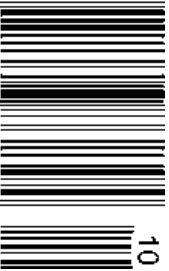


MONITOR



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Please send feedback to monitor@policyalternatives.ca.

Editor: Stuart Trew
Senior Designer: Tim Scarth
Layout: Susan Purtell
Editorial Board: Peter Bleyer, Alyssa O'Dell, Seth Klein, Katie Raso, Erika Shaker

Contributing Writers:
Elaine Hughes, Asad Ismi, Cynthia Khoo, Lynne Fernandez

CCPA National Office:
141 Laurier Avenue W, Suite 1000
Ottawa, ON K1P 5J3
Tel: 613-563-1341
Fax: 613-233-1458
ccpa@policyalternatives.ca
www.policyalternatives.ca

CCPA BC Office:
520-700 West Pender Street
Vancouver, BC V6C 1G8
Tel: 604-801-5121
Fax: 604-801-5122
ccpabc@policyalternatives.ca

CCPA Manitoba Office:
Unit 205-765 Main Street
Winnipeg, MB R2W 3N5
Tel: 204-927-3200
Fax: 204-927-3201
ccpamb@policyalternatives.ca

CCPA Nova Scotia Office:
P.O. Box 8355
Halifax, NS B3K 5M1
Tel: 902-240-0926
ccpans@policyalternatives.ca

CCPA Ontario Office:
720 Bathurst Street, Room 307
Toronto, ON M5S 2R4
Tel: 416-598-5985
ccpaon@policyalternatives.ca

CCPA Saskatchewan Office:
2nd Floor, 2138 McIntyre Street
Regina, SK S4P 2R7
Tel: 306-924-3372
Fax: 306-586-5177
ccpasask@sasktel.net



The *Monitor* is a proud member of Magazines Canada.

Contributors

Jeremy Appel is an education and court reporter for the *Medicine Hat News*.

David J. Climenhaga is an award-winning journalist, author, post-secondary teacher, poet and trade union communicator who writes at AlbertaPolitics.ca.

Heather D'Alessio is a drug policy reform and harm reduction activist currently based in Ottawa.

Doug Henwood edits *Left Business Observer* and is the host of *Behind the News*. His latest book is *My Turn: Hillary Clinton Targets the Presidency*.

Andrew Jackson is Adjunct Research Professor in the Institute of Political Economy at Carleton University, and senior policy adviser to the Broadbent Institute.

Marc Lee is a senior economist with the CCPA-BC.

David Macdonald is a senior economist with the CCPA's national office.

Stephen McBride is Canada Research Chair in Public Policy and Globalization at McMaster University.

Tim McSorley is National Co-ordinator of the International Civil Liberties Monitoring Group.

Heather Menzies is a writer and scholar currently working on a new book (her 11th), a memoir about her journey from being a fifth generation settler-colonist to becoming a treaty person.

Ann Pettifor is Director at PRIME, Policy Research in Macroeconomics. Her latest book, *The Production of Money*, was published by Verso in 2017.

Toby Sanger has been the economist for the Canadian Union of Public Employees, worked in various ministries of finance, and will start as Executive Director of Canadians for Tax Fairness in October 2018.

Erika Shaker is Senior Education Researcher at the CCPA and the editor of *Our Schools/Our Selves*.

Lucy Sharratt is Co-ordinator of the Canadian Biotechnology Action Network (CBAN), which monitors and raises awareness about issues relating to genetic engineering in food and farming.

Letisha Toop is a database and administrative services officer at the CCPA.

Rosa Zetler is a summer intern at the CCPA and is currently finishing up her degree in labour studies at McMaster University.



Dalbert B. Vilarino is a freelance illustrator based in Toronto, where he was born and raised. His work often features themes related to the distortion and fragmentation of emotions, physical objects, spaces, and the human body.



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

Fragile Recovery

Part 1 of a two-part feature on the state of the economy 10 years after the worst financial crash since the Great Depression. With articles by Stephen McBride, Ann Pettifor, Marc Lee, Doug Henwood, Rosa Zetler, Erika Shaker, Toby Sanger and Andrew Jackson. **16**

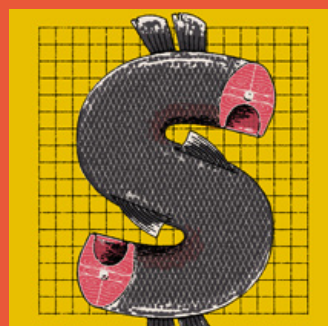


Love and Spreadsheets

In her final article for the CCPA, the late Kate McInturff reflects on the obligation to diminish human suffering—as an ally, not a do-gooder. **14**

Our Frankenfish Dilemma

Genetically modified salmon is now on the Canadian market. But as Lucy Sharratt explains, people don't want to eat it, and the government is reluctant to label it. **44**



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STUART TREW

A fragile recovery

TEN YEARS AGO this month, the U.S. Federal Reserve let one of the world's biggest investment banks die. Lehman Brothers grew rich on the slavery-powered cotton trade. On September 14, 2008, it declared bankruptcy, succumbing to a contagious infection many people call "reckless greed," but which on another day might have been treatable with mild painkillers and a multi-billion-dollar government bailout. The money never came—or, in this case, it came too late—and the American people, along with much of the OECD, got an excruciating crash course in predatory subprime lending, securitization, fictitious capital, quants, debt and austerity.

It's a lesson we don't seem to have learned a decade later.

Both the Trump administration and Theresa May's Conservative government in the U.K. are rolling back some of the post-crisis banking reforms meant to add a layer of security to the financial system, by separating out banks' trading and retail arms, for example. The Great Recession may be a distant memory, but persistent low growth rates across the developed world have fund managers seeking out higher-risk opportunities to maintain investor portfolios. Financial "innovations" such as cryptocurrencies (see page 22), complicated securities that track volatility, and ever more sophisticated high-speed trading algorithms are exposing new fault lines in an already touchy stock market.

Meanwhile the "real" economy continues to be propped up by worrying levels of consumer and housing debt (see Marc Lee's analysis of financial flows on page 20). The U.S. administration is deregulating and cutting taxes to encourage fossil fuel expansion and the return of production outsourced in the heydays of globalization. And the Trudeau government seems poised to follow Trump in his race to

the bottom, hounded by the business lobby to lower corporate taxes as the only way to improve the productivity and competitiveness of Canadian firms. As Toby Sanger and I write (page 30), something's got to change in this equation. Taxes will probably need to go up, not down, at least on the people and companies who can afford to pay them.

The *Monitor* plans to use this anniversary period—a decade after the 2008-09 crisis—as a vantage point from which to see the connections between finance, austerity and the state of democracy today. Stephen McBride starts us off in this issue with his list of eight things we have learned about austerity since the crash (page 16). It is a rather pessimistic opener, but I think an important reminder that while the left won the intellectual case against austerity (fiscal restraint, small government, privatization and low taxes), "demolishing it did not lead to change." The unwillingness of governments to accept the failure of austerity exposes the class politics at the heart of what is a purely ideological project, argues McBride.

Ann Pettifor also connects austerity and the crisis to a rise in political populism in the United States and Europe. On an even lower note, she compares what is happening today to the pre-Second World War period: "In Germany between 1930 and 1932, Heinrich Brüning, the Chancellor, with the tacit support of Social Democrats, imposed a savage austerity program that led to high levels of unemployment and cuts in welfare programs. This in turn led to the demise of social democracy, the rise of fascism and ultimately a global war." Pettifor blames today's neofascist revival directly on the global banking and financial sector that fought for and won destabilizing deregulation in the 1980s and 1990s, then thwarted efforts to restructure the system when it blew up in their faces.

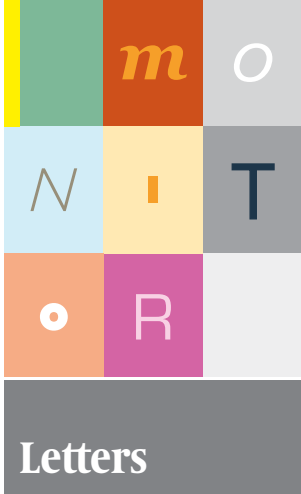
In the same section, we excerpt from Erika Shaker's new chapter in the forthcoming book, *Corporatizing Canada*, where she describes how financial planning in the elementary school curriculum is glorifying an unattainable ideal of the entrepreneurial self (page 26). Andrew Jackson reviews Mariana Mazzucato's takedown of the neoclassical conception of value creation, arguing that the state may be able to out-innovate the private sector—in a much more environmentally and fiscally sustainable way (page 36). And Rosa Zetler tells us about a new PEPSO report on precarious employment in Ontario that finds the economic recovery has left many people behind (page 28).

In future issues we'll come back to the banking sector proper to explore the kinds of financial reforms that would not only insulate our social economy from the predictable shocks of late-capitalism, but also take us at least part way toward a new era of democratic finance.

Kate McInturff: A Feminist Legacy

The CCPA is mourning the terrible loss of Kate McInturff, who passed away on July 27 at the age of 49. Kate's brilliance, humour and compassion energized our national office like her research energized the fight for equality in Canada and globally. She will be missed by many, as shown in the love and praise that poured in for Kate online and off after her death. You can read some of those comments, alongside Kate's final article for the *Monitor*, on page 14.

The CCPA has established a fund in Kate's honour, so that we can continue her work on ending gender-based inequality and violence in Canada. Visit www.policyalternatives.ca or write us at ccpa@policyalternatives.ca for more information.



Powerless managers

Re: “Power to the people,”
May/June 2018.

During the mid-1990s I spent a lot of time on planes between Toronto and Nashville. Routinely my seatmate would be a Tennessee-based nuclear power engineer, either coming from or going to some Ontario nuclear power plant. I never understood it: why did we need them?. My job at the time was in manufacturing, running a business with two plants in Ontario—one in Whitby, which had a CAW local, and a second in Burk’s Falls that was unorganized.

I got the answer to my question by surprise about 10 years later

in the Mutineer Bar in Homestead, Florida. I had taken a book there to read as my wife was napping. The only other customer started a conversation with me and I discovered he was a sales rep selling valves for nuclear power plants (there was one just down the road in Homestead) who had travelled regularly to service Ontario facilities. So I asked him my question: why had Ontario Hydro needed so much outside help.

My new friend said he couldn’t answer my question. The only observation he could make was that whenever he was involved with a problem in Ontario it seemed that Ontario Hydro managers implied that solutions were near impossible because of the union. This sounded fishy. Keep in mind, my own company put on courses for all employees about labour law and the rights of the company, the workers and the union.

Then a light bulb went off: management was out of control; they did not know how to manage union members. Ontario Hydro executives would have benefited from the courses we put on.

Gordon Bryant Brown is a CCPA supporter from Burlington, Ont., and the author of the recently published book *An Insider’s Memoir: How Economics Changed to Work Against Us* (FriesenPress)

Finnish way behind

Readers of *The Finnish Way* (one of the CCPA’s summer reading picks in the July/August 2018 issue) also need to know that to change gender in Finland one requires a diagnosis of a mental condition and to be sterilized. A Finnish medical student wishing to transition was a case for Amnesty International’s write-a-thon last December. I hope the letters we wrote to the Finnish government and its Canadian representative were successful in bringing justice and human rights for gender transition in Finland.

Joyce MacQueen,
North Bay, Ont.

Venezuela’s crisis

I was delighted with your report on Venezuela (“Maduro wins another,” July/August 2018). It confirmed vague suspicions I had about the country and American efforts to support the Venezuelan economic elite in their opposition to the regime. I suppose it is the Monroe Doctrine refined—the U.S.A. insisting that the Americas will be exploited by American corporations and no left-wing regime is going to interfere with that. And of course Canada’s government is revealed to be what the present government is trying awfully hard to hide.

Bill Piket, White Rock, B.C.

Journalists

A poem by Frank Thompson
(Parry Sound, Ont.)

Our eyes and ears
and sometimes conscience:
journalists.

The ones in trouble
try to tell the truth—
not always welcome:

another dead in Mexico,
locked up
in Iran, Turkey and...in
half the countries of the
world.

We think of them
sometimes, and
their tormented friends and
relatives—but

their freedom could be for us
a question of survival.

Without them
we’re flying blind.

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

Up Front

HEATHER D'ALESSIO | NATIONAL

A student perspective on campus cannabis policies

The beginning of fall semester this year coincides with the official start date of cannabis legalization (October 17). This presents academic institutions with a number of opportunities and challenges related to modernizing campus cannabis policies. A good place for them to start would be through proactive education.

All students—from those who use to those who don't, to those considering trying it and those looking to quit—should have access to the best evidence on the effects of cannabis use and the policies in place to govern it. Knowledge is important for making healthy choices about whether and how to use cannabis personally, and it will help students get directly involved in conversations about campus policy.

I sit on the board of Canadian Students for Sensible Drug Policy, which has been engaging students on legalization and cannabis use through chapters at post-secondary institutions across the country. The group recently published a toolkit, "Sensible Cannabis Education," to promote healthful discussions in a safe environment. The package spends a lot of time on harm reduction and includes a sample "pull away" curriculum for schools, as well as sections on how parents can discuss cannabis use, the effects criminalization has had on people's lives and other topics with their children.

Another key aspect of effective education is having the right research, an area that is currently lacking and where Canada could become a global leader post-legalization. The University of Calgary has already begun to fill this gap in our knowledge by publishing several informational resources on Canada's cannabis laws, as well as a policy primer aimed specifically at students (see go.ucalgary.ca/explore cannabis.html).

In a recent survey conducted at the University of Calgary, 52% of students

said they had used cannabis in their lifetime—double the number claimed on the website of the Canadian Centre on Substance Use and Addiction. While some may see this as an increase in use, it may simply be an increase in transparency about use.

As Canada's cannabis policy changes, so too are public perceptions. Many students may simply feel more comfortable sharing honest feedback about their use, which in turn helps create data that more accurately reflects cannabis use among young people.

Changes in social perceptions also help us broach a long-standing issue in public health and drug policy: the role of stigma. Cannabis users have long been put down as "stoners" or "potheads" by authority figures, the media and in pop culture. At the same time, in the

CANNABIS CREATES UNION JOBS

Legalization of cannabis is leading to a number of positive economic benefits, including more good public sector jobs.

Workers at Cannabis NB, the provincial agency responsible for retail sales of legal marijuana and cannabis products in New Brunswick, will be members of CUPE 963. CUPE could also gain members in Quebec with the establishment of the Société québécoise du cannabis, joining the 850 members of CUPE 3535 working in handling and delivery, as well as trades and maintenance, at the Société des alcools du Québec.

In other provinces, unions representing liquor board workers are gaining members, as provinces take responsible control of cannabis production and sales. Legalization of cannabis is also expected to generate hundreds of millions of dollars in public revenues, with the provinces receiving 75 per cent of pot taxes that are collected.

— *Excerpted from CUPE's Economy at Work, Summer 2018*

University of Calgary survey, 70% of students noted that better campus services for cannabis cessation would be valuable. Now that students are becoming more comfortable discussing their use, they may also be more comfortable seeking help managing their habits.

Stigma is a barrier to open and honest conversations about drug use. Students struggling with mental health on campus are at a higher risk of developing a substance use disorder. With mental health on campus an increasingly hot topic, reducing or eliminating the stigma surrounding drug use will be instrumental in promoting wellness in our student communities, and the world at large.

Education doesn't end at health and wellness. Job creation is another considerable aspect of turning an illicit, black market economy into a burgeoning legitimate industry. Some schools are already ahead of the curve, offering specialized classes for students interested in pursuing a job in the legal cannabis space. Kwantlen Polytechnic University offers a Cannabis Professional series, for example, and Durham College has just rolled out a Cannabis Industry Specialization certificate. Course content in these programs, from the economics and business of cannabis to law and criminology, may need updating to account for changes in federal drug policy.

While possession and consumption of cannabis will be legal under the Cannabis Act, the government has set strict regulations on both, and policies will vary from province to province. Students planning on using will need to know these differences. In Quebec, for example, public consumption will be allowed, while in Ontario the only place you can legally consume is in a home that you own. Many young adults rent or live in residence, leaving students and young people in Ontario with few legal spaces to use cannabis.

Just as provincial approaches to cannabis will vary to suit the needs of the provinces, campuses will likely employ different strategies to address the unique needs of their student bodies. Which is why it's so important for faculty and students to engage in collaborative discussions surrounding cannabis use, public health, human rights, and drug policy as a whole. **M**

TIM MCSORLEY | NATIONAL

Challenges, but no crisis at the border

In late July, the Liberal government made a surprise move. Under pressure from the Conservative opposition and new Ford government in Ontario to deal with a so-called border crisis, Prime Minister Trudeau used what appeared to be a routine cabinet shuffle to create the new position of Minister of Border Security and Organized Crime Reduction. Filling the role would be Bill Blair, Toronto's former top cop and current government point person on the cannabis file.

While the goal may have been to show that the federal government is taking the situation at the border seriously, this appointment sends the opposite message. By merging border security and organized crime in one ministry the Liberals have moved in the dangerous direction of conflating refugee claimants looking for safety in Canada with actually illicit cross-border activity. In doing so, the government has given credence to a highly politicized—and wrong—version of events created on the fly by the opposition.

In parliamentary immigration committee hearings a week after the shuffle, Minister Blair and colleagues seemed at a loss as to what his role would be or what powers his new ministry would have. A month in, Blair still had no mandate letter, and questions continued to swirl around how his position fit with the existing Minister of Public Safety and Emergency Preparedness and Minister of Immigration, Refugees and Citizenship, who are already responsible for border security and the processing of refugee claims and immigration applications.

In response, the International Civil Liberties Monitoring Group and eight other organizations (including Amnesty International Canada and the Canadian Council for Refugees) sent a public letter to Prime Minister Trudeau to express our concerns. We pointed out that creating a new border security role, on top of being confusing for

other departments, fuels an unfounded sense of crisis while contradicting the government's assurances it can handle the increased numbers of refugee claimants. Furthermore, conflating border security and organized crime will only deepen public fears and misunderstandings of irregular migration.

It is unmistakable that Canada is facing a challenge at its southern border. The Canada Border Services Agency and the RCMP have had to adapt to the reality of more people crossing into Canada between ports of entry. The upswing—a direct result of anti-immigrant policy and a rise in violent hate crimes since Trump's presidential win—has also put stress on federal, provincial and municipal services provided to refugee claimants while they await the processing of their claims.

But to call what is going on a crisis is simply wrong—a bald exaggeration by groups hoping to score political points no matter the cost to human lives. The reality is that Canada has seen this

The federal Conservative party pulled this racist ad from Twitter shortly after posting it in July.

SCREENGRAB BY @JOURNO_DALE



number of refugee claimants before, the RCMP and CBSA have said they have the resources to process those who enter irregularly, and Canada, with a bit of political will, can find the resources to support 30,000 new people.

For more than 15 years, the ICLMG and our members have been battling the idea that people coming to Canada to seek safety from persecution, or to seek out new opportunities, are a “national security” threat. The worst instances of violence in Canada over the past decade have almost always come from born-and-raised Canadians who espoused Islamophobic, anti-Semitic or otherwise racist views.

It could be argued that the government’s decision was made in order to temper these extreme views and reassure the public. If so, more needed to be done from the get-go. Instead, conservative pundits were able to twist the announcement to restate their point. Brian Lilley, a co-founder and former host for *The Rebel*, tweeted: “So wait a minute, there is no problem with the border but we now have a minister responsible for the border in @BillBlair?”

