaching logic of this hidden scheme.

In effect, the lawmakers, ministers and bureaucrats designed a blueprint that would introduce intolerable conditions for Palestinians—with the strong suspicion that these jailed inhabitants would likely resist and ultimately receive their “just desserts.” The severity of the occupation's disciplinary measures did in fact provoke further resistance: two historic intifadas. The reaction was predictable. The administrators construed these uprisings as “bad behaviour” and grounds for escalating degrees of collective punishment (and land-grabbing): checkpoints, separation walls, night raids, abductions, beatings, torture and house demolitions.

Ian Pappé's *The Biggest Prison* is arguably the most radical historical critique of the occupation to date. The book casts light on hitherto sequestered facts: Israel's military rule in the territories did not erupt suddenly on the morrow of the Six Day War but was schemed four years prior to the outbreak of hostilities in June 1967; the apparatus of military rule, imposed on Israeli Arabs between the late 1940s and early 1960s, served as an important template for the architects of the 1967 occupation; their blueprint, which also drew on German and British precedents, was conceived and “perfected” in anticipation of an “opportune” crisis, and; the Six Day War was precisely such a crisis, not “an existential threat.” In short, the war “justified” the occupation and satisfied an unrequited expansionist impulse among the erstwhile Haganah warriors “to finish ‘48.”

With these disclosures, Pappé links the means and ends of David Ben-Gurion's ambition (i.e., to establish an expanded and predominantly Jewish Israel) with the aims of a generation of men who, in 1963, took charge of instituting a military regime in the West Bank. Both the Nakba and Israel's biggest prison are key episodes in an overarching settler-colonial project. Both are forms of ethnic cleansing, differently achieved but harnessed to a common goal. One occurred through expulsion and massacre, the other continues to unfold through endless, and ultimately lethal, incarceration.

Both the expulsion of 800,000 Palestinians in 1948 and the “enclaving” of 1.5 million Palestinians in 1967 were highly premeditated actions. Both were the result of intensively wrought schemes designed to empty Palestine of its indigenous inhabitants for the benefit of Jewish settlement. Both occurred under the mantle of an “opportune” war, with “existential threat” as a so-called pretext.

Pappé's chronicle of the collective efforts invested in building the biggest prison on earth reaches its highest pitch in the case of Gaza, “the maximum security prison.” The deleterious effects of Israel's merciless blockade on Gazans are enough to shatter the cornerstone of the state's self-proclaimed virtue. In the summer of 2017, Special Rapporteur to the United Nations Michael Lynk declared the blockade a humanitarian crisis of catastrophic proportions. Severe cuts to electricity have had a devastating

impact on clean water, sewage, medical aid, food and technology, crippling Gaza's already collapsing economy. The occupation's endgame is surely evident in this lethal stranglehold over the impoverished Gazan population. In Pappé's telling there is but one conclusion we can draw from Israel's historical record: the occupation is the work of a cabal of men who deemed themselves the figureheads of a master race, entitled to dominate and incrementally annihilate another people in the interest of “racial purity” and economic profit.

*The Biggest Prison* is not for the fainthearted. But it is a must-read. It requires of those who deem themselves progressive, but are reluctant to challenge the Zionist enterprise and its ideological underpinnings, to peer into the abyss, to look horror in the face. Pappé does not spare us the graphic details of collective punishment. The violent tactics of the Israel Defence Forces, as revealed in reports by the non-profit B'Tselem, do not make for easy reading anymore than the brutality of depopulation that Pappé records in his *Ethnic Cleansing of Palestine* (2006).

But to avert one's gaze from the gravity of the occupation, with its integral relation to the settler-colonialist project of 1948, is to plunge head first into denial, as did the cabinet ministers of 1967. One hundred years ago, Freud put it squarely when he said: “It is because we are creatures of the unconscious that we try to exert false authority over ourselves.... We do not want to hear the internally unsettling news that might come from anywhere else. We are never more ruthless than when we are trying to block out parts of our own mind.”