What could the Liberals have done instead? A clear policy option has been on the table for months now: end the Canada-U.S. Safe Third Country Agreement. That poorly crafted George W. Bush-era treaty assumes the United States is a safe place, so refugees who pass through it are required to claim status there rather than in Canada. Refugee claimants threatened by policy changes and the heated environment in Trump’s America should be free to make refugee claims to Canada at regular ports of entry—not forced to take the riskier route at irregular crossings.

If the Trudeau government cancelled the STCA, and increased funds for greater refugee services, the challenge at our borders would be fairly easily addressed. It probably wouldn’t stop the xenophobic rhetoric coming out of the opposition and other right-wing groups, but at least such a policy, versus the new border ministry, wouldn’t fan those flames either. **M**

LETISHA TOOP | NATIONAL

Canada’s new food guide considers environmental impacts — finally

Canada’s Food Guide is being completely revamped for the first time in 75 years. An updated version of the guide came out in 2007, but it looked more or less the same as when it was launched in July of 1942. The “food rules,” as they were called back then, factored in wartime rationing and the need to ensure people got enough food to avoid malnutrition. Although recommendations changed throughout the years to reflect the times—the “rules” only became a “guide” in 1961—the mission and structure of the Food Guide has not varied much.

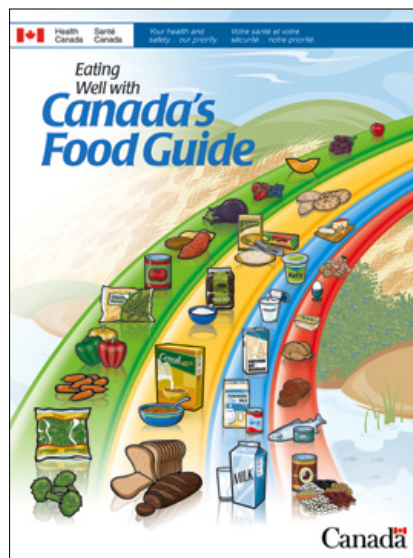
That might be about to change. Guiding principles for the new food guide, published earlier this year, suggest that Health Canada is ready to recognize the plant-based diet as a realistic, healthy and environmentally friendly alternative to the traditional omnivorous diets that are still popular in Canada. And for the first time, the guide asks us to think about the broader impacts of our diets—on the determinants of health, cultural diversity and the environment.

“The way our food is produced, processed, distributed, and consumed... can have environmental implications such as greenhouse gas emissions (GHG), soil degradation, decreases in water quality and availability, and wildlife loss,” says a Food Guide consultation document. “The primary focus of Health Canada’s proposed healthy eating recommendations is to support health. However, there are also potential environmental benefits of shifting towards healthy eating. In general, diets higher in plant-based foods and lower in animal-based foods are associated with a lesser environmental impact, when compared to current diets high in sodium, sugars and saturated fat.”

This dietary-environmental connection is supported by a recent study from the University of Oxford, which found that, “by cutting animal products and shifting to a plant-based diet, we can cut our carbon footprints by up to 73 per cent, depending where you live. Freshwater withdrawals also fall by a quarter.... [M]ost staggeringly, we would require ~3.1 billion hectares (76%) less farmland.” (See the Index on page 7 for more on meat and climate change.)

While there are many ethical reasons to reduce consumption of meat, eggs and dairy, taking better care of the environment, by reducing emissions and preserving clean water, is a main cause for the rapid rise in veganism in the United Kingdom, according to a Compare The Market survey this year. There are an estimated 3.5 million vegans in the U.K., up from an estimated half a million in 2016.

It’s clear that plant-based diets are likely to continue gaining popularity in Canada. A recent survey from Dalhousie University found that rates of veganism and vegetarianism could rise over the next several years due to the



fact that half of respondents who identified as vegan or vegetarian were under the age of 35.

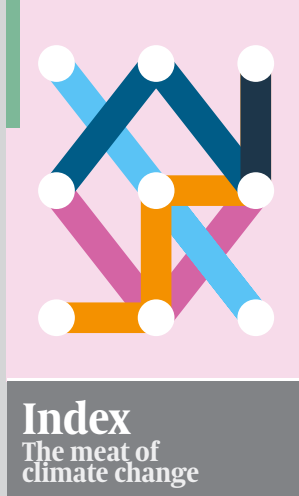
Correspondingly, the plant-based food industry is thriving around the world. Competition in the meat alternative market is growing, with companies like Beyond Meat boasting big investors such as Bill Gates, Leonardo DiCaprio and Twitter co-founders Biz Stone and Evan Williams. The company's most well-known product, the Beyond Burger, was recently made available in A&W fast-food restaurants across Canada.

In addition to creating a new Food Guide, the government is currently consulting with the public, farming and industry stakeholders to develop a National Food Policy that would also include environmental goals related to food. (Interestingly, and perhaps refreshingly, the food industry was not directly involved in the Food Guide process, but could take part in the broader public consultation.) An online survey on the food policy was made available in 2017 combined with several engagement sessions in different regions, and will be followed up with a report on the feedback received.

As Canada moves to consider the environmental footprint of our dietary choices, could a climate-friendly food policy be that far off? What about trade? Export Development Canada boasts that we are the world's fifth largest pork exporter, annually shipping "the equivalent of five slices of bacon for every person of the world," which comes with a large water and carbon footprint. Canada exports 45% of the 1.3 million tonnes of beef we produce each year; we export 70% of the pork we raise.

At the same time, Canada is the world's largest supplier of pulses (peas, beans, lentils, etc.), a plant-based protein that will likely play a bigger role, if not take centre stage, in the new Food Guide when it's released next year—and in global markets seeking sustainable, low-cost sources of healthy protein. A nationwide shift away from beef production to pulses would make a lot of economic and ecological sense. **M**

Taking better care of the environment is a main cause of the rapid rise in veganism.



In July, WeWork, a relatively new U.S. co-working company (valued at about **US\$20 billion**) that manages trendy office spaces around the world, informed employees it would no longer be serving red meat, pork or poultry at office functions, or reimbursing staff who choose to eat meat during lunch meetings. "New research indicates that avoiding meat is one of the biggest things an individual can do to reduce their personal environmental impact—even more than switching to a hybrid car," said Miguel McKelvey, WeWork's co-founder and chief culture officer.

The UN Food and Agriculture Organization estimates that livestock accounts for **14.5%** of all GHG emissions, with beef and milk production making up **41%** and **20%** of that total respectively. Emission intensity is also highest for cattle—almost **300 kg of carbon dioxide equivalent (CO₂ eq)** are emitted per kilogram of protein produced. The **top five** meat and dairy companies combined emit more GHGs than ExxonMobil, Shell or BP. The **top 20** emit more than Canada.

Greenpeace is calling for a **50% reduction** in the production and consumption of animal products by **2050**, otherwise climate emissions from agriculture will grow to represent **52% of all emissions** by that point (**70%** of which will

come from livestock). "Under a business-as-usual scenario, the livestock sector could eat up over **80% of the [carbon] budget**, making it virtually impossible to keep temperatures from rising to dangerous levels past **1.5°C**," warned the Institute for Agriculture and Trade Policy and GRAIN in a report this July.

A survey conducted this summer by the Canadian Meat Council found that Canadians consume an average **41 grams** of cooked fresh meat (beef, pork, lamb and veal) a day and **28 grams** a day of prepared (processed) turkey and red meat. That's about **25kg of meat per person per year, or about 776,480 tonnes per year for all Canadians over the age of 15**. Canada exported a further **622,490 tonnes** of beef and cattle in 2016—**two-thirds** as much as we consume. Emissions from Canada's agricultural sector grew from **60.1 megatonnes (Mt)** of CO₂ eq in 1990 to **72.8 Mt CO₂ eq** in 2015.

Going vegetarian reduces an individual's personal carbon emissions by **0.8 tonnes** per year, according to research from UBC PhD student Seth Wynes. Going vegan drops your emissions by **0.9 tonnes** per year. There are roughly **2.3 million vegetarians** and **850,000 vegans** in Canada, according to a recent Dalhousie University report. **More than half** of them are under the age of **35**. "It is very challenging to see how that number can drop any time soon," said food policy professor Sylvain Charlebois. "It can only go up."

WORTH REPEATING

“It must be our job in government to reprogram our economy so that it stops working for the few and begins working for the many. That is why we will build things here again that for too long have been built abroad because we have failed to invest. Doing this will allow us to have greater control over the economy, giving us the chance to boost people’s pay and to limit the power of the unearned wealth of the super-rich in our society.”

Jeremy Corbyn announcing U.K. Labour’s “Build it in Britain” policy on July 24, 2018.

“Inequality is the beginning of the end for democracy. Looking back, history is the story of collapse, and collapse is all too often the story of a top-heavy society falling in on itself.”

Canadian political commentator David Moscrop in his August 8 *Washington Post* column, which references the CCPA report, *Born to Win* (see *New From the CCPA* on page 10).

“[The political establishment] think that running to the centre, moderating our policies, being as close to a saltine cracker as possible is what’s going to make us win elections...and I don’t think that’s the case.... I think what animates nonvoters is feeling like someone is really fighting for them.”

Alexandria Ocasio-Cortez speaking with Pod Save America about her taking the Democratic Party nomination for the Bronx-Queens riding in July.

“Still can’t find the chaos in Toronto the NDP is claiming. Beautiful morning in the Provincial capital.”

Lisa Macleod, Ontario Progressive Conservative cabinet minister, in a tweet the morning after flash flooding caused havoc across the city.

“Today should be the day the world wakes up to the atrocities going on in Yemen.... [A] bus full of school children cannot be viewed as mere collateral damage. Even wars have rules, but rules without consequences mean nothing.”

International Rescue Committee Yemen Director Frank McManus commenting on an August 9 Saudi-led coalition airstrike targeting a school bus and killing an estimated 50 people, mostly children.

DAVID CLIMENHAGA | ALBERTA

The wealthy U.S. libertarians supporting Canada’s right-wing think-tanks

The Canadian Taxpayers Federation (CTF), a self-described non-partisan tax watchdog and taxpayer advocacy group once headed by Alberta opposition leader Jason Kenney, has always been tight-lipped about the sources of its own funding and support. This may be mildly ironic, given its vocal demands for transparency in government policy, but as a private organization that aggressively fundraises for small donations—it claims to receive about 30,000 individual donations yearly—it is certainly within its legal rights to do so.

However, given the CTF’s tight ties to conservative Canadian political parties and its vocal advocacy of policies those parties support—often co-ordinated with conservative candidates through public policy pledges—it is troubling that mainstream media never seems to press the organization on this issue, and continues to treat it as if it were a non-partisan authority on tax policy.

I have asked CTF operatives on more than one occasion if they have foreign donors and have always been informed the group’s policy is not to publish its donors’ names, addresses, or the amount or nature of their support. In its privacy policy, the CTF claims to be protecting donors from being targeted by “government officials, petty politicians, agitated union activists and various other stalwarts of the entitlement state.”

As an aside, the CTF also has a page on its website devoted to defending the fact, first reported in my blog (albertapolitics.ca) in 2013, that while it claims to be a large organization with more than 100,000 adherents, its only actual members entitled to see its financial reports are the (usually five) people who sit on its board.

No one is asking the CTF to give up names of individual donors, of course. Most of them are doubtless sincere individuals of limited means who have

been persuaded to part with a few dollars by the organization’s tireless fundraising. However, the possibility that an organization that plays an influential role in Canadian democracy is getting support from abroad is another matter.

So it was interesting, while researching a recent post on the so-called Justice Centre for Constitutional Freedoms (a Calgary-based organization headed by former CTF Alberta director John Carpay that specializes in litigation supporting social conservative causes), to learn the CTF has a relationship described as a “partnership” with the Arlington, Virginia-based Atlas Network.

The Atlas Network, previously known as the Atlas Economic Research Foundation, was founded in 1981 by Antony Fisher. The wealthy far-right Briton bankrolled market-fundamentalist think-tanks in several countries, including the Fraser Institute in Canada. Knighted by Margaret Thatcher’s government a month before his death in 1988, Sir Antony was one of the most influential figures in the establishment of the *Libertarian Internationale* that now dominates conservative parties around the world.

From its headquarters in the Washington suburb, the Atlas Network is an international conduit for right-wing cash and other forms of assistance, supporting 485 market-fundamentalist and social-conservative “partners” in 95 countries, according to its website. Atlas “partners” include a dozen entities in Canada. Checking a reference that Carpay’s JCCF was on the group’s list of Canadian partners, lo and behold there was the CTF as well.

Of course, we don’t know exactly what the CTF receives from the Atlas Network, or whether it receives support from other foreign sources, but we can now say with confidence the CTF is described as a partner of an influential right-wing U.S. organization that boasts it “inspires and incentivizes” like-minded

groups across the world. Atlas says on its website, in a page devoted to what it calls philanthropic efforts to reduce poverty, that in the past two-and-a-half years it "has invested \$1,975,000 in reforms expanding economic choices in 29 countries."

As for its partners, the Atlas Network says there are no costs to them, but "you will have access to apply for training, grants and award opportunities." When asked directly if the CTF has received grants, training, awards or other support from Atlas, CTF President and CEO Troy Lanigan said, for the record, that he does not "share donor confidentiality."

Since we are nowadays in a lather about the threat of Russian interference in North American and Western European democracy (through the use of social media and domestic fifth-columnists), not to mention the efforts of "foreign" environmentalists, perhaps we should also be looking at the pernicious influence on Canadian democracy of well-financed right-wing ideological support networks from other countries, such as the Atlas Network.

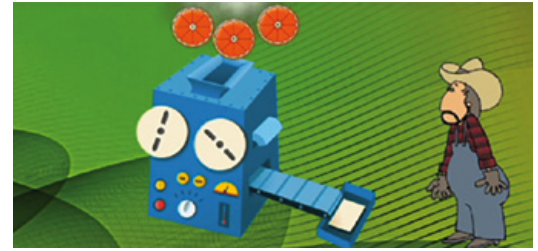
According to a report last year in *The Intercept*, the Atlas Network "has reshaped political power in country after country," and "has also operated as a quiet extension of U.S. foreign policy." The report by journalist Lee Fang notes that the Atlas Network is financed, in

turn, partly by foundations run by the notorious Koch Brothers.

The Intercept journalist said think-tanks in Latin America associated with Atlas have received "quiet funding from the State Department and the National Endowment for Democracy, a critical arm of American soft power." Atlas is said to have distributed about US\$5 million to groups it supported worldwide in 2016, Fang wrote.

According to the Atlas website, the network has accepted a dozen Canadian organizations as partners—half of them market-fundamentalist think-tanks including the Fraser Institute, whose never-ending stream of press releases attacking public policy by centrist and left-leaning governments shows up in uncritical mainstream news coverage virtually daily. Two more are litigation groups specializing in right-wing causes (both of which have appropriated the initials CCF). Another appears to be a society devoted to proselytizing the cult-like beliefs of the so-called Austrian School of economics.

The final three are Preston Manning's eponymous Calgary training centre for right-wing activists (whose former communications advisor now acts as the CTF's Alberta director), the CTF itself, and an international organization of similar astroturf groups that appears to be run out of the CTF's offices in Regina



Screen capture from the Atlas educational video "Free Trade: The Great Prosperity Machine." Here a Florida farmer puts oranges into the machine to produce a mobile phone (not shown).

and headed by Lanigan. Most of the Canadian entities supported by the Atlas Network have been granted charitable status by the Canada Revenue Agency.

In Greek mythology, Atlas was the Titan condemned to hold up the sky for eternity, although he is often portrayed holding up the Earth. His figure is a favourite of extreme market-fundamentalists, used in the title of the far-right "philosopher" Ayn Rand's unreadable novel, *Atlas Shrugged*.

It is the view of this blogger that it's time for the left to take back the noble figure of Atlas, condemned by an unjust pantheon of the celestial 1% to bear the weight of the entire world while they use it as their playground. **M**

THIS ARTICLE FIRST RAN IN ALBERTAPOLITICS.CA ON JUNE 23. IT IS REPRINTED HERE WITH THE AUTHOR'S PERMISSION.

CANADIAN ATLAS NETWORK "PARTNERS"

According to its website, the Atlas Network has 12 Canadian "partners." They are:

Atlantic Institute for Market Studies, a market-fundamentalist think-tank based in Halifax (charitable status);

Canadian Taxpayers Federation President and CEO Troy Lanigan;

Canadian Constitution Foundation, Calgary-based specialist in litigation in support of right-wing causes (charitable status);

Canadian Taxpayers Federation, a high-profile astroturf organization based in Regina;

Fraser Institute, a market-fundamentalist think-tank in Vancouver (charitable status);

Frontier Centre for Public Policy, a market-fundamentalist think-tank in Winnipeg (charitable status);

Institute for Liberal Studies, a market-fundamentalist think-tank based in Ottawa (charitable status);

Justice Centre for Constitutional Freedoms, a Calgary-based specialist in litigation in support of social conservative causes (charitable status);

Ludwig von Mises Institute of Canada, a Toronto-based spin-off of the Alabama organization of the same name dedicated to the anarcho-capitalist teachings of Ludwig von Mises and other members of the so-called Austrian School of economics (charitable status);

Macdonald-Laurier Institute for Public Policy, a market-fundamentalist think-tank in Ottawa (charitable status);

Manning Centre, former Reform Party leader Preston Manning's Calgary training centre for right-wing operatives;

Montreal Economic Institute, a bilingual market-fundamentalist think-tank in Montreal (did not show up in the Canada Revenue Agency directory of charities but the organization states on its website it has charitable status); and

World Taxpayers Associations, an international alliance of self-described "taxpayer protection groups" listing London, England, as its headquarters but apparently run from the CTF's Regina offices and led by the CTF CEO.



New from the CCPA

Wealth, inequality and taxes

In a new report on inequality, **Born to Win**, CCPA economist **David Macdonald** compares the net worth of Canada's 87 wealthiest resident families to that of average families over the past 17 years. He finds that while wealth grew by 37% for the richest Canadians between 2012 and 2016—from \$2.2 billion to \$3.0 billion, for a gain of \$806 million in inflation-adjusted dollars per family—the net worth of middle class families increased by 16%, or \$41,000, over the same period (from \$264,000 to \$305,000).

High levels of inequality are closely associated with poor rankings on many socioeconomic indicators, including health and mental health, crime rates, life expectancy and social

trust, explains Macdonald. Wealth inequality can also destabilize national economies as money is pulled out of productive activities and diverted into the investment portfolios of those who need it the least, where it can be put toward speculation and eventually passed on to future family generations. In fact, inheritance is a more important component of dynastic wealth in Canada today than it was 20 years ago.

"Canada is the only country in the G7 without an inheritance, estate or gift tax on tremendous family wealth," says Macdonald. "Instituting an estate tax and eliminating tax preferences for capital gains and dividend income could go a long way to curbing the tendency of Canada's tax system to heighten socially, politically and economically harmful levels of wealth concentration in Canada."

Extending EI

Employment insurance-linked sickness benefits are limited to a maximum of 15 weeks per claim in Canada, but the high proportion of benefit claimants taking all 15 weeks suggests a higher maximum may be needed.

Labour unions have called for an expansion of the number of weeks of sickness benefits available to workers to better deal with episodic or long-term illness. A new paper from CCPA researcher **Hadrian Mertins-Kirkwood** finds the government could make this change to EI at a very reasonable cost.

In **On the Mend**, Mertins-Kirkwood uses Statistics Canada's Social Policy Simulation Database and Model (SPSD/M) to estimate how many people might use the additional benefit each year and what the net annual cost would be if the maximum sick leave were extended to 20 weeks, 26 weeks and 30 weeks. According to Mertins-Kirkwood, Canada could pay for the additional costs of extending sickness benefits by modestly increasing EI premiums from their current \$1.66 per \$100 of insurable income to \$1.69, \$1.74 or \$1.81 depending on these three scenarios. To put that in perspective, average EI premiums between 1999 and 2018 were \$1.99 per \$100 of insurable income.

Invested in climate change

Most people probably aren't aware of the British

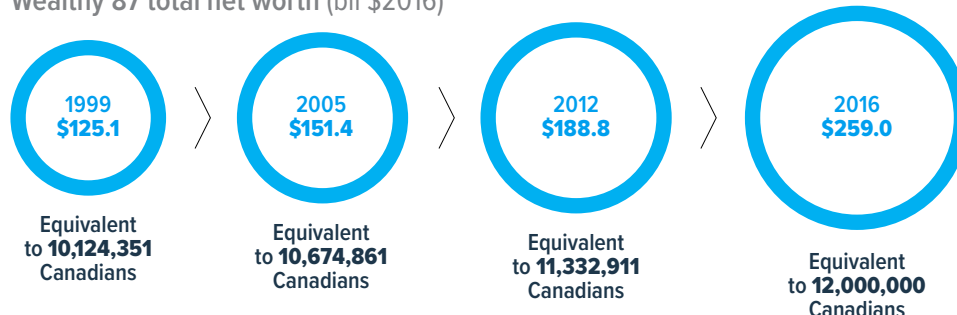
Columbia Investment Management Corporation (BCI), formerly known as bclMC, even if they live in the province. Its actions, however, are essential to B.C.'s and Canada's ability—or inability more accurately—to address the climate change crisis.

BCI is the fourth largest pension fund manager in Canada and controls one of the country's largest consolidated pools of wealth (\$135.5 billion to be precise), which includes almost all of the province's public sector pension funds. A report released in June from the **CCPA-BC and Corporate Mapping Project**, titled **Canada's Fossil-fuelled Pensions**, asks if BCI is investing these funds in ways that support or undermine Canada's Paris Agreement commitment to helping the world hold global temperature increases to 2°C.

Unfortunately, as **Zoë Yunker, Jessica Dempsey** and **James Rowe** find in their report, BCI's claims of responsible investment are mostly hot air, and the fund's actions are not sufficient considering the risks posed by climate change to its portfolios, its beneficiaries or the broader society. Instead of curbing its investments to align with the Paris Agreement, BCI has been increasing its oil and gas holdings, which would appear to breach the fund's duty to act with prudence in the best financial interests of plan members.

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

Wealthy 87 total net worth (bil \$2016)



SOURCE: BORN TO WIN



Below the Fold

CYNTHIA KHOO

Sum of all attention

LOVE AND MONEY have had their run. Today, attention makes the world go round. While we rightly focus on corporate privatization of our attention spans in pursuit of profit and control, it's essential that we also check our own tendencies to subtly steal the agenda in social and political settings.

Power brokers in today's political economy of attention increasingly harvest, weaponize and neutralize people's mental bandwidth as a political and economic resource, to be unsustainably and non-consensually exploited alongside the natural environment, Indigenous lands and water, personal data or underpaid labour.

Columbia University law professor Tim Wu canvasses the history of ad-based industries in his book, *The Attention Merchants: The Epic Scramble to Get Inside Our Heads*. Wu traces a direct line from the 1833 *New York Sun*—the first known instance of a newspaper using spectacle (and fabricated news) to attract an audience that can be flipped to advertisers—via snake oil, war propaganda, radio shows, magazines, the *Mad Men* era and cable broadcasting, to the Internet's modern-day business model. They are all iterations of the same bargain, Wu demonstrates: irresistible content for a moment of our time, whether we consciously chose to give it or not.

Attention Merchants argues that if we fail to plan where our attention goes, we plan to fail in human endeavours that require our uninterrupted concentration. We allow clickbait, advertisers and notifications to siphon away our better selves, one refresh at a time.

Similarly, Tristan Harris, former design ethicist at Google and founder of the Center for Humane Technology (formerly Time Well Spent), speaks about tech companies engineering techniques to make their wares more addictive, such as when Facebook turned its notification dot from unassuming blue to urgent red. Harris also offers countermeasures—making your phone display greyscale to remove colour persuasion, for example, or rearranging your home screen to display “aspirational self” apps while hiding or deleting “distraction” apps.

As with so much else, the personal is political. Both Wu and Harris connect attention optimization, involuntary or not, with the erosion of democracy, a dynamic epitomized by the 2016 U.S. presidential election. Liberal democratic institutions depend on an informed populace, constructive public debate and high-quality journalism, which in turn require sustained and judiciously directed attention on the part of each of us individually. The pervasive manufacturing

and redirecting of our attention fundamentally undermines our ability to determine and consent to how we are governed.

Zeynep Tufekci, the technosociologist author of *Twitter and Tear Gas: The Power and Fragility of Networked Protest*, makes this point bluntly in her 2017 TEDTalk (as titled): “We’re building a dystopia just to make people click on ads.” In a 2018 *Wired* feature, Tufekci suggests that 21st century censorship no longer requires silencing speakers; it is easier and more effective to control or simply derail the recipients’ attention by ensuring they are too distracted, inundated, harassed or disaffected to listen.

For good reason, most public discourse on the attention economy has focused on how our attention is manipulated by Silicon Valley engineers, political campaigns and the media, through design, rhetoric and news angle choices, respectively. However, we are each also arbiters of our own and others’ attention every day. What ideas do we consistently direct our friends, family and followers to? What lines or perspectives do we repeat or erase in discussing any particular topic?

The use and abuse of attention when discussing justice and public interest issues occurs regularly between individuals online and offline, deliberately and inadvertently. For instance, the notion of “derailing” discussion in the context of civil liberties and equal rights refers precisely to when one yanks participants’ and observers’ attention away from a core issue and redirects it counterproductively.

Though not an exhaustive list, one can derail a conversation by requesting others divert their attention to: the feelings or “good intentions” of the powerful (ignoring their actions); hypotheticals in a counterfactual world (instead of addressing the world we have); “good” members of an abusive institution (when institutional harm is the issue); worst-case scenarios elsewhere (undermining local problems); a marginalized person’s tone, emotions or “civility” (versus the actual harm they have suffered or the merit of their point); and the reputation, humanity, pain, genius or professional track record of an abuser or aggressor, displacing the humanity, suffering, genius or lost careers of those who were abused or killed.

People’s attention—and your own—is a starkly zero-sum resource. Auto-played videos and imposed alerts cause you to withdraw your concentration from other, usually more important tasks. Likewise, when you choose to ask a question or bring up a particular point, you are demanding that your listeners or readers give valuable attention to that one question or point above all others in that instance.

“If we can’t sustain our attention on the issues that matter in our towns, cities, communities or government—our democracy doesn’t work,” says Harris. In conversations and commentary, then, it is incumbent on each of us to take a thoughtful pause: assess whether your particular question or take is truly where the collective focus belongs—lest it become just another distracting red dot on justice’s mental dashboard. **M**

CYNTHIA KHOO IS A DIGITAL RIGHTS LAWYER WHO FOCUSES ON INTERNET POLICY AND HUMAN RIGHTS, AND AN LL.M. CANDIDATE AT THE UNIVERSITY OF OTTAWA'S FACULTY OF LAW. YOU CAN REACH HER AT WWW.TEKNOSLAW.CA. HER COLUMN, *BELOW THE FOLD*, APPEARS REGULARLY IN *THE MONITOR*.

GET TO KNOW KATHERINE AND RICARDO

A Monitor Q&A with two new CCPA researchers

The CCPA is growing. Over the past few months, we've hired two new researchers, one in our Toronto office and another in Ottawa, to expand the work the centre can do on poverty reduction and gender equality, among other priority areas.

Before joining the CCPA as a senior researcher, **Ricardo Tranjan** was the policy lead and manager of the City of Toronto's Poverty Reduction Strategy. Ricardo has conducted research in universities in Ontario, Québec and São Paulo, Brazil, where he specialized in the interplay between democratic processes and socioeconomic development. His publications include the book *Participatory Democracy in Brazil: Socioeconomic and Political Origins* (University of Notre Dame Press).

Katherine Scott, our new senior economist, will be directing the CCPA's gender equality and public policy work. Katherine has worked in the community sector as a researcher, writer and advocate for more than 20 years, which included a period as Vice-President of Research at the Canadian Council on Social Development. More recently, she has produced research and analysis for Prosper Canada, Volunteer Canada, Capacity Canada, Pathways to Education Canada, and the Federation of Canadian Municipalities.

The *Monitor* spoke with Ricardo and Katherine in July.



Monitor: First things first. Tell us about your morning routine.

Katherine: I would love to say that I bound out of bed each day, but the truth is I am always staying up way too late reading. And so I struggle out of bed, run around trying to tidy the house up and sort out what my kids are up to, quickly zip through the headlines and then run for the bus. I am bad and buy coffee each day.

Ricardo: Try to convince my four-year-old son that the day hasn't started yet. Try to beat my partner to the coffee maker so coffee doesn't taste like tea. Try to pretend that I didn't hear my mother calling on FaceTime. Try to wash the dishes so the house looks clean when we come back. Eventually I give up on all of it, and am happy simply to leave the house at a reasonable time wearing socks that form a pair.

M: When you make it to work, what are you currently researching?

Ricardo: At the moment, I'm looking into the economic impact of public and social service jobs in small and mid-size towns across Ontario. Other research interests include poverty reduction strategies, municipal governance, and labour market integration of immigrants.

Katherine: The first task at hand is to research and write this year's "Best and Worst Places to be a Woman in Canada" report. It is a great platform for capturing the diversity of women's experience in communities across the country and highlighting what different groups are doing to make change happen.

M: OK, now a background question. Where were you when former prime minister Jean Chrétien demonstrated his “Shawinigan Handshake” on current PM Justin Trudeau (July 2010)?

Katherine: I wasn’t doing anything particularly memorable that summer—writing a big report on Canadian families as I remember, and running my kids about. But I do remember what I was doing when Jean Chrétien put the original chokehold on Bill Clennett back in 1996. Clennett was protesting the changes to EI introduced by the Liberal government that dramatically reduced eligibility for the program and benefit levels. I was looking into the impacts of the proposed cuts on women, and working with labour activists to push the reforms back. Twenty years later we are still fighting for change.

Ricardo: Ten years ago, I was in São Paulo, Brazil, conducting research for my doctoral thesis. More precisely, in a small and only partially lighted archive, which was created in the early 1980s by and for social movements, as one of the many forms of resistance to the military dictatorship. A very inspiring place.

M: What do you see as the two biggest challenges facing Canada this year?

Katherine: Inequality in all of its dimensions is truly the challenge of our time—and the despair and complacency that works to erode our community and civic life. Progressives have to work hard to create the spaces and opportunities to push for positive change, taking the lead from the most marginalized, leveraging small actions for the



greatest impact we can achieve together.

Ricardo: We need better ways of raising revenue through the tax system to pay for the services we need and cherish. This can only be achieved through a comprehensive recharacterization of the public sector, I think.

M: When not writing CCPA papers, what are you most likely to be doing, and where?

Ricardo: These days, I spend a lot of time with my four-year-old, tagging along his seemingly aimless projects that often lead to interesting places. He is helping me to expand my methodological toolbox.

Katherine: I am most likely to be out in my neighbourhood with friends, or in the garden, or sewing costumes for a community theatre group. After running data all day, there is nothing as satisfying or as concrete as stitching up party dresses for the girls

in *Hairspray* or outfitting Lumière from *Beauty and the Beast*.

M: Who would you want to be stranded with on a desert island if you only had one choice? If you had three choices?

Ricardo: If it means the other person is stranded there too, then I’d choose (Ontario Premier) Doug Ford. Keeping with the same logic, Doug Ford, Donald Trump and Theresa May. I’m a team player.

Katherine: Ricardo is truly selfless! Given my own shortcomings, the wise course would be to choose people with practical skills. But wouldn’t it be great to be stranded with Hilary Mantel, Nadine Gordimer, Zadie Smith or Chimamanda Ngozi Adichie? I know, that’s four.

Follow the work of Katherine and Ricardo on the CCPA’s blog, BehindTheNumbers.ca, or our website: www.policyalternatives.ca.

IN MEMORIAM: KATE ELAINE MCINTURFF

Love and spreadsheets

The Canadian Centre for Policy Alternatives (CCPA) mourns the devastating loss of feminist researcher and scholar Kate McInturff. CCPA staff, board and partners remember Kate as a trailblazer in public policy and gender-based research. Our hearts go out to her family. Kate's colleagues, collaborators, and countless organizations across Canada are stronger because of her research, advocacy, friendship and conviction. Kate passed away July 27 in Ottawa at the age of 49. This was her final commentary for the CCPA.

ONE OF THE most important revelations of my life came to me not when I was diagnosed with cancer three years ago. (From this I have learned one thing: cancer sucks.) No, revelation came to me in a moment, two decades ago, when I had backed myself into a very dark, knotted place with this little doozy of a problem.

I was busy being clever and studying the impact of European colonialism on countries in North Africa, congratulating myself on my keen insights and my super-keen anti-colonial self (oh, my backpack was UNPACKED, baby), when I noticed a little something (in the words of Aimé Césaire: "The idea: an annoying fly.")

It struck me there were those among the colonizers who genuinely thought they were doing something good (*buzz*). Something that would diminish suffering in the lives of the people being colonized (*buzz buzz*). It made little impact on them that those people being "helped" disagreed with the plans of the colonizer (*buzzzzzzzz*). That colonization wrought profound and traumatic and violent changes on the lives and societies of the colonized... this passed them by completely (*kersplat*).

Here's the conundrum. If these folks could so fool themselves into believing the idea that they were on the side of right, how was I to know I wasn't also one of them? A 21st century do-gooder, carrying my white woman's burden into a world of misunderstanding, erasure, and hurt.

I spent some quality time frozen at the end of that alleyway. Doing nothing seemed like an unacceptable alternative. However, if I were to do something, it needed to be profoundly different.

The first light came to me in the form of this principle, and it has been the true north on my moral compass ever since: human suffering is an evil to be abhorred. We all have an obligation, in as far as we are capable, to work to diminish human suffering (thoughtfully, carefully, as allies). Try as I might, I can find no rational argument for this. It is my leap of faith.



LUCAS OLENIUK / TORONTO STAR

But why? How does this save me from my own hubris? My own do-gooderness?

It was Sigmund Freud who helped me take the next step out of moral paralysis, with his skeptical reaction to the moral precept that we should love our neighbours as we love ourselves. "Why should we do it? What good will it do us? But, above all, how shall we achieve it?" he wondered.

Like Freud, I share a skepticism of claims that humans are innately altruistic. But embracing the skeptical view can be liberating.

What good does doing good do us? Understanding that self-interest is part of doing good (I feel good, I get accolades for doing good, I gain social status) can help us understand why we need to consider what good we are actually doing other people. Do they think this is a good thing? Is this the suffering that they wish to have allayed? Am I working in concert with people toward a shared end? Can I turn down the halo long enough to hear when I am not actually being helpful?

I am out of the alleyway now and have spent the past decades doing my best to contribute to ending the suffering caused by sexism, racism and misogyny. I have struggled to love my neighbour as I love myself. I have struggled harder to work in a way that creates a platform for my neighbour, for those in distress, to speak their truth to power.

However, my path still had a few bumps ready to throw me off. Ready for action, I rushed enthusiastically into the offices of decision-makers, sure that they would share my dismay at the stupidities wrought by sexism, racism and misogyny. The lost opportunities, the unnecessary barriers, the violence.

Oh and they did. You know, in principle. In theory. "But you know, my dear, all of these things are so important and we only have so much money, we just can't afford to do everything. Think of the children." Uh huh.

That's where the calculator came in. Then the spreadsheets. After several years of listening to these refrains it finally occurred to me ask: is that actually true? Do we really not have enough money to end violence against women, close the pay gap, ensure their economic security?

Well, what do you know. Turns out there is money to be had for these things. Turns out that with a calculator, a passing knowledge of tax policy, and a big love of data, a woman can show you the money. Laying bare the real question, which is: Why aren't you spending on reducing the barriers to women's well-being? To their safety? To their security?

You know the rest.

With this, dear neighbours. My own story comes to an end sooner than I would have liked. I can't sing myself offstage, but I leave a legacy of spreadsheets, graphs and love for you all. And a certainty that somewhere out there, someone is picking up her calculator and forging her own path forward.

Buzz buzz buzz. **M**

A note from the CCPA

The Canadian Centre for Policy Alternatives is profoundly grateful for Kate's work and legacy. Not only is Kate beloved and highly respected by her colleagues and collaborators, but her research has helped light the path toward equality in Canada and around the world.

The CCPA is deeply committed to carrying on this important work and honouring Kate's legacy. Which is why the Centre is establishing a fund and fellowship in her name, so that we can continue to fight gender-based inequality wherever it exists. Details of the fellowship are currently being arranged with Kate's family and will be announced as soon as they are available.

Love and praise for Kate

[H]er intrepid, important work identifying and advocating for policies to improve gender equality, while educating on how the economic needs of men and women differ, reverberated in public policy.

ANNE KINGSTON, MACLEAN'S

I am so sad at the loss of this incredible feminist and influencer who was working hard to make a better world for women, girls and all Canadians.

MARYAM MONSEF, MINISTER OF STATUS OF WOMEN CANADA, ON TWITTER.

Kate knew that in order to truly achieve equality for Canadian women, you need to present the facts. Better yet, dig up the numbers.... Kate found & used those numbers to quantify & contextualize the many inequities women still face today.

SARAH BOESVELD, CHATELAINE, ON TWITTER

Kate was a trailblazer in the fight for gender equality, and an inspiration to all of us. Make no mistake, her work has made Canada a better place for all of us.

BILL MORNEAU, MINISTER OF FINANCE, ON TWITTER

Kate was a beautiful intelligent, funny woman who sought out truth & proposed solutions to make our world a better place. Kate was a friend & mentor, she taught me so much.

PAUL DEWAR, FORMER NDP MP, ON TWITTER

Kate McInturff's unwavering commitment to gender equality inspired us all.

YWCA TORONTO, ON TWITTER

A feminist trailblazer, Kate did the math to make Canada a better place for women and girls. She will be deeply missed.

CANADIAN WOMEN'S FOUNDATION, ON TWITTER

Funny. Fearless. Unapologetically feminist. Kate was a bright light in the world, and a tireless activist. She dedicated her career to fighting inequality and to making the world a more compassionate place #ThankyouKateMcInturff

FARRAH KHAN, ON TWITTER

Kate thank you for this beautiful ode to the twin forces of hope and evidence. And thank you for your enormous gifts to our shared struggles for equality. You will be sadly missed, but there are waves and waves of people behind you, calculators ready, to carry on until we win.

JIM STANFORD, ON TWITTER

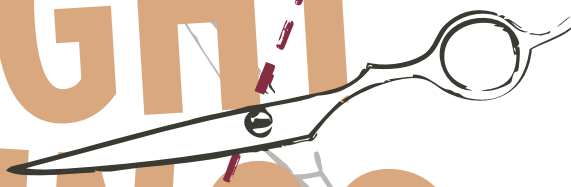
A real Wonder Woman of feminist analysis and policy. She also had sass and great humour. And she is going to be really missed. The world feels like a lesser place today. Thx for all the greatness.

LANA PAYNE, ON TWITTER

Kate McInturff wanted all women to succeed. She was never jealous or petty. She never saw another woman's success as a threat to her. She wanted us all to win.