Countless disturbing facts can be listed to describe the unconscionable character of the occupation. Most salient among these is the brutal violence to which youth in the West Bank are regularly subjected. The kidnapping, incarceration, and torture of children by Israel's military forces constitutes a violation of human rights unmatched in all self-proclaimed democracies. (See, for example, Ahed Tamimi's 15-year-old cousin, Mohammed Tamimi, who was permanently disfigured by Israeli soldiers when they shot him in the face at close range with a rubber-coated bullet.) It is no surprise that Pappé dedicates his work to these victims, who have been, and continue to be, wounded, killed or traumatized by living under occupation. In their tender youth, they represent the extreme vulnerability of the Palestinian inmate, immured in prison cells and choked by Israel's military grip.

On the question of Israel's military rule, *The Biggest Prison* proffers what no swift soundbite can deliver: 300 pages of in-depth historical knowledge and rare political insight. In these dark and desperate times, such enlightenment is sorely needed. But Pappé's book is more than a work of erudition and cogent analysis; it is also a display of courage and political conscience, an indictment of all those who have drawn up belligerent policies, revelled in military domination, and callously followed orders from above to wage a relentless war on the native inhabitants of Palestine. In a pre-emptive strike, *The Biggest Prison* scuttles the claims of many who may one day say remorsefully: “Alas, we did not know.” **M**

REVIEWED BY ROXANNE DUBOIS

# Vive la Québécoise libre

## FREETHINKER: THE LIFE AND WORKS OF ÉVA CIRCÉ-CÔTÉ

ANDRÉE LÉVESQUE,  
TRANSLATED BY LAZER LEDERHENDLER

Between the Lines (October 2017), \$34.95

“**VA CIRCÉ-CÔTÉ WAS** a diehard Montrealer,” writes Andrée Lévesque in her account of a woman whose impact has been, for too long, underestimated. As it turns out, this Montrealer was also a skilled journalist, a prolific writer, a provocative columnist, a lifelong librarian and an independent thinker who occupied a prominent place in the city. Yet her name is barely remembered. And without *Freethinker*, references to Circé-Côté would be limited to a handful of historical documents from the early 1900s.

Circé-Côté chose the pen as her tool early on in life. The vast body of her written work was published under pseudonyms: Colombine, Fantasio, Julien Saint-Michel and others. For most of her life she would balance her career, motherhood and friendships while publishing multiple pieces in print weeklies.

Her voice was woven deeply into the fabric of a changing city—a Montréal that would traverse two wars, inch toward industrialization, and welcome several waves of immigrants. Circé-Côté’s Montréal is the battleground between French and English ownership and power, between the Catholic Church’s dominance and the dream of a better city for everyone.

Circé-Côté’s main source of income was a job at Montréal’s first public library. She made the case to the city that a technical library would help workers access resources to upgrade their skills. After the green light was given, the city appointed her to run the new library—the project being too lowly to put a man in charge.

But as the library grew, she was eventually demoted, her salary cut, when a man was appointed chief librarian. Still, she fought to keep her cherished place of work secular as the Church established a competing, well-resourced library of its own. To her, the library was an extension of her belief in the power of books to lift everyone up in the world, regardless of their wealth or background.

Circé-Côté took explicitly anti-imperialist positions, despite her loyalty to France. Her first play told the story of French colonizers and their interactions with First Nations, which she viewed as destructive and regretful. This unconventional understanding of history clashed with the common version that privileged a victorious view of France over Canada’s First Nations.

When she respected the last wish of her husband to be cremated, Circé-Côté faced the wrath of the Church, which sought to discredit her. She condemned the pernicious stronghold this institution held on Montréal. She attacked the Church as a woman, as a worker and as a city dweller. She had no patience for an imposed vision of the world that limited the people of Québec to being held under the power of “la Sainte Église Catholique.”

Circé-Côté’s views on education were socialistic. She believed that the

betterment of all people necessarily went through books and learning; that education would lead to the self-determination of her people, francophone and Québécois (or French Canadian at the time), as they rose above their social situation, coming together to forge a better world. The common thread of her entire work circles around advancing the right to education and access to books, in particular for women and girls.