JULIE S. LALONDE, ON TWITTER

STEPHEN MCBRIDE



EIGHT THINGS

THE CRISIS TEACHES US ABOUT AUSTERITY

TEN YEARS FROM the onset of the Great Financial Crisis, and eight after the “turn to austerity,” provides a useful vantage point. From here we can clearly see how austerity quickly succeeded the panic-driven experimentation with economic stimulus of the 2008-09 period.

By 2010, “austerity” was the most searched word on Merriam-Webster’s online dictionary. It doesn’t make the top 25 today. Not because austerity has gone away, but because through experience most people now know what it means.

Looking back on the crisis and its aftermath, what have we really learned in the last eight years? Quite a lot, actually.

First, those who caused the crisis did not pay for it.

Second, the turn to economic stimulus was a “false dawn.”

Third, subsequent austerity policies have deep roots in liberalism and neoliberalism.

Fourth, austerity includes but covers more than fiscal consolidation.

Fifth, the intellectual case for austerity is weak but demolishing it did not lead to change.

Sixth, the socioeconomic impact of austerity is harsh and unevenly distributed by states, classes, gender and other social groups.

Seventh, the impact on democracy is significant and troubling.

Eighth, austerity politics is class politics.

Blame shifting

Those who caused the crisis have prospered; those who had nothing to do with creating it have paid, and are paying still through austerity policies.

The behaviour of the (private) financial sector, seeking quick capital accumulation fixes in the realm of finance rather than real production, caused the crisis. Poor public regulation delivered at the behest of these same interests enabled this behaviour. Yet the crisis was swiftly transformed into a sovereign debt crisis, for which public authorities were responsible and to which public sector austerity is the solution. This blame shift was carried out in full public view and with very little criticism.

The empirical basis for reframing the crisis in this way is thin. The drivers of increased public debt include the costs of governments’ financial interventions to avert a collapse of the banking and financial sector. The rationale was that some financial institutions were “too big to fail,” as in if they did fail it would prove catastrophic.

Oddly, the idea that an entity that is too big to fail without catastrophic consequences is likely too big to be allowed to operate has not gained traction. Effectively, bad private sector debt was socialized and the costs loaded onto taxpayers.

The financial crisis triggered a major recession that states provided fiscal stimulus to moderate.

Automatic stabilizers such as spending on unemployment insurance increased, government revenues declined. Increased public (sovereign) debt stemmed from the crisis, itself a product of neoliberalism. Yet the “solution,” public sector austerity, rests on the notion that sovereign debt results from state profligacy to which spending curbs provide the answer.

It stands as an impressive discursive achievement of big finance to have evaded responsibility for the crisis and shifted the blame to the state.

False dawn

From 2008 to 2010, governments and central banks appeared to borrow from Keynes to avert a global collapse. Some economic stimulus was provided. Whether this really implied a turn to Keynesianism is more doubtful.

Keynesianism’s goal was full employment. The state engaged in countercyclical actions to maintain the economy at that level. Fiscal instruments (spending and taxes) and monetary policy (mainly through interest rate adjustments) were the state’s main tools in this pursuit.

But full employment is not a goal of neoliberalism. Rather, unemployment should gravitate to its “natural” level, or to what is called the non-accelerating rate of unemployment (NAIRU)—the level of unemployment consistent with stable rates of inflation. Sometimes this involved restrictive fiscal and monetary policy to ensure that inflation was kept within the target range. However, in the face of a *deflationary* threat, the settings might be adjusted to provide stimulus. This seems to have been the case with most post-crisis emergency government spending.

With respect to the use of unorthodox measures like quantitative easing (QE) in the U.K., for example, a 2009 article in the influential *Bank of England Quarterly Bulletin* explained that the Bank of England was “injecting money into the economy to provide an additional stimulus to nominal spending *in order to meet the inflation target*” (emphasis added). The bank’s *remit is still to maintain price stability*—defined as an inflation rate

of 2%...and, *subject to that*, to support the Government’s economic policy, including its objectives for growth and employment.”

QE was therefore applied for neoliberal, not Keynesian, purposes—not, in other words, to achieve full employment, but rather to obtain a level of inflation at which unemployment would stabilize at its “natural” (and non-inflationary) level.

In effect, QE functioned to redistribute money to corporations hoping that they would invest and thus trigger economic growth. With sluggish demand, however, which was almost guaranteed by austerity policies ensuring state debts are paid by working class people, pensioners and recipients of social programs, the effects of QE were bound to be muted.

In any event, fiscal stimulus measures were short-lived, and the monetary ones (QE) that persisted provided stimulus in ways more beneficial to capital than to labour.

Deep roots

Though austerity resurfaced in 2010, as Mark Blyth reminds us in his 2013 book, *Austerity: The History of a Dangerous Idea*, it is an old idea toward which elites gravitate in crises. It disempowers two potential sources of opposition to established economic and political elites.

The state was necessary for the development and protection of the capitalist system, but as it became more open to democratic pressures

Neoliberal doctrine always prioritized restraining, retrenching or redirecting state action. Austerity entrenches those priorities.

it represented a potential threat. The Canadian political economist C.B. Macpherson describes the process in his 1964 Massey Lecture, “The Real World of Democracy” (which can be streamed from the CBC website).

Austerity imposes financial limits on the state’s actions through fiscally constraining it in the name of balanced budgets and limitations on debt. Neoliberal doctrine always prioritized restraining, retrenching or redirecting state action. Austerity entrenches those priorities.

Austerity also disempowers labour, another potential threat to the power of capital. Through reduced and conditional social and labour market policies (in which benefits are based on activation of recipients), a labour market characterised by flexibility, and associated pressures on collective bargaining, labour’s potential power is weakened.

What is austerity anyway?

Austerity consists of three linked components. The first two are fiscal consolidation through balanced budgets (typically spending cuts rather than revenue increases) and restructuring of the public sector (devolution, downsizing, marketization, privatization and public-private partnerships), along with structural reform of social policy programs (e.g., changes to disability and health compensation, eliminating early retirement schemes, reducing employment benefits and ending short-work schemes).

These two components of austerity contribute to the third, which is a restructuring of labour markets toward greater flexibility (for employers) and promoting competitiveness through internal devaluation, i.e., lowering production costs primarily through wage adjustment.

This austerity policy trio can be seen with absolute clarity in those European countries subjected to memorandums of understanding with the European Commission, European Central Bank and the International Monetary Fund (a.k.a. the Troika) after the crisis. In Greece and elsewhere, financial assistance was conditional on neoliberal, pro-austerity policy

changes; in other EU countries, like the U.K., these same measures were voluntarily adopted rather than imposed.

There are varieties of austerity from country to country, but generally the list of measures includes wage cuts, hiring freezes, increased use of interns and temporary workers, “internal devaluation” (by reducing wages and living standards for greater competitiveness), major cutbacks in social welfare spending, as well as labour market flexibility reforms. This basket of measures transfers the burden of adjustment onto workers.

European austerity also resulted in deepening recession, persistence of very high unemployment (especially among youth), rising discontent and waves of protests that have fuelled the rise of radicalism, mostly on the right.

Demolition of the intellectual case for austerity

Well-known U.S. economists, notably Carmen Reinhart and Kenneth Rogoff in 2010, asserted that once public debt reached 90% of GDP, growth fell dramatically. But in another study published several years later (using the same data as Reinhart and Rogoff), Thomas Herndon, Michael Ash and Robert Pollin concluded that:

when properly calculated, the average real GDP growth rate for countries carrying a public-debt-to-GDP ratio of over 90 per cent is actually 2.2 per cent, not -0.1 per cent.... That is, average GDP growth at public debt/GDP ratios over 90 per cent is not dramatically different than when debt/GDP ratios are lower.

Similarly, a 2011 IMF working paper by Jaime Guajardo, Daniel Leigh and Andrea Pescatori found there was little empirical evidence in favour of the “expansionary fiscal contraction” hypothesis, which states that under certain circumstances major cuts to government spending will expand private consumption leading to GDP growth. The theory nevertheless played an important discursive role in the crisis by offering hope that short-term pain would lead to long-term gain.

The IMF is, let’s recall, a proponent of austerity. However, in two subsequent working papers, one by Olivier Blanchard and another by Blanchard and Leigh, the institution admits that austerity policies hindered economic growth: too much austerity, too fast, based on miscalculations of the multiplier effect of spending cuts, could do more harm than good.

The age of austerity has spawned questions about the long-term compatibility of economic capitalism and political democracy.

Heterodox economists like Jim Stanford and John Quiggin, among many others, had long criticized neoliberal claims of austerity-led growth. They were joined following the crisis by some mainstream figures like Paul Krugman and Joseph Stiglitz in calling for fiscal stimulus as a more appropriate response.

Nor can a credible case be made for the rationale for public service restructuring—the belief that market-type mechanisms within the public sector and full or partial privatization through contracting-out or public-private partnerships will be more “efficient.” (In rebuttal, see, for one of many examples, Steve Letza, Clive Smallman and Xiuping Sun’s 2004 *Policy Sciences* article.) Likewise the claim that labour market restructuring—making employment more flexible “for employers”—results in better performance. As I pointed out in a 2001 *Global Social Policy* article with Russell A. Williams, the case is just not there.

In all these instances, rebutting the evidence did not produce policy change.

Socioeconomic impacts

The impact of the crisis varied by country depending on location in the international political economy, the pre-crisis situation, whether austerity was imposed (as in Greece and Portugal, for example) or chosen voluntarily (U.K.). The impact varied also by social class (with the biggest impact on the working class), age (young people most affected), gender (women more affected than men), region and ethnic or migrant status (with greater impact on migrants than on native born).

Existing inequalities were deepened. Unemployment increased, dramatically in some countries and especially for young people. In many countries workers experienced direct wage cuts, or lost income through loss of hours. The effects of greater inequality, higher unemployment and insecurity are exacerbated by austerity measures such as cuts in social and health care spending.

Inequality and poverty had increased in the decades before the crisis struck and have been linked with a number of social ills, many documented by Richard Wilkinson and Kate Pickett in their book, *The Spirit Level*. They include: increased mental health problems, drug use and addiction; lower life expectancy; higher obesity levels; low education achievement and aspirations; more violence; emigration, often of the most skilled; and less social mobility.

All these factors impose human and social costs on individuals and communities and carry economic costs such as increased spending on health care, law enforcement, foregone production, and unused or underutilized talents. Inequality also contributes to diminished trust and lower levels of social capital that are of increasing concern.

The burden of carrying or repaying debts assumed from the private sector’s reckless investments can be immense. As documented by Tom Healy in a 2013 report, when the Irish state assumed private banking debts it imposed a huge burden on its population: over 41 billion euros (about \$50 billion CDN at the time), or over 25% of Ireland’s GDP, or 8,981 euros per capita (if that makes it easier to imagine).

If transferred pension funds were included this boosted the total to 64 billion euros (40% of GDP).

In Greece, GDP fell by 25% even as public debt continued to increase. Structural reforms removed rights and employment standards from workers, flexibilized the workforce and bankrupted many small businesses, while privatizations of state-owned enterprises removed a future policy tool for the Greek state, leaving it ever more reliant on foreign and internationally oriented Greek capital. For more on this, see Maria Karamessini's article in the European Trade Union Institute's 2012 book, *A Triumph of Failed Ideas*.

Increased suicides and alcohol related deaths have been attributed to poverty. Manifest in the longer term, childhood poverty has demonstrable negative impacts on health as an adult. Occupational health and safety standards are likely to be lower for the working poor than for other income levels and thus they are more likely to suffer injuries or other work-related problems, as Yvonne Ebner described in a 2010 paper.

In many countries, long-term pension sustainability is threatened by the inability of the younger generation, or anyone employed precariously, to contribute adequately. Unemployment, underemployment, precarious employment and the associated sense of insecurity have an impact even on those who remain in work. Precarious workers particularly experience insecurity that is associated with poorer health indicators, as described in the 2008 book *Working Without Commitments* by Wayne Lewchuk et al.

Toward undemocratic liberalism

Standard definitions of liberal democracy refer to things like free and fair elections, the rule of law, and protection of basic freedoms—to speech, assembly and religion. Essentially this is a procedural definition of democracy. But originally, it meant much more.

A central component of democracy is the ability of people to use their political power to choose ends they decide upon. Most accounts of today's liberal-democratic states ignore the

often tense relationship between liberal democracy and capitalism, democracy being based on the political equality of citizens, and capitalism inevitably generating inequalities of wealth and income. Theoretically, the possibility exists of using political power to control private economic interests for some public purpose.

The age of austerity has spawned questions about the long-term compatibility of economic capitalism and political democracy. The *Financial Times* columnist Martin Wolf asked in August 2016, "Is the marriage between liberal democracy and global capitalism an enduring one?" He answered as follows:

Democracy is egalitarian. Capitalism is inegalitarian.... If the economy flounders, the majority might choose authoritarianism.... If economic outcomes become too unequal, the rich might turn democracy into plutocracy.... [S]hared increases in real incomes played a vital part in legitimizing capitalism and stabilizing democracy. Today...capitalism is finding it far more difficult to generate such improvements in prosperity. On the contrary, the evidence is of growing inequality and slowing productivity growth.

Often, when concerns about the future of liberal democracy are expressed they focus on the rise of populism and illiberal tendencies, such as in Orbán's Hungary. But "undemocratic liberalism," or "authoritarian neoliberalism"—the effort to reconfigure "state and institutional practices from social and political dissent," as Ian Bruff put it in a 2014 article—is just as much of a threat.

Policy instruments that could be used to control or moderate capitalism increasingly are insulated from democratic influence. Far advanced along this path are key instruments of economic policy, including monetary policy (through central bank independence and, in Europe, the EMU and European Central Bank), trade and investment (through provisions of international treaties that constrain nation-states and empower investors), and fiscal policy. The Fiscal Compact

in Europe gives neoliberal economic orthodoxy quasi-constitutional status. Labour policies are not far behind.

The scope of decision-making that is open to democratic processes, choice and accountability has been narrowed dramatically. Austerity has either highlighted these trends or sometimes triggered their further development. Add the European Commission's contempt for elected governments, and its role in ousting democratically elected leaders in Italy and Greece in 2011 (to be replaced with technocratic administrations prepared to implement EU-imposed austerity measures), and a clearer picture emerges of liberal democracy in crisis.

Austerity politics is class politics

The age of austerity is the culmination of four decades of neoliberalism, the proponents of which promised, as the *Guardian's* economics editor Larry Elliott recounted in a 2017 column, "higher growth rates, higher investment rates, higher productivity rates and a trickle down of income from rich to poor." In fact, writes Elliott, it "delivered none of these things."

Quite the opposite, in fact. Wolfgang Streeck, the German economic sociologist, argues that states are now accountable to two constituencies that have divergent interests: the *staatsvolk*, or nationally based general citizenry, and the *marktvolk*, creditors with global rather than national interests. It is clear which constituency has won.

Viewed in class terms, working class individuals face unemployment, underemployment, precarious employment, diminished social mobility, declining social wage, reduced public sectors, structural reforms to the labour market and heightened insecurity. This stands in dramatic contrast to the privileges and benefits enjoyed by the upper classes—the top 10% of income earners, and in particular the top 1%.

Class may not be the most fashionable concept in today's social sciences, but clearly these outcomes are the product of class conflicts and class politics aggressively waged from above. **M**

MARC LEE

Financial flows in the Canadian economy

ONE ESSENTIAL BUT perhaps overlooked way of looking at the economy is by using what's called a sector financial balance approach. Pioneered by the late U.K. economist Wynne Godley, this approach starts with a subcategory of national accounts data known in Canada as the Financial Flow Accounts, statements of investment activity in four broad sectors of the economy: households, corporations, government and non-residents.

Here's how it works. In any given quarter or year, each sector can be a net borrower or lender, but the sum of the four sectors' borrowing/lending must be equal to zero. This is an accounting identity reflecting the fact that one sector's borrowing must be another's (or the combination of all others') lending.

Consider a government deficit. The flipside of that deficit is that some other sector or sectors must be in credit by the same amount. For example, \$1 billion in government borrowing must

be matched by \$1 billion in lending from some combination of households, businesses and non-residents. The same is true about the balances for any other sector. The overall balance for the domestic economy (households, corporations and government) must be offset by an equivalent balance vis-à-vis non-residents.

We can look at these flows over time and map them onto events and policy actions affecting the Canadian economy. Some caution must be taken around interpreting causation in this analysis, but it is a useful framework for thinking about what's happening in the economy.

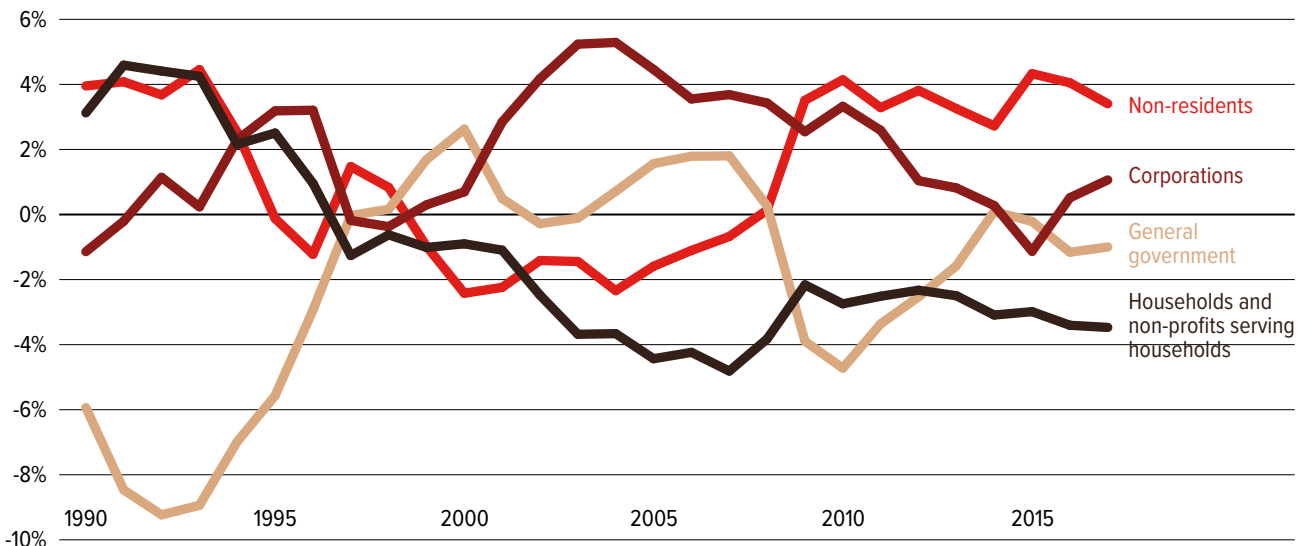
Figure 1 shows the four sector balances going back to 1990 (as a percentage of GDP). The period leading up to and following the 2008 global financial crisis is of great interest. Lines above zero represent a credit position, or net lending; lines below zero show a deficit position, or net borrowing.

Let's start with government, in this case the combined federal and provincial government balance (in beige). Many readers will remember the large government deficits of the 1980s and early 1990s, which were headline news and to this day have biased the thinking of all political parties toward austerity. In the early 1990s, those government deficits were largely financed by households (dark brown) and non-residents (bright red).

As the Canadian economy recovered from a bad recession in the early 1990s it gained strength through the rest of the decade. Strong revenue growth combined with spending restraint drove combined federal and provincial deficits to zero by 1997, followed by surpluses for most of the next decade (apart from two very small deficits in 2002 and 2003).

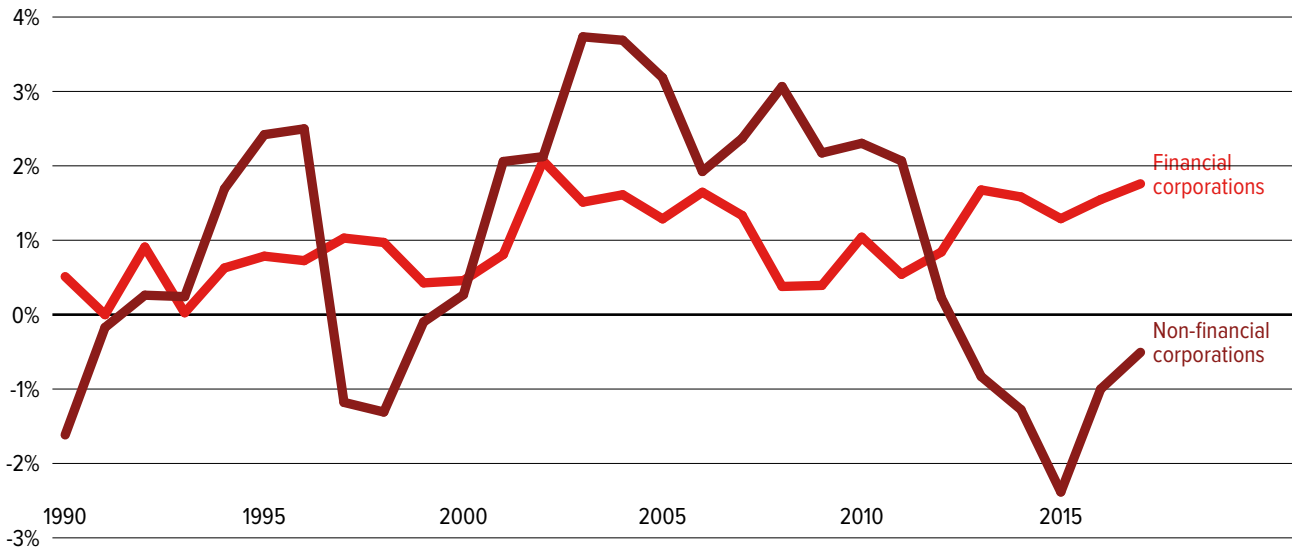
In the wake of the 2008 financial crisis we can see that the government balance dropped to a deficit of 4.7% of GDP in 2010, reflecting expansionary

Figure 1 Financial flows, Canada, 1990–2017 (% of GDP)



SOURCE: STATISTICS CANADA, FINANCIAL FLOW ACCOUNTS, TABLE: 36-10-0578-01 (FORMERLY CANSIM 378-0119).

Figure 2 Net financial investment of financial and non-financial corporations (% of GDP)



fiscal policy federally and provincially. Relative to GDP, these later deficits were nowhere near as large as the deficits in the early 1990s. In each case of deficit, however, it is useful to remember the flipside: the private sector wanted to buy government bonds. Between 2008 and 2010 in particular, investors wanted safe havens in which to place their money.

The changing behaviour of households (in brown) is significant. Historically, through their savings, households were net lenders to corporations and governments. I was not able to get data prior to 1990 (at least not online), but that surplus position for households held before 1990 as well.

That dynamic changes in the mid-1990s. As governments borrowed less, households also reduced their savings. But when governments turned to deficits after 2008, it was not households from whom they borrowed (as would have been expected given historical patterns). Indeed, households became net borrowers as of 1997 and remain so to this day, with net borrowing peaking at 4.8% of GDP in 2007. There was some retrenchment back to 2.2% of GDP by 2009, but household borrowing started to grow again in the 2013 to 2017 period, and hit 3.5% of GDP in 2017.

This should not be a surprise to anyone following trends in the Canadian economy, in particular the run-up in mortgage debt in recent years. This era, especially 2001 onward, is characterized by very low interest rates, which enable households to take on more debt for a given level of income. As home prices rise, this new equity for homeowners allows for even greater debt loads. Unfortunately, these data do not break down the distribution within the household sector, so the total is masking some deeply indebted households while some percentage of wealthy households would be in credit positions.

What about corporations? Historically, corporations borrowed from households (at least they did before the period in Figure 1). But starting in the 1990s, then really picking up in the 2000s, corporations became net lenders. A study from Statistics Canada attributed this to surging profits accompanied by a slowdown in capital investment

(e.g., machinery, equipment and factories) and an increase in financial investments. This pattern of “dead money” (in the words of then-governor of the Bank of Canada Mark Carney) has deteriorated in recent years; the corporate sector even went into deficit in 2015.

Figure 2 breaks out the corporate balance from Figure 1 into financial (banks, insurance companies, etc.) and non-financial corporations. Financial corporations are consistently in a net lender position, as would be expected. Non-financial corporations show greater volatility, but notably swing into a net borrowing position in 2012.

Finally, go back to Figure 1 and look at non-residents (individuals or corporations outside Canada). In the early 1990s non-residents lent to Canadian governments, but during the 1999–2007 period Canadian corporations were net lenders to non-residents, perhaps reflecting trade and investment liberalization.

After 2008, we can see a dramatic shift to non-resident lending and at fairly large magnitudes of around 4% of GDP per year. Even while government deficits shrank after 2010, the total inflows from non-residents continued through to 2017. These data do not tell us from which countries the flows from non-residents are coming, although the U.S. is historically Canada’s largest foreign investor by far, followed by several European countries (Netherlands, Luxembourg, U.K. and Switzerland).

Overall, this analysis shows some major shifts in the relationships across sectors of the Canadian economy. The shift of households into an ongoing deficit position is notable, as is the role of non-resident lending in recent years. Restrictions to dampen housing markets and the introduction of foreign buyer taxes in B.C. and Ontario suggest non-resident lending will eventually decline as a share of GDP. And the record levels of household indebtedness, plus increases in interest rates, also point to a potential rebalancing for the household sector. **M**



DOUG HENWOOD

PHOTO BY DUNCAN RAWLINSON (FLICKR CREATIVE COMMONS)

Bitcoin explained

Highly speculative, anonymous cryptocurrencies are driving up market volatility and carbon emissions. What's not to like?

BITCOIN, ONCE A fairly arcane topic, is now everywhere.

The market pundit Robert Prechter, who is a great psychologist of financial markets despite being a devoted follower of Ayn Rand and believing in a piece of superstition called Elliott Wave Theory, once argued that in the course of a major bull market there's something called a "point of recognition" when the general public

gets on board. That means it's getting late in the run and it's time for pros to think about getting out (though a serious mania can go on well after John and Jane Q get involved).

Have we hit that point with Bitcoin? It sure seems that way. The cryptocurrency's price trajectory over the last few years resembles some of history's great manias, like the Dutch tulip bulb frenzy of the 1630s, the South Sea

bubble of the 1710s, and the U.S. stock market orgies of the 1920s and 1990s.

What is going on? Before getting into the details, I should say that money in general is not a simple topic. Most people have a good understanding of how gold, which is something of a primal money, is mined, refined and shaped into ingots or coins. Slightly less obvious is why it has a monetary status unlike, say, platinum. But gold

is rare, pure, easily divisible and has been highly cherished throughout the ages.

Paper money is more complex. From 1900 through 1971, the U.S. dollar was backed by gold, meaning its value was legally defined by a certain weight of the metal. That ended in 1971, when Richard Nixon shocked the world by breaking the link to gold and allowing its value to be determined by trading in the foreign exchange markets.

The dollar is valuable not because it's as good as gold, but because you can buy goods and services produced in the U.S. with it—and, crucially, it's the only form in which the U.S. government will accept tax payments. Among its many functions, the Federal Reserve is supposed to allow the issuance of just the right quantity of dollars—enough to keep the wheels of commerce well-greased, but not so much that things slip off the tracks in a hyper-inflationary crisis.

But Bitcoin is another animal entirely. It is the first and most famous of a large and growing family of things called “cryptocurrencies.” Other family members include ethereum, ripple, dash, and monero, but Bitcoin is by far the largest. The total value of existing Bitcoins was just shy of US\$300 billion in mid-July. That's nearly double the total value of Citigroup's stock at the time, and slightly more than the value of Wells Fargo's stock, both real banks with millions of customers, making real money.

Bitcoin's origins are in a 2008 paper written by the pseudonymous Satoshi Nakamoto. Despite repeated attempts, no one can figure out who she/he/they is, appropriately enough.

The semi-official definition of cryptocurrency is “a peer-to-peer, decentralized, digital currency whose implementation relies on the principles of cryptography to validate the transactions and generation of the currency itself.” (While that is a dense slab of prose, to be fair to the cryptoids, it wouldn't be easy to define the dollar succinctly either.)

What that all means is that Bitcoin and the rest are electronic currencies—pure data entries in electronic ledgers—created and transferred by networked computers with no one in charge. The role of cryptography is not merely to guarantee the security of the transaction, but also to generate new units of the currency. New units of cryptocurrencies are “mined” by having computers solve complicated (and pointless) mathematical algorithms. Once solved, a coin is created and its birth—with a digital signature guaranteeing authenticity and uniqueness—announced to the rest of the system.

Every Bitcoin includes a blockchain, an anonymous digital record of the unit's transaction history. The creator earns the value of the new coin when it enters the system. You can buy or sell Bitcoin on online exchanges, and there are even a few Bitcoin ATMs scattered about. (The closest one to me in Brooklyn is about two miles away; the closest U.S. dollar ATM is at the deli half a block away.)

Mining requires enormous amounts of computing power. According to some estimates, Bitcoin's power use already may equal three million U.S. homes, topping the individual consumption of 159 countries. The bulk of this mining goes

on in China, where most of the electricity comes from coal, so this is a dirty business. The number of Bitcoins in circulation is supposed to top out at 21 million and reached 17 million at the end of April. As the limit is approached, the coin-creating algorithms get more difficult to solve, meaning more computing power is required, and more carbon is generated. Even the most seemingly immaterial of things often have deeply material roots.

I should emphasize that the algorithms used to generate Bitcoins are pointless. They serve no useful purpose. To some partisans, that's a good thing, because if they were tied to some useful purpose, that might confer some intrinsic value upon the currency. Best, they say, to let its value float freely, limited only by the human imagination.

That's the technology of Bitcoin. What about it as money? The classic economist's definition of money is that it is a store of value, a unit of account, and a medium of exchange. You go to the store and find a can of tomatoes is priced at \$3, which the store will book as revenue when it's sold. You take \$3 out of your pocket or your debit card. You draw down the store of value (the cash on hand or in the bank) and use it as a medium of exchange.

The value of the U.S. dollar is that everyone in the U.S. (and beyond) recognizes the currency as fulfilling successfully all these tests of money. The dollar is valorized by the goods and services that it can buy.

Bitcoin has serious problems in all three aspects. In one week in December, the value of a Bitcoin varied from about \$15,000 to \$21,000. A year before that, it was worth just over \$800. That's not a very reliable store of value. (It was in the \$6,500 range in mid-July, but may have changed drastically by the time you read this.)

Almost no one accepts Bitcoin, nor do any businesses of note keep their books in Bitcoin. It fails both as unit of account and medium of exchange. And its short history—the first Bitcoins were minted in 2009—has been turbulent. There have been multiple thefts, frauds and hackings, which partisans dismiss as growing pains. But with no regulator, no deposit insurance and no central bank, this sort of thing is inevitable. Introduce regulators and insurance schemes, though, and Bitcoin will lose all its anarcho-charm.

Bitcoin's only value is what someone else will pay for it later today or maybe tomorrow. And now they're trading futures on it, which takes speculation into a fourth or fifth dimension.



Gold is like Bitcoin in being a stateless form of money, which is why libertarians love it, but it does far better on the store of value measure. The price of gold varies by less than 1% a day—but its price is still more volatile than the much-maligned U.S. dollar. It is a semi-reliable store of value. But gold does little better on the other measures: there's not much you can buy with it, and almost nothing is priced or accounted for in gold.

Despite that, gold retains an enormous phantasmic appeal—some “objective,” market-determined measure of value, unsullied by state intervention. Keynes called gold part of “the apparatus of conservatism.” That was an old conservatism, the conservatism of rentiers who loved austerity, because it preserved the value of their assets. Bitcoin serves a similarly totemic purpose for today's cyberlibertarians, who love not only the statelessness of it as money, but also its power to “disrupt.” Bitcoin is part of the apparatus of anarcho-capitalism.

The political cast of the Bitcoin universe is mostly libertarian, but it has a

left wing. A paper written a few years ago by Denis “Jaromil” Roio, a hacker, artist and graduate student, deploys quotations from Michael Hardt and Antonio Negri, Giorgio Agamben, and Christian Marazzi to give Bitcoin a revolutionary spin, creatively reading it as a way for “the Multitude [to construct] its body beyond language.” He does not explain how transforming the monetary instrument will change what is produced or how incomes are distributed.

Aside from anonymity—which is nothing to sneeze at!—it's hard to see what problem Bitcoin solves.

MonaCoin, a popular Japanese cryptocurrency

RAY.K, FLICKR CREATIVE COMMONS

There's something to be said for Bitcoin's anonymity—though you have to wonder how impenetrable its veil is to the National Security Agency. For now, it's a semi-safe way to buy drugs and weapons.

But aside from anonymity—which is nothing to sneeze at!—it's hard to see what problem Bitcoin solves. The switch to paper money was a response to the crisis of the old gold-centered system. There's no practical value to Bitcoin— anonymity aside, again—but it does carry political baggage. Leaving aside the entrepreneurs and speculators, who are just looking to get rich, the political vision of Bitcoin is of a decentered, stateless world with competing money systems.

Competitive money, ending the state monopoly over money, has long been a dream of the right. In a 1976 paper, Friedrich Hayek argued

for allowing multiple currencies to be circulated within individual countries; competition would lead to the use of the soundest, meaning most austerity-friendly, currency and put a check on governments' attempts to inflate their way out of trouble. That would mean no fiscal or monetary stimulus in an economic crisis—just let things run their purgative course. In this view, the New Deal lengthened the Great Depression; had the bloodletting continued after Roosevelt's inauguration, things would have righted themselves sooner or later. And we should have done the same in 2008-09.

Cryptocurrencies would be an advance on the idea of competitive currencies—improvised currencies that could challenge the state monopoly itself. (Actually, we had competing currencies in the 19th century; all kinds of little banks issued banknotes that often turned out to be worthless.) Of course, there is no inflation, and government money has proved far more stable than its alternatives, either gold or Bitcoin. No bank depositor lost a dime in the financial crisis of 2008; you can't say that about Bitcoin in its short life. But libertarians—and there are a lot of them in tech and finance, the co-parents of Bitcoin—are always worrying about inflation; they worry about it the same way that hedge fund titans see talk of lifting their tax breaks as a rerun of Nazi Germany.

So even though Bitcoin fails as money, it's acquired a vivid life as a speculative asset. But unlike more conventional speculative assets, its value is completely immaterial. Stocks are ultimately claims on corporate profits, and bonds are a claim on a future stream of interest payments. You can say no such thing for Bitcoin. Its only value is what someone else will pay for it later today or maybe tomorrow. And now they're trading futures on it, which takes speculation into a fourth or fifth dimension.

Even the most seemingly immaterial of things often have deeply material roots.

And what a speculative mania it is. Everyone wants to be part of the action. Bitcoin imitators are sprouting up daily. Near the end of December, speculators forked over \$700 million to a company, block.one, for a cryptocurrency that doesn't really exist and, according to its sponsors, has no purpose. The company has disclosed almost no information about itself, and almost nothing is known about its founders. That same month, the Long Island Ice Tea Corp., which sells nonalcoholic beverages, changed its name to Long Blockchain, and its stock price promptly more than doubled. The firm has no agreements with any cryptocurrency promoters, nor does it have prospects for any. The mere name change did the trick.

It's all nuts, but my guess is that it's not the kind of bubble that will cause broad economic damage when it pops. For that to happen, the bubble would have had to be financed by banks that would be put at risk of failure when things fell apart. That doesn't seem to be happening. But shirts will be lost.

More seriously, this bubble shows that some people have too much money. Our society—and I mean that broadly, since a lot of the money going into Bitcoin looks to be coming from Asia—has plenty of cash for speculation and not much for human need. **M**

A VERSION OF THIS ARTICLE FIRST APPEARED IN JACOBIN MAGAZINE IN DECEMBER 2017. IT IS REPRINTED HERE WITH PERMISSION OF THE AUTHOR AND JACOBIN.



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ERIKA SHAKER

Financial literacy and the rise of the corporate classroom

IN THE 1930S, the Copp Clark Company of Toronto began offering Canadian schools “absolutely free” maps of Canada and the world. The only condition: ads for William Neilson Limited, the chocolate and ice cream manufacturer that had paid for the maps (including postage), were not to be obscured. A 1953 survey conducted by the Neilson company (then owned by George Weston Limited) found that about 55,000 maps were distributed to classrooms through the promotion. This geography lesson has been brought to you by the makers of Jersey Milk.

The visible presence of the corporate sector in Canadian schools is clearly not new, but it has grown exponentially over the past few decades, fuelled by government and big business campaigns to manufacture mistrust in our public institutions. In schools today, corporatization still takes place through the provision of company-sponsored materials (including maps and textbooks) or activities. But it also assumes more subtle forms, such as the forging of “partnerships” between schools and corporate entities (to provide programs or services), and corporate-initiated school fundraising campaigns. The following excerpt from my chapter in the new anthology *Corporatizing Canada: Making Business out of Public Service* (Between the Lines) argues that perhaps nowhere is this corporatization of education more subtle and more worryingly effective than in the trend toward financial literacy.

Public education has often been lectured about its responsibility to “meet the needs of business” since the business world is where many graduates will end up. There has also been

an ongoing debate about whether the role of public education is to prepare students for the workplace, or provide them with the tools to critically evaluate assumptions and expectations about who we are and how we live. On the “real world” side, there has been a growing focus on curricular programs in Canadian schools that are explicitly designed to give students “practical” skills such as financial literacy and entrepreneurialism.

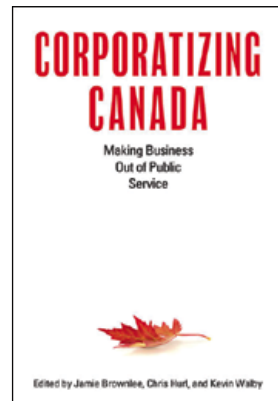
Promotion of the concept of financial literacy is not recent. The Canadian Foundation for Economic Education (CFEE) was established back in 1974 to “improve economic, financial and enterprising capability.” In 1998, the Bank of Montreal developed the *My Money Investment Club* educational materials, which *Jr. Jays Magazine* and Kids Club organizations in conjunction with the Canadian Association of Chiefs of Police distributed to schools across the country. The kit was designed to introduce students age eight and older to “money management and investing.”

But introducing school-aged kids to the concept of financial planning has become much more robust and integrated than a kit with a board game and teacher’s guide that can be voluntarily used (or not) in class. In 2014, the Harper government created a national Financial Literacy Leader, a position which was maintained by the Liberals when they were elected in 2015. This followed a recommendation from a 2011 task force on financial literacy, but no doubt was also a response to the widely reported increase in Canadian household debt levels, which reached 165% of income in 2013, “calling into question [former] Bank of Canada Governor Mark Carney’s assertion that families are listening

to his warnings about the risks of borrowing too much.” The “obvious” solution: explain to Canadians already dealing with stagnant incomes and the rise of precarious work that they need additional training in how to make more money (if they can), spend less (“wants vs. needs”), and manage their finances more effectively.