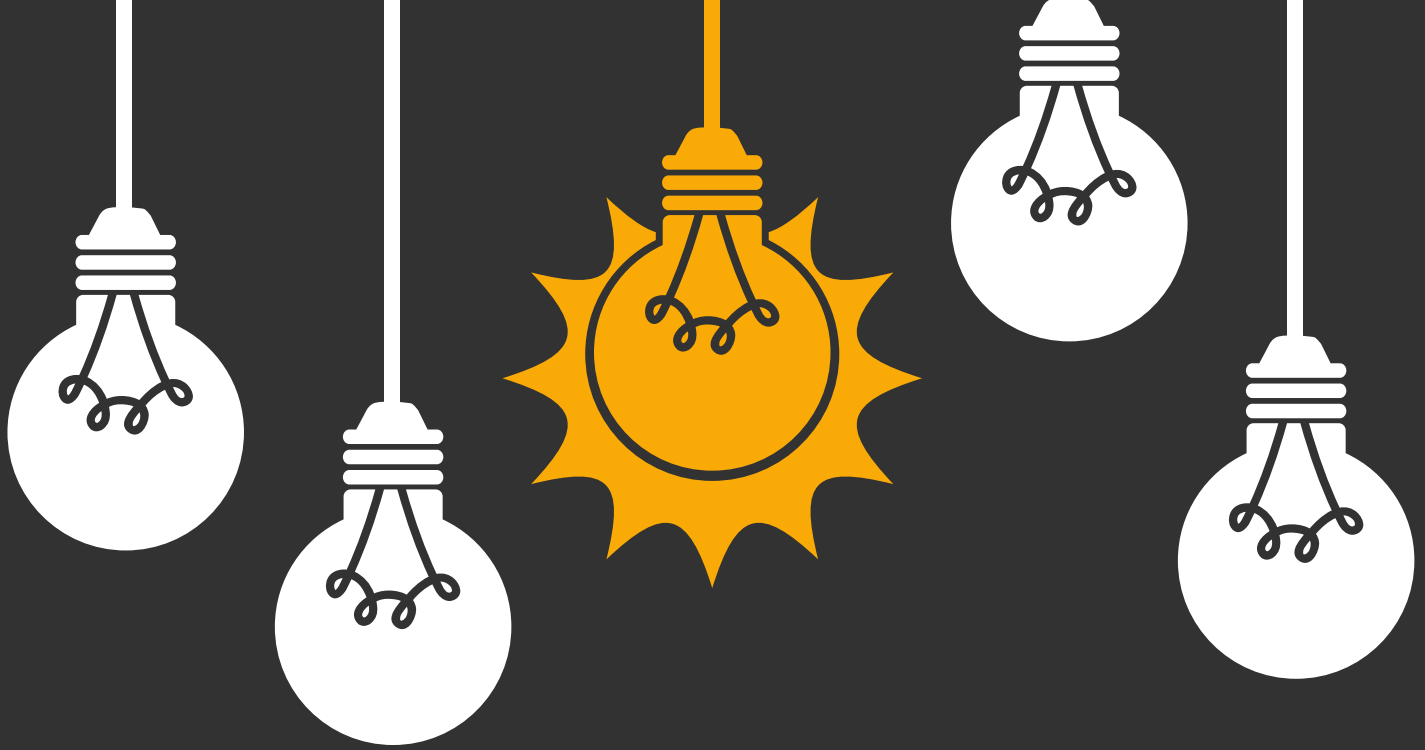
Her views were progressive, but Circé-Côté was never a radical or a revolutionary. She criticized capitalism, but didn’t mix with organized labour. She opposed the war, but only after death tolls and profiteering came to light. She supported the Russian Revolution, but never joined the Communist Party. She waged a war for women’s rights in the home and at work, but never personally associated with the feminist movement.

She was a thinker in her own right, free of what she perceived as the dogma and rigidity of popular movements. Lévesque highlights the occasional contradictions in Circé-Côté’s positions: did she mean everything she wrote, or was she being provocative for argument’s sake?

Much of Circé-Côté’s writing, including entire plays and manuscripts, has been lost. *Freethinker* can therefore only provide a taste of the countless words she strung together over her lifetime. Since the original book is in French, it’s important the English translation provides good context, since language is important.

Diving into the life and works of Éva Circé-Côté is akin to wandering in the streets of Montréal in the early 20th century, an activity which she wrote about often and earnestly enjoyed. Circé-Côté remained a free-thinker until her death, a fascinating woman that could very well have been forgotten without this careful, and recommended, reconstruction. **M**





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