And it is never too soon to start, right? Recently, the CFEE and Scotiabank partnered on “Talk With Our Kids About Money” Day (TWO KAM for short), because “as more Canadians are faced with increasingly complex financial decisions at younger ages, learning the basics of money management is as important as numeracy.” This is not a one-off. Financial institutions are well-represented in the creation and promotion of financial literacy resources and programs both inside and outside of schools in partnership with organizations like the CFEE. The *Financial Post* recently compiled a list of financial literacy programs in each province, “to get a handle on how well Canadians [well, Canadian public school students] are educated on everything from basic budgets to student loans and the stock markets.”

Obviously, there is nothing inherently wrong with learning about basic



concepts of saving, spending and money management. The concern, however, is that the individualistic framing of financial literacy is deeply *irresponsible* because, as Chris Arthur wrote in a 2014 *Our Schools/Our Selves* article, these programs:

promote a particular worldview in which we cannot collectively alter our economic practices; we can only modulate our individual consumption and investment, which, as if by an invisible hand, will help others.... As a public pedagogy, financial literacy education promotes a profound civic irresponsibility, limiting our obligations to others to ensuring they have a basic level of financial knowledge while delegitimizing effective and socially just collective solutions to financial insecurity.

The focus here is not on structural change or collective and just remedies to a flawed economic system, but rather on individual consumerist solutions. As a result, these programs undermine the systemic change that is required to deal with and reverse financial insecurity that has been reinforced through neoliberal policies and practices. You do not eliminate student debt by teaching students how to eat less caviar, take on one more part-time job, or use single-ply toilet paper. You eliminate student debt by reversing the deep cuts to post-secondary education that started in the mid-1990s and resulted in an exponential increase in the user fees students were expected to bear.

The trend toward “real-world” skills does not end with financial literacy. Schools are now expected to teach students *moxie* (otherwise known as entrepreneurialism) as the cure for what ails our economy, and “a must for Canada’s youth, even those just starting to learn their ABCs,” according to a 2014 *Globe and Mail* article. Laura Pinto has documented, also in *Our Schools/Our Selves*, what she calls the rise of the cultural myth of the entrepreneur in Canadian education and the profound limitations of this panacea. These programs have been feted as the solution to Canada’s high youth unemployment rate, economically depressed regions and communities, and the “changing marketplace” young people are facing. And that is not all. According to Pinto, “because small businesses represent 98% of Canadian companies, 30% GDP, and 45% of employment...promoting entrepreneurship would result in more small businesses start-ups, higher GDP and lower unemployment.”

Problems solved, right? Why spend (public) money on a youth employment strategy, or a “good jobs” strategy, when schools can — as part of their role in furthering the “public interest” — reinforce the neoliberal mantra that rugged individualism, hard work and a spirit of adventure are all students really need to ensure their, and ultimately our, economic security?

Well, not exactly. Pinto goes on to explain that this narrative conveys “a sub-myth of meritocracy” that paints an inherently inaccurate picture of what it means to be an entrepreneur, and who actually succeeds as one. For example, high failure rates, lower pay, longer hours and reduced or limited access to benefits like employment insurance are conspicuously absent — or at best mentioned and then dismissed — from much of the curriculum content and

Financial institutions are well-represented in the creation and promotion of financial literacy resources and programs both inside and outside of schools.

available texts. Furthermore, the “just work hard” mantra that pervades entrepreneurialism texts makes little to no mention of “the role of luck, and fails to acknowledge that the entrepreneur’s social identity (predominantly white and male) had anything to do with their success,” according to Pinto.

In fact, as Aimee Groth pointed out in a 2015 *Quartz* article, research shows the common shared trait of entrepreneurs is: “access to financial capital — family money, an inheritance, or a pedigree and connections that allow for access to financial stability. While it seems that entrepreneurs tend to have an admirable penchant for risk, it’s usually that access to money which allows them to take risks.”

Because this context is absent from the way in which schools are expected to celebrate and teach entrepreneurialism, what is left is “roll-with-it neoliberalization,” explains Pinto. As a result, “entrepreneurship curriculum encourages passive student acceptance of existing economic, labour market, and social conditions.”

In short, entrepreneurial education is not about doing better for all of us. It is about internalizing and individualizing all responsibility for (rare) success and (more prevalent) failure within a narrow market framework, despite all the evidence of who, exactly, our deeply inequitable system privileges and who it marginalizes.

Household debt levels are at record-highs, 50% of working Canadians say they are living paycheque to paycheque, and precarious or insecure work has increased by 50% in the past twenty years in Hamilton and the Greater Toronto area. The solutions to these problems go beyond “working harder” and “saving more”; they require broad economic policy at the political level, not teaching students self-starter-ism or how to design a balance sheet.

But systemic critique of the current economic system and the collective solutions required to address its flaws have no place in the corporatized school, which is positioned as being responsible for national economic stability as well as inculcating in students the desire to succeed in a capitalist economy. This means that, rather than opening up opportunities to critique the current system and propose alternatives to it, the school becomes complicit in shutting down analysis that potentially undermines the corporate agenda. **M**

ROSA ZETLER

Ontario's improving labour market leaves many behind

WITH ALL THE talk about Ontario's labour markets improving since the 2008 financial crash, it is important to take a critical look at which groups of workers have been making gains. *Getting Left Behind*, a new PEPSO (Poverty and Employment Precarity in Southern Ontario) report written in collaboration with McMaster University and the United Way, does just that, by breaking down employment prospects in the Greater Toronto and Hamilton Area (GTHA) by race, gender and education.

PEPSO's main focus in *Getting Left Behind* is job security. In prior studies, PEPSO found that over 20% of workers who reported having full-time jobs also said they had no benefits, fluctuating hours, or felt uncertain about their future. Another 20% of workers previously surveyed were in precarious temporary or contract jobs.

The good news in *Getting Left Behind* is that in 2017, more workers were employed in secure jobs with benefits than they were in 2011. PEPSO documents an 11% increase since then in the standard employment relationship (full-time, full-year work with a single employer and at least some benefits). However, the prevalence of short-term contract work, temp agency work and self-employment has not changed at all as Ontario emerged from the recession, suggesting precarious employment remains firmly embedded in the GTHA labour market.

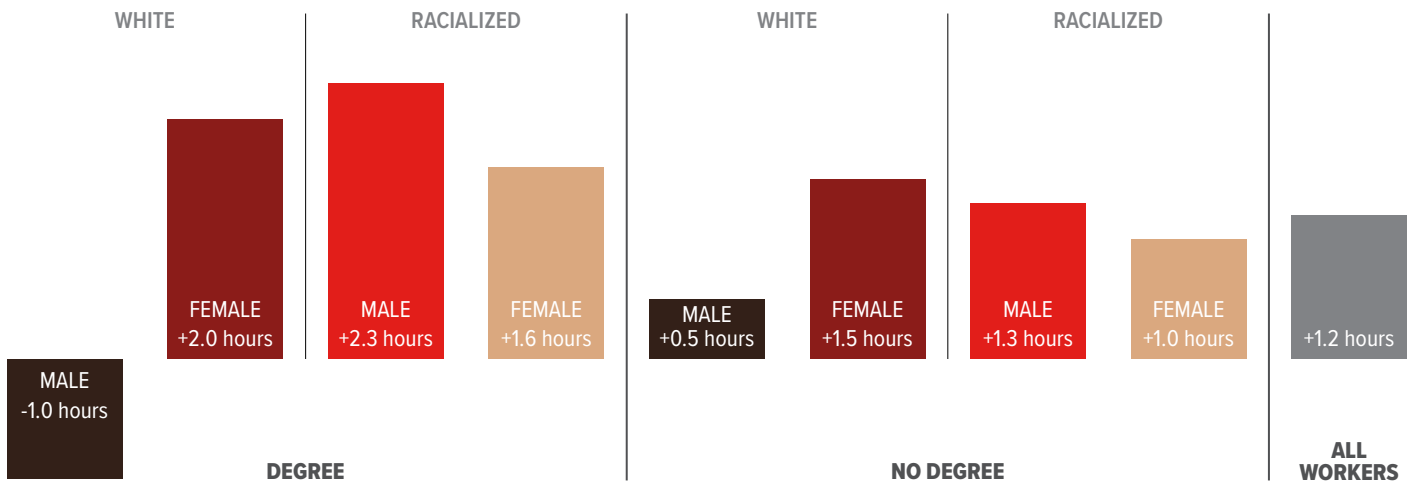
PEPSO's latest report explores which groups have been gaining and which are left behind in an improving labour market. Men generally did better than women, white workers generally did better than racialized workers, and workers with a degree generally did better than those without a degree. When these traits were compounded, the job prospects were even more troubling.

White men and women and racialized men with a degree experienced statistically significant gains in job security, while racialized women and all of those workers without a degree did not experience any statistically significant changes in their situation (see chart). The gap in the employment prospects of these top three groups (white men, white women and racialized men with a degree) relative to all other groups widened between 2011 and 2017.

Prevalence of standard employment relationship by worker category (%)

	BACHELOR'S DEGREE OR HIGHER				NO BACHELOR'S DEGREE			
	WHITE		RACIALIZED		WHITE		RACIALIZED	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
2011	58.0%	51.9%	49.4%	51.7%	51.2%	43.5%	42.6%	48.3%
2017	66.3%	58.5%	60.3%	50.7%	52.8%	48.7%	45.9%	49.0%
Change	14.3%*	12.7%*	22.1%*	-1.9%	3.1%	12.0%	7.7%	1.4%

*SIGNIFICANT AT THE 0.05 LEVEL



Change in hours worked per week in the last three months, 2011–2017

The PEPSO report finds that although more workers are in more secure employment, pay is not keeping up with productivity. This is not a new trend, as median wages have not been keeping up with rising productivity since the 1970s. Wage gains are also not evenly distributed in the population.

PEPSO finds that between 2011 and 2017, white and racialized men without a university degree reported increases in individual income, but that no other group did, and racialized women continue to be the lowest paid. Furthermore, these wage gains increased only as average hours worked went up, meaning real hourly wages remained stagnant.

These new findings demonstrate again how markets, on their own, will not function for everyone's benefit. We must use policy, labour legislation and community coalitions to create a society that works for all of us.

The differences in employment outcomes that PEPSO exposes are strong proof of systemic racism and sexism in Ontario's labour market. Improving job prospects only for some has led to a polarization of employment security. Steps need to be taken to ensure no workers are being left behind in an improving labour market.

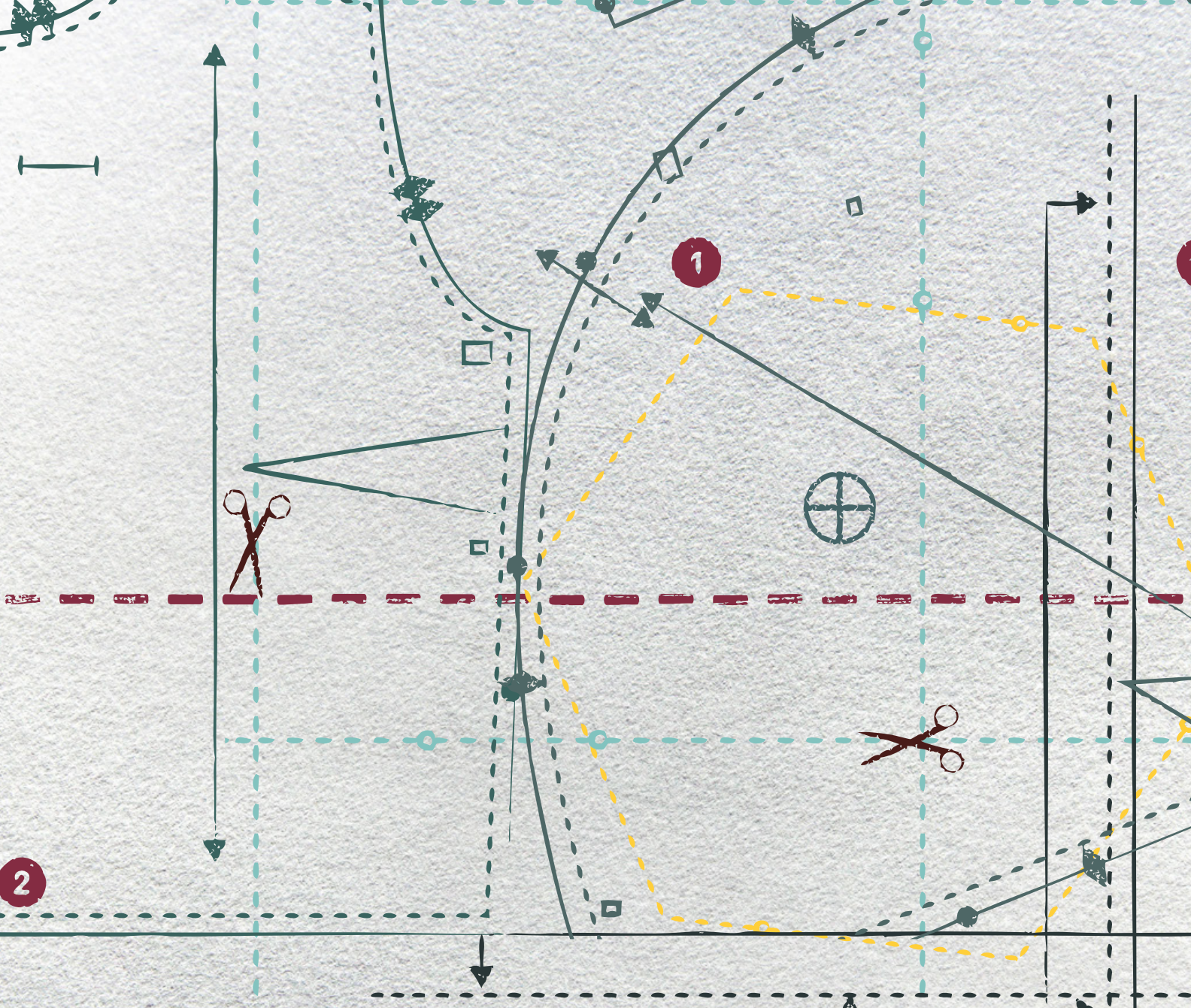
For example, employment standard floors need to be raised, sector-specific workforce development strategies must be developed, barriers for immigrant women need to be lowered, and health, child care, education and housing must be made more accessible. Actions must be taken to improve job security, address income irregularity, and give workers, especially those who are marginalized, a voice in the workplace.

At the same time, for these policies to be most effective we need to be collecting better data, disaggregated to target the needs of different communities.

At a conference to release the new PEPSO report this summer there was a recurring discussion on how racialized workers are often lumped into a single binary (racialized or non-racialized, visible minority or non-visible minority). But not all racialized people or Indigenous people are discriminated against in the same ways, and disaggregated data would allow policy-makers to look at workforce inequities in certain communities with a higher prevalence of Indigenous, Black or other groups of racialized workers.

Labour force gains made by racialized men and white women since 2011 are proof that we can and should be improving working conditions for racialized women as well. In *Getting Left Behind*, PEPSO lays the helpful groundwork for making that happen. **M**

THANKS TO PEPSO AND UNITED WAY GREATER TORONTO FOR THEIR INPUT. THE FULL REPORT CAN BE FOUND AT PEPSO.CA.



STORY BY TOBY SANGER AND STUART TREW
ILLUSTRATION BY KATIE RASO

A CRISIS OF PUBLIC REVENUE

PROGRESSIVE TAXATION CAN EQUALIZE AND STABILIZE
OUR ECONOMY WHILE PROVIDING INSURANCE AGAINST THE NEXT
INEVITABLE CRASH

IN A WORLD where we're blasted daily with bombastic attacks on equality and democracy by Donald Trump and his ilk, the financial and economic crisis of a decade ago can feel like a quaint memory. Yet it still has much to teach us, in particular about the power of government to manage the economy and in whose interests they typically choose to exercise that power.

The crisis exposed deep fissures of inequality and dysfunction in our economic system. Popular movements launched in response, from Occupy Wall Street to the Arab Spring to Fifteen and Fairness, won some impressive battles. The Dodd-Frank financial reforms in the U.S. brought stability to Wall Street, for example, while minimum wages were increased to \$15 an hour in several North American jurisdictions, and taxes were raised on the top 1% to reduce growing inequality in this country.

But momentum on these and other fronts has been lost or diverted as centrist politicians are replaced by right-wing populists. These self-styled disruptors claim to speak for the people and promise to “get out of your pocket.” Once elected though, they almost always push through tax cuts for corporations and the wealthy, which inevitably increases deficits (Trump's latest tax cut is expected to add US\$1.85 trillion to the deficit over 10 years), creating opportunities for cutting more public services.

A progressive tax system, on the other hand, can act like a double-shot of espresso to a sluggish economy: it promotes equality while the economy is humming and insulates people from the cyclical fallout of speculative bubbles. Progressive taxes directly reduce inequalities, indirectly improve living standards for all—by generating the revenues necessary to provide public services—and improve economic efficiency by minimizing opportunities to hoard cash (and speculative profits) in offshore tax havens.

And so, with all the bad policy these right-wing populists throw at us, we simply cannot lose sight of the need for progressive tax reform. It is a tried and true insulator, equalizer and sustainable growth generator in an economy prone to devastating boom and bust cycles.

Many people believe that because personal income tax rates in Canada are relatively progressive—in that we tax higher incomes at a higher rate—so too is the overall tax system. But this claim ignores all the other

taxes we pay—sales taxes, payroll taxes, property taxes and corporate taxes—that cannot claim the same mantle.

As CCPA economist Marc Lee demonstrated in a 2007 report, Canada's overall tax system is actually much more *regressive* now than it was two decades ago, with the result that the top 1% pay a lower overall rate of tax in relation to their income than all other income groups, including the poorest 10%. If the assets and income hidden offshore by corporations and the wealthy were also accounted for, these figures would look even worse.

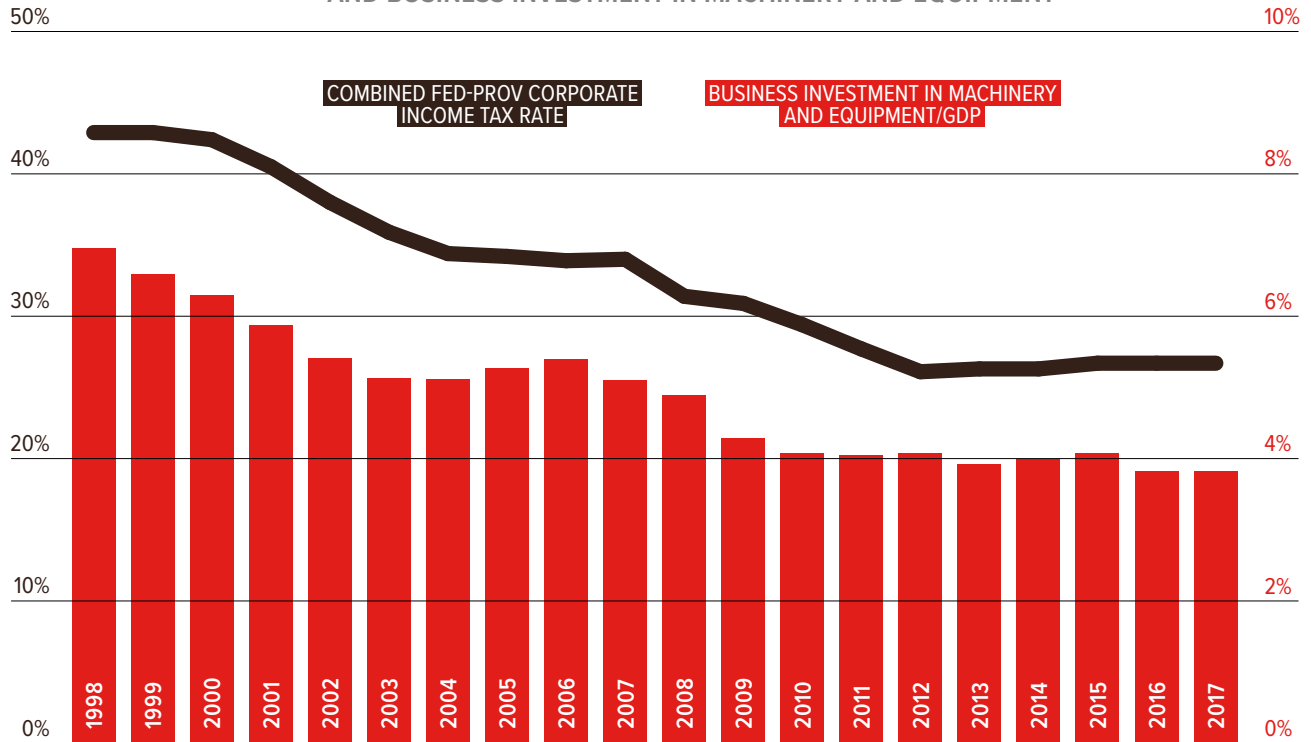
The following tax reforms are largely responsible for this regressive situation:

- Cuts to top income tax rates and surtaxes, including at the provincial level.
- Reductions in the rate of tax applied to capital gains and stock options, and the expansion of other tax expenditures and loopholes that overwhelmingly benefit higher incomes.
- Cuts to corporate income taxes (from 29.12% in 2000 to 15% in 2012 at the federal level) and the elimination of corporate capital taxes in most jurisdictions.
- Greater reliance on consumption and sales taxes that are ultimately paid by households, with rebates provided to businesses.
- Increased reliance on property taxes, with a relative reduction in property tax rates for businesses compared to households.

These tax changes, along with a growth in user fees over the same period, were part of a concerted agenda around the

Cuts to corporate taxes have helped Canadian corporations amass a hoard of over \$700 billion in cash that they are not reinvesting in the economy.

COMBINED FEDERAL-PROVINCIAL CORPORATE TAX RATES AND BUSINESS INVESTMENT IN MACHINERY AND EQUIPMENT



world to reduce taxes on top incomes, savings, wealth and businesses and to increase reliance on consumption taxes and tax on lower incomes. Governments turned a blind eye and in many cases facilitated the expansion of tax havens, and willingly engaged in international tax competition to drive corporate rates down.

We were told these tax reforms would result in greater savings, greater investment, higher productivity and stronger economic growth: trickle-down economics, in short. It didn't work, at least not in the ways our governments claimed it would. Instead we've experienced growing inequalities in both income and wealth, and record corporate profits and surpluses alongside growing household indebtedness.

Cuts to corporate taxes have helped Canadian corporations amass a hoard of over \$700 billion in cash that they are not reinvesting in the economy. Meanwhile, households are shouldering the bulk of the slow recovery through debt-financed consumption.

The chart on this page shows how rates of business investment actually

followed the corporate tax rate downward, slowing productivity growth in Canada. Low rates of business investment are in part a result of outsourcing and investing overseas, but also reflect low wage and demand growth, and the fact that production is becoming less capital intensive. This stockpiled cash is instead going into speculative investments or share buybacks to drive up company stock prices.

These growing imbalances and inequalities in the economy, along with lax regulation and oversight, were a major cause of the 2008-09 financial crisis and subsequent Great Recession. The particular role of the finance industry (see Ann Pettifor in this issue), and its massive public bailout following the crash, increased calls for better regulations, fairer taxation of financial companies and the introduction of financial transactions taxes to curb speculation.

But these sensible measures were strongly resisted by the powerful financial industry and their political friends, especially in the United States, Britain and Canada. A decade after the financial crisis, little has been done to

prevent history from repeating itself, possibly sooner than later.

In the immediate wake of the crash, Occupy Wall Street embodied public outrage over the power of big finance and the unwillingness of Western governments to do anything about extraordinary levels of inequality. Splinter groups occupied cities around the world to demand economic policy for the 99%. This bottom-up pressure led some countries and jurisdictions to raise taxes on top incomes and either stall or reverse some cuts to corporate taxes.

While important symbolically, these measures have been fairly modest in degree and in terms of the revenue they've raised. There has not yet been a significant increase in the tax share paid by top incomes and corporations. Nor have total tax revenues as a share of the economy changed much in the last decade (they remain close to all-time lows federally in Canada).

Likewise, successive scandals in the news about tax havens—including the Luxembourg Leaks, Swiss Leaks, Panama Papers and Paradise Papers—have

increased the public appetite to crack down on tax cheats and the large accounting firms that facilitate tax dodging. Clearly there is one set of rules for the wealthy and another for the rest of us: we pay taxes, they don't if they can avoid it. Yet government action has been tepid here, too.

Faced with public pressure to fight tax evasion, in 2013 over 100 nations including Canada committed to an OECD "base erosion and profit shifting" (BEPS) action plan. Implementation has been slow, and five years later the Canadian government has failed to do anything on the first priority action item related to taxing e-commerce.

Large foreign digital companies such as Google, Facebook, Apple and Netflix are not required to collect or remit HST on services sold (e.g., streaming television) or advertising bought in Canada. This not only costs the federal government billions in lost tax revenues, but it has contributed to the loss of tens of thousands of news and media jobs at Canadian companies that are by law required to collect GST and/or HST.

The government could balance the playing field between domestic and foreign e-commerce firms (and raise a lot of revenue in the process) simply by applying the same tax rules to both, as the OECD endorses. For reasons unknown the Liberals are strangely reluctant to do so.

On a positive note, the Trudeau government has put money and resources toward addressing straight-up tax evasion. It has also reversed some of the former Conservative government's highly regressive tax plans, such as income splitting, and lowered the amount of money individuals can shelter in tax-free savings accounts—an expensive federal tax expenditure that mainly benefits high-income earners.

The Liberals have created a more progressive Canada Child Benefit, expanded the Working Income Tax Benefit, eliminated a number of complicated boutique tax credits, replaced education and textbook tax credits with a better student grant program, and introduced a new top personal income tax bracket of 33% for incomes over \$200,000. All of these measures have improved the fairness of the tax system.

However, the Trudeau government has made much less progress—and taken steps backward—in some other areas. The so-called "middle class tax cut," for example, undid much of the progressiveness in the new top income tax bracket, since the government's definition of middle class included many of Canada's higher-income earners. Cutting the small business tax rate even further (to 9%) will also increase opportunities for tax avoidance by business owners and independent higher-income professionals.

Raising the top income tax rate will also have a limited impact as long as those who pay it can continue to avoid taxes via the stock option deduction—one of the most regressive and egregious tax loopholes in which income derived from stocks is taxed at half the rate of normal income. Corporate pressure led to the government abandoning a promise to set a cap on how much can be claimed through the stock option deduction.

The Liberals stumbled again in 2017 after introducing changes to clamp down on the use of small-business

The last financial crash was a failure of tax policy as well as poor financial regulation.

incorporation as a tool for reducing taxes among high-income professionals. Concerted opposition from the small number of people who would be most affected by the tax change gave the government cold feet, and the Trudeau government appears reluctant to follow through with a pre-election commitment to eliminate other "unfairly targeted tax breaks."

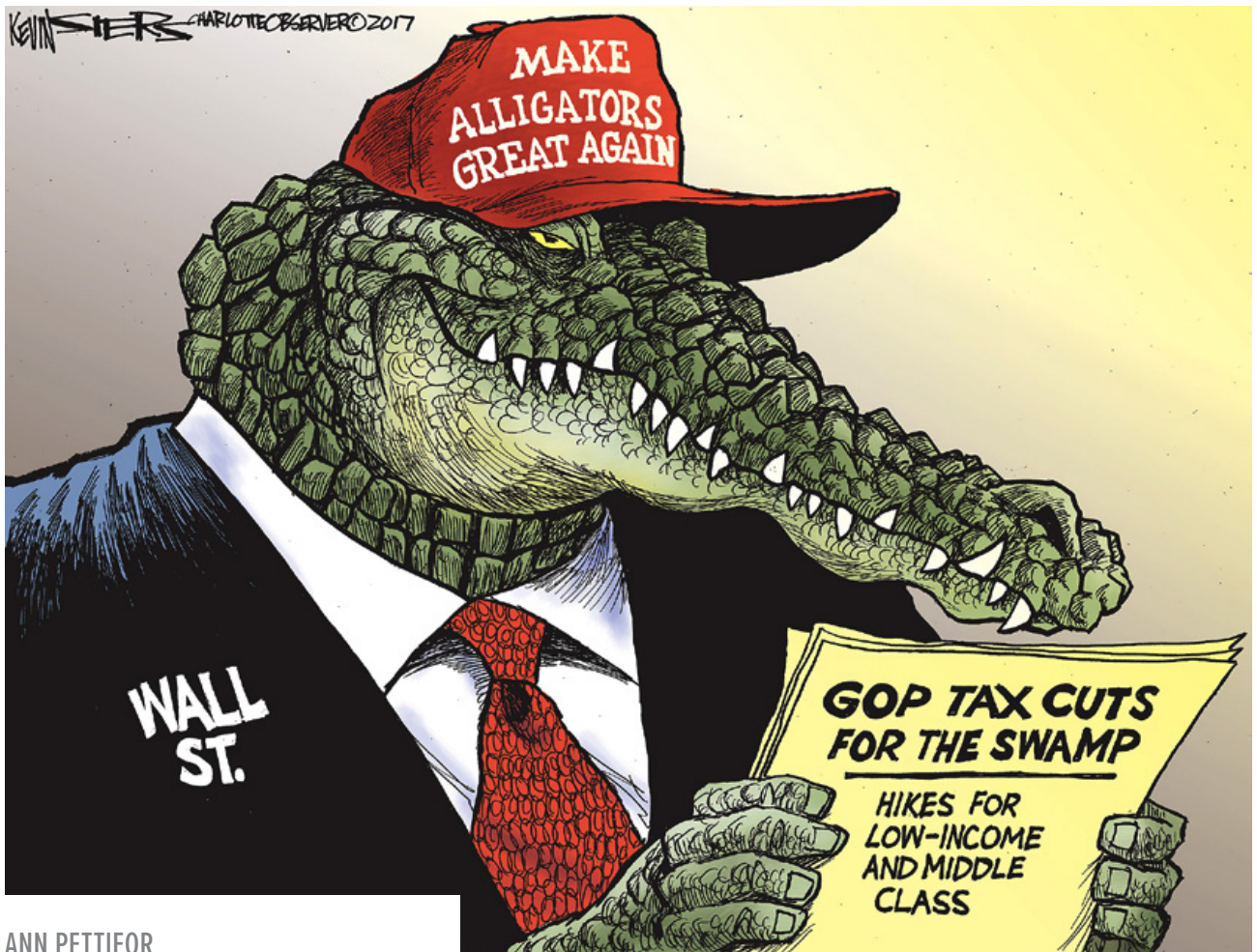
Instead, with a federal election on the horizon next year, and President Trump having slashed corporate tax rates in the U.S. down to Canadian levels, the Trudeau government may be about to provide Canadian businesses with even more tax breaks—possibly by allowing immediate expensing of capital investments—even though, as mentioned before, corporate tax cuts have done little or nothing to boost productive investment.

Ongoing federal deficits and the need for more funding for public services will keep taxes on the agenda leading up to the 2019 federal election. Despite many setbacks, and the resurgence of anti-tax populism in Canada and south of the border, there is still momentum for progressive tax reform.

A progressive tax system will generate funds for important public services, close tax loopholes and opportunities for tax evasion, and provide relief for lower-income earners by taking relatively more from those in a better position to contribute to public revenues. As demonstrated in the Alternative Federal Budget, even Canada's wealthiest families—whose taxes go up in a progressive system relatively more than they do for lower-income people—would benefit from enhanced public services and a more productive economy.

Looking back at the major financial crisis of 10 years ago, we should appreciate these structural economic benefits of progressive taxation. The 2008-09 crash was a failure of tax policy as well as poor financial regulation. More progressive taxation would discourage hoarding and speculation, both of which create a drag on growth, thereby freeing capital for more productive investments in productivity enhancing equipment and new employment.

It would be economically pointless and socially damaging to try and compete with right-wing populists when we know that more tax cuts will only weaken our ability to respond to the next crisis while further worsening inequality. The best way to prove them wrong would be to make the opposite move: make the tax system more progressive, and watch the benefits truly trickle down. **M**



ANN PETTIFOR

Is it unreasonable to blame bankers for the rise in populism?

A T THE APRIL *Rethinking Economics* conference in Oslo, I pointed out that Western politicians and economists are repeating policy errors of the 1930s. The pattern of a global financial crash, followed by austerity in Europe and the U.K., led in those years to the rise of populism, authoritarianism and ultimately fascism. The scale of economic and political failures and missteps led in turn to a catastrophic world war.

Today that pattern—of a global financial crash, austerity and a rise in political populism and authoritarianism—is evident in both Europe and the U.S. And talk of war has risen to the top of the U.S. political agenda. Why have we not learnt lessons from the past?

The “fount and matrix” (to quote Karl Polanyi) of the international financial system prior to its collapse in 1929 was the self-regulating market. The gold standard was the policy by which the private finance sector, backed by economists, central bankers and policy-makers, sought to extend the domestic market system to the international sphere—beyond the reach of regulatory democracy. In the event, the 1929 stock market crash put an end to the delusional aspirations of *Haute Finance*: namely that financiers could detach their activities from democratic, accountable political oversight (Polanyi, *The Great Transformation*, 1944).

Between 1929 and 1931 the losses from the U.S. stock market crash were

estimated at US\$50 billion. It was the worst economic failure in the history of the international economy. Within three years of the crash millions of Americans were unemployed, and farmers were caught between rising debts and deflating commodity prices. In Germany between 1930 and 1932, Heinrich Brüning, the Chancellor, with the tacit support of Social Democrats, imposed a savage austerity programme that led to high levels of unemployment and cuts in welfare programmes. This in turn led to the demise of social democracy, the rise of fascism and ultimately a global war.

The question that arose during the *Rethinking Economics* debate was this: could bankers be blamed for

the current period of financial crisis, austerity, political polarization and the rise of fascism? Surely, responsibility rests with politicians?

I boldly asserted that bankers (meaning the private finance sector) can be blamed for the Great Financial Crisis and for the economic policies implemented after the crisis. After all, it was bankers (backed by mainstream economists) that lobbied most successfully (in the U.K., the U.S. and the EU) for *laissez-faire* in the 1960s and '70s: the deregulation of credit creation, and for the lifting of controls over interest rates and for cross-border capital mobility (Duncan Needham, 2014). By bribing and intimidating the political class, most notably in the U.S., financiers achieved, and still enjoy, self-regulating, global markets in finance.

After the Great Financial Crisis of 2007–09 it was the finance sector that lobbied politicians into bailing out the private financial system. The system was on the brink of collapse, with the very real threat that hundreds of millions of deposit-holders would not be able to withdraw funds from their banks in the event of systemic failure. Bailouts of individual banks (and other institutions including insurance companies) were both inevitable and, given the circumstances, right. After the Fed bailout, Wall Street bullied and blackmailed the U.S. Congress and demanded a further US\$700 billion in bailout funds “to rescue Wall Street from its own chicanery and greed,” to quote Matt Taibbi.

Taibbi reported (in *Rolling Stone* in June 2013) that at “one meeting to discuss the original bailout bill—at 11 a.m. on September 18th, 2008—[Henry] Paulson (ex-CEO of Goldman Sachs, and 74th U.S. Secretary of the Treasury) actually told members of Congress that \$5.5 trillion in wealth would disappear by 2 p.m. that day unless the government took immediate action, and that the world economy would collapse ‘within 24 hours.’”

While Paulson spoke, and politicians deliberated, money markets froze, and stock markets fell like a stone. As Jeremy Warner explained in the London *Independent* newspaper on September 26, 2008, the sector had “warned of economic catastrophe” if the Administration failed to get its way. Soon after, politicians agreed to the US\$700 billion bailout, and markets recovered.

But bankers went further. Not only did they want to be bailed out, they also wanted the systemic nature of the global, self-regulating financial system of *laissez-faire* to be sustained and maintained. After the devastation of the crisis, there was public and political resistance to “business as usual.” The U.S. Congress’s Volcker “rule”—that banks could not use depositors’ funds for speculative bets on their own account—was in the banks’ firing line. With time and large sums of money, Volcker’s and the Dodd-Frank regulatory reforms were to be unwound.

(According to Reuters, the financial sector spent \$2 billion on political activity from the beginning of 2015 to the end of 2016, including \$1.2 billion in campaign contributions—more than twice the amount given by any other business sector, according to a study from Americans for Financial Reform. That works out to \$3.7 million per member of

Not only did bankers want to be bailed out; they also wanted the systemic nature of the global, self-regulating financial system of *laissez-faire* to be sustained and maintained.

Congress and is the most ever tracked by the group, which analyzed spending data going back to 1990.)

The most notable successes for the banks came as a new law was enacted (in May): S.2155, the Economic Growth, Regulatory Relief, and Consumer Protection Act. As the not-for-profit NGO Americans for Financial Reform points out:

S. 2155 is a bank lobbyist’s dream: it contains over two dozen deregulatory gifts to the financial industry. These include provisions that roll back the rules on some of the biggest banks in the country, increasing the risk of financial disaster and a public bailout. Other provisions would expose home buyers to financial exploitation and predatory lending, as well as enable racial discrimination in mortgage lending.... This bill is a victory for banks and their lobbyists over the interests of virtually everyone else.

I stand by the point made: the private finance sector can largely be blamed for the deregulation (“liberalization”), reckless greed and speculation that led to the Great Financial Crisis. They lobbied to ensure self-regulation of the system, and to thwart efforts to restructure the system (as opposed to tinkering at the margins) after [2008-09]. The austerity policies that were recommended by economists followed as governments tried (unsuccessfully) to reduce the volumes of public debt that had risen both because of falls in economic activity, and because of the bailout of the private sector. Those in turn have led to a rise in populism, and to the renewed popularity of fascist parties in Europe.

As I write (in May), bankers continue to foment anger and resistance. In April, online news source *FinReg/Alert* reported, “The biggest U.S. banks made \$2.5 billion from [Trump’s] Tax Law—in One Quarter!”. After the law was passed, Gary D. Cohn, former CEO of Goldman Sachs, resigned as adviser to President Trump.

So I repeat my point: global bankers and financiers (including those overseeing trillion-dollar asset management funds) can be blamed for the rise of populist and fascist political parties after the Great Financial Crisis. And given their determination to evade democratic, regulatory oversight and management of the global financial system, we can expect bankers and financiers to be responsible for the next catastrophic, economic failure. **M**

THIS ARTICLE FIRST APPEARED ON ANN PETTIFOR’S BLOG AND IS REPRINTED HERE WITH PERMISSION FROM THE AUTHOR AND PRIME (WWW.POLICYECONOMICS.ORG).

Value creation vs. extraction

OSCAR WILDE QUIPPED that a cynic is a person who “knows the price of everything and the value of nothing.” As Mariana Mazzucato argues in her important and stimulating new book, *The Value of Everything: Making and Taking in the Global Economy* (Allen Lane), that adage could be applied to the vast majority of mainstream, neoclassical economists.

Mazzucato is the author of the previous bestseller, *The Entrepreneurial State*, which explored how governments have been absolutely pivotal to the innovation process in successful advanced industrial economies, often taking on big risks and opening the way for later private sector investment. Her new book broadens the argument, claiming that mainstream economics is systematically wrong about the value creation process and needs to be replaced by a new framework that distinguishes clearly between value creation and unproductive and destructive value extraction.

Contemporary neoclassical economics makes market prices the only measure of value, and sets aside the distinction made by the classical economists (Smith, Ricardo and Marx) between productive and unproductive economic activity and labour. In the neoclassical world, profits reflect and are justified by the productive contribution of capital, and the fact that goods and services are sold on the market for a profit shows that they have value to consumers. In this light, the national economic accounts largely exclude or hugely undervalue production outside the market by households and by governments, and fail to register the fact that many significant private sector activities are parasitic on the productive economy and actually destroy value.

The dominant paradigm was in fact overthrown at a highly theoretical level during the famous Cambridge capital controversy of the 1950s and

1960s, when Joan Robinson argued that profits could not be shown to reflect returns to capital, but rather reflected the balance of bargaining power between capital and labour. To be sure, investment in physical capital and research by the private sector make an important contribution to value creation, but wealth creation is above all a social process.

Mazzucato closely documents the value extraction role of the finance sector, whose share of total profits has grown rapidly since deregulation in the 1970s. While banks and other financial institutions do play a productive role, in part by directing financial capital to productive uses, most real business investment is in fact financed by retained corporate earnings. Meanwhile, finance has directed resources to almost purely speculative and economically destabilizing activities such as hedge funds and creation of exotic financial instruments such as derivatives that merely transfer dollars between winners and losers, as in a casino where the dealer always wins.

As well, finance has had damaging impacts upon real-economy, highly productive businesses by insisting on maximizing shareholder value and demanding short-term profits paid out through dividends and share repurchases as opposed to providing “patient” capital for long-term investment in equipment and innovation, which boost real value-added and productivity. Despite years of so-called financial innovation, it is hard for truly innovative new companies to attract capital since even venture capital funds are oriented to a quick turnover of capital and have very high “hurdle” rates of return. In this context, very early startup capital often comes from governments that are prepared to take bigger risks for bigger long-term payoffs.

Mazzucato further argues at length that governments play a much more

important role in value creation than is often appreciated. Much of government activity is treated in the national economic accounts as consumption, even though public services help create a great deal of value in the private sector. Public sector spending in areas such as education at all levels and basic research is very much part of the social process of production and value creation, and governments often create the markets served by the private sector. For example, the DARPA program in the United States created the internet and the basis for much of the digital information economy through basic research and support for private sector pioneers.

As in her previous book, Mazzucato is very much an advocate of an expanded entrepreneurial role for government, not just in supporting research and high levels of public investment, but also in setting ambitious goals and missions such as decarbonizing the economy. She argues that governments should take an ownership stake in the productive economy to collect a social return on public investment for citizens, which could be used to fund social programs and public services as well as to create greater social equity. In the Canadian context, she would likely favour taking large equity stakes in innovative enterprises to provide long-term capital for growth, while also seeking greater control of the economy and a fairer distribution of income and wealth.

The Value of Everything is a stimulating and informative overview of value creation and destruction in today's economy. It is very much part of a wider project to develop a new progressive and social-democratic economics oriented toward the creation of real value and social equity as opposed to maximizing GDP. **M**

A LONGER VERSION OF THIS REVIEW WAS POSTED TO THE PROGRESSIVE ECONOMICS FORUM ON JULY 31 (WWW.PROGRESSIVE-ECONOMICS.CA).



The good news page

Compiled by
Elaine Hughes

With 2,800 hours of sunshine per year and help from the World Bank, the Madagascar government plans to produce 85% of the country's electricity from renewable sources by 2030, providing universal electricity in a country where currently fewer than one in seven people are connected to the grid. (For comparison, Saskatchewan plans to be 30% renewable by 2030.) / GOGLA, the East African non-profit trade body for off-grid solar power, says that 60% of the 2,300 micro-solar owners it surveyed in Kenya, Mozambique, Rwanda, Tanzania and Uganda report higher disposable incomes and more job opportunities after switching from expensive, life-threatening kerosene lamps to solar power. / California's greenhouse gas emissions have fallen below 1990 levels, which means the U.S. state has met its 2020 climate targets a year early and expects to cut emissions a further 40% by 2030. / Not to be outdone, Ireland will become the first country to divest from fossil fuels—a movement that has already withdrawn trillions of dollars from the industry's available investment pool. The republic will sell more

than €300 million (\$452 million) in shares of 150 companies involved in coal, oil, peat and gas, "as soon as practicable." / Bloomberg / Globe and Mail / Climate Action / Associated Press / Guardian (U.K.)

On June 27, the 28-year-old, Bronx-born democratic socialist Alexandria Ocasio-Cortez stunned New York—and many Democrats—by defeating 19-year veteran John Crowley to become the party's candidate for Bronx-Queens in the upcoming congressional elections. "I hope that this reminds us of what the Democratic Party should be about, which is, first and foremost, accountability from the working-class people," she said. / Dr. Jess Wade, a postdoctoral researcher in plastic electronics at Imperial College London, continues to add profiles of women scientists to Wikipedia, to correct the historical record. Some of the latest entries: Dorothy Crowfoot Hodgkin, the only British woman to have won a Nobel prize for science; Dr. Patricia Bath, the first African-American

woman to receive a patent for a medical device—the Laserphaco Probe for removing cataracts; Professor Tu Youyou, a pharmaceutical chemist who won the Nobel Prize in Physiology or Medicine in 2015 for her discovery of the malarial drugs artemisinin and dihydroartemisinin; Dr. Eugenie Clark, the founding director of the Mote Marine Laboratory in Florida and pioneer in the use of scuba diving in marine biology; and Yvonne Brill, who developed a more lightweight, accurate and flexible propulsion system for communications satellites. / The Mudgirls, an all-female construction crew with no money or training—but all needing jobs and houses—are literally building a new set of relationships with materials, culture and economics on B.C.'s Gulf Islands. Tucked in the backwoods of Lasqueti Island, about 80km northwest of Vancouver, the Mudgirls have built a community out of cob (a breathable, strong and light material) and mud, their post-and-beam, wattle and daub structures topped with upcycled tire

rooves. / New York Times / Guardian (U.K.) / Yes! Magazine

Hawaii has banned sunscreens containing the chemicals oxybenzone and octinoxate, both believed to harm coral reefs. / Four piping plover eggs hatched on Toronto Island in June, the first time that has happened in more than 80 years, thanks to conservation efforts to protect the endangered species in the Great Lakes region and northeastern North America. In P.E.I., where the plover is also protected, 65 birds were counted this summer, up from 48 in 2017. / Darwin was right about spiders: they are incredible seafarers. A new study has found that smaller arachnids use strands of silk and the Earth's electrical field to "balloon" up to five kilometres into the air and more than 1.5 km out to sea. / Associated Press / Globe and Mail / CBC News / Fortune

Piping plover chicks hatched in Chincoteague, Virginia, June 2012

ERIN EVE, FLICKR CREATIVE COMMONS



Meet Glenna Forrest



Every now and then, the *Monitor* gets to know one of the CCPA's many supporters. In this issue we speak to Glenna Forrest of Public Landing, New Brunswick.

How did you become interested in the work of the CCPA?

Marjorie Griffin Cohen's course "Feminist Economics" in the mid-90s at Simon Fraser University. She introduced us to the differences between right and left economics. Many articles by economists, all so interesting.

I remember especially Jim Stanford and Marilyn Waring. Marjorie's course made sense of the world for me, even though I had no particular interest in economics. In subsequent years, I looked up Jim Stanford and discovered the CCPA. Everything from the CCPA continued to make sense of a changing world for me.

Is this why you decided to become a monthly supporter?

I became a supporter because I believe that the work the CCPA is doing is

fundamental to understanding (or at least trying to understand) the tools of power and therefore the inequities in our society. This is terribly important work.

Even though I've never been able to contribute as much as I'd like to, I wanted to make a commitment to the organization by donating monthly. That way, I would never forget and would always carve out that piece of my income for the CCPA.

It also means that even though my donation is small, they can count on it coming every month. A lot of small donations can make a big difference.

Have you read any good books lately?

A Colony in a Nation by Chris Hayes. I wonder what lessons Canada might learn from the United States about racism.

What one policy could the government adopt today that would make people's lives better?

Respect for each other. Teach it young.



CCPA
CANADIAN CENTRE
for POLICY ALTERNATIVES
CENTRE CANADIEN
de POLITIQUES ALTERNATIVES

The CCPA is incredibly 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.



Work Life

LYNNE FERNANDEZ

Indigenous workers and unions, Part 2

IN THE SECOND of two CCPA-Manitoba reports on Indigenous workers and unions, Jim Silver and I study the case of Winnipeg's CUPE 500, the local that represents City of Winnipeg employees. CUPE 500 is one of the largest locals in a city and province where Indigenous people make up the highest percentage of the total population (12% and 18% respectively) compared to other Canadian jurisdictions.

By 2030, an estimated one in five Manitobans will be Indigenous, meaning that a steadily growing proportion of the province's labour market will be Indigenous. Unions will have to dedicate more resources and effort to understanding and meeting the needs of Indigenous workers.

To that end, we set out to learn what Indigenous members of CUPE 500 thought of their union and how engaged they were with it. We also wanted to learn what the union had done and is doing to represent Indigenous workers and if there were ways for CUPE 500 to strengthen its relationship with its Indigenous members. Of further interest was what role unions might play in fulfilling the "calls to action" in the final report of the Truth and Reconciliation Commission.

Action 92(ii), for example, stipulates that Indigenous people should "have equitable access to jobs, training, and education opportunities in the corporate sector, and that Aboriginal communities gain long-term sustainable benefits from economic development projects." Action 92(iii) calls upon corporations and presumably other "mainstream" organizations to "provide education for management and staff on the history of Aboriginal peoples, including the history and legacy of residential schools, the United Nations Declaration on the Rights of Indigenous Peoples, Treaties and Aboriginal rights, Indigenous law, and Aboriginal-Crown relations."

CUPE 500 helped Jim and me with the recruitment of interviewees. The number of respondents, at 15, was lower than we had hoped for, and we warn that the results of the interview portion of the report cannot be considered representative of a majority of Indigenous members.

We knew from interviewing an Indigenous organizer that some Indigenous people think of unions as just another colonial institution, but none of the workers we interviewed were anti-union. Some had experienced discrimination working in non-unionized jobs and understood the protection unions afforded them. They also said that being in a union gave them more ability to demand fair wages and benefits, something

they said they felt unable to do in non-unionized workplaces where discrimination is more blatant.

Interviewees expressed frustration with the employer, particularly around the issue of recruitment, retention and promotion of Indigenous workers. Non-Indigenous workers and senior management seem unable or unwilling to understand the particular circumstances and barriers faced by Indigenous workers.

We also interviewed CUPE 500 staff and elected officials, and found that they were well aware of these problems. CUPE 500 lobbies the mayor regularly to take more action to promote Indigenous workers. The union contributed funds from its Joint Education Fund for Awareness to CUPE employees at the City of Winnipeg and continues pushing the city to maintain its Indigenous awareness and diversity training program. CUPE 500's equality representative and president met with Mayor Brian Bowman to share information on education and training for all employees to further their understanding of Indigenous history and culture.

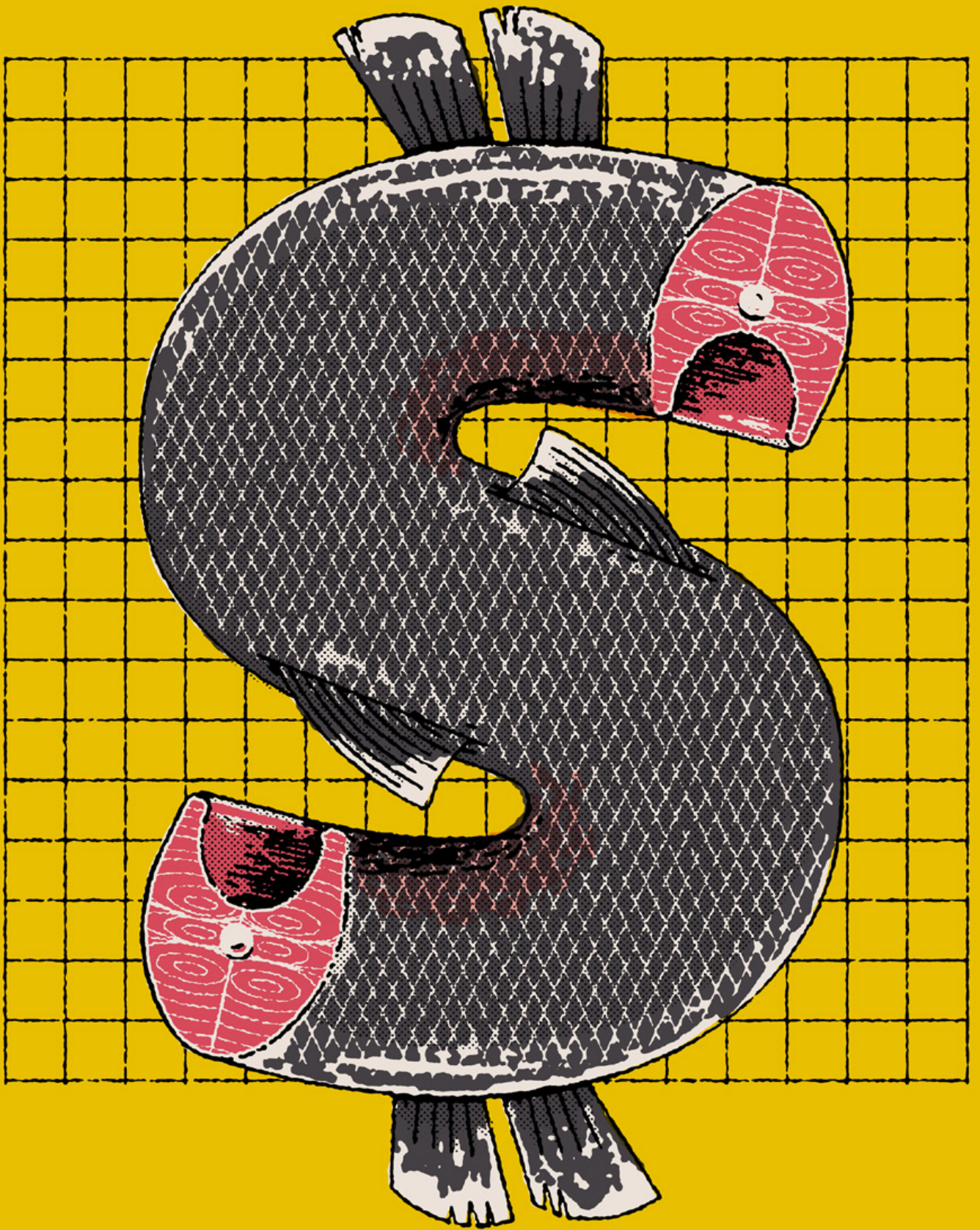
We found that CUPE 500's Aboriginal council is not as active as it could be; some interviewees did not even know it existed. We recommend that CUPE 500 reinvigorate the council to advance Indigenous workers' concerns: this should be a priority for both union staff and Indigenous members. For example, interviewees said they would like to smudge in the workplace, or have an elder they could speak with. A stronger Aboriginal council could help bring these demands to the bargaining table.

Some Indigenous people think of unions as just another colonial institution.

Other recommendations include figuring out how to hire more Indigenous CUPE staff so Indigenous members see themselves reflected—a clear requirement of the TRC's action 92(ii). CUPE 500 should strengthen its ties with the local Indigenous community. The local could strategize with CUPE National's Don Moran, past senior officer for Aboriginal issues, to work with the City of Winnipeg to improve recruitment, retention and promotion of Indigenous workers. We also recommend that CUPE 500 consider an educational strategy for all its employees, based on the CCPA-Manitoba's "Breaking Barriers, Building Bridges" project.

CUPE 500 has come a long way in meeting the needs of its Indigenous members, but like in other unions more work is required, especially given the rapid growth of the Indigenous population. Although meeting the TRC actions 92(ii) and 92(iii) is the responsibility of the employer, unions clearly have a big role to play. Jim and I hope our report will better equip CUPE 500 to continue this vital work. **M**

LYNNE FERNANDEZ HOLDS THE ERROL BLACK CHAIR IN LABOUR ISSUES AT THE CCPA-MANITOBA. FOLLOW HER ON TWITTER @LYNNEFERNANDEZ. TO READ LYNNE'S REPORTS WITH JIM SILVER ON INDIGENOUS WORKERS AND UNIONS, VISIT WWW.POLICYALTERNATIVES.CA/OFFICES/MANITOBA.



LUCY SHARRATT

A fishy return on public innovation investment

The policy collision over genetically modified salmon

CANADIANS ARE THE first in the world to eat a genetically engineered (genetically modified or GM) fish, thanks in part to years of funding from the federal government. This outcome is either a triumph or a failure of Canada's innovation policy.

In this case, the federal government supported the development of a product that is sold unlabelled in grocery stores, but that 38% of Canadians say they would “definitely not eat” if given the choice. Public grants and loans were issued for developing GM salmon, and its commercial success relies on government regulatory approvals.

The product's success also, arguably, depends on the government maintaining its position against mandatory labelling of genetically modified foods, which goes against the wishes of the vast majority of Canadians and bucks the international trend.

Public investment, private product

Genetic modification has been controversial in Canada for 20 years. Yet in that time, according to a *Vice* article this March, the federal government has provided at least \$8.2 million in various grants and loans to support the development of the world's first genetically modified food animal.

The product in question is an Atlantic salmon that has been genetically engineered with a growth hormone gene from Chinook salmon and genetic material from ocean pout. The company AquaBounty says its AquAdvantage™ salmon grow to market-size twice as fast as other farmed salmon. It is currently produced in small quantities at the company's pilot plant in Panama, and Canada is the first and, so far, only market.

Public funding for private research is common across industry sectors, from many government agencies and departments. However, biotechnology was identified early on by the federal government as an economic driver and therefore a priority for innovation investment.

As documented by Devlin Kuyek in a 2002 report (see Further Reading below), Canada reorganized its public research system to privilege biotechnology. In the late 1980s, major federal granting councils were given mandates to support Canadian competitiveness, and new sources of research funding such as Genome Canada, the Canadian Foundation for Innovation, and the Technology Partnerships Program were opened up, each with biotechnology as a priority.

AquaBounty's GM salmon is a beneficiary of this reorganization. The technology behind the GM salmon was commercialized from university research and the key patent is jointly owned by Canadian university professors Garth Fletcher and Choy Hew. Fletcher, of Memorial University in Newfoundland, received over \$2 million in public funding from 1982–2012 to develop the technology. According to a 2015 article in the *Gazette*, the university's official news site, the Natural Sciences and Engineering Research Council (NSERC), a federal granting agency, encouraged the commercialization of his research.

“In 1991, when we were applying to renew our NSERC grant to continue our growth hormone gene transfer research, we were reviewed by an NSERC site visit committee who encouraged us to look for an industrial partner so that the results of our research could be commercialized,” elaborated Fletcher in his October 2016 testimony before a parliamentary agriculture committee.

Ultimately, the professors became two of four founding members of AquaBounty. Fletcher worked with the company for approximately 10 years and supervised much of the research needed for its data submissions (for safety assessments) to Canadian and U.S. regulators. The U.S. government's approval of the product in 2015 “demonstrates that with care, good science and patience, innovative research in this somewhat controversial field can be taken from the laboratory bench to the marketplace,” he told the *Gazette*.

Both funder and regulator

The Canadian government also invested in the research and development of the GM salmon through at least two agreements that included royalty repayment. The government is set to receive 10% royalties from sales relating to the GM salmon research, as part of a \$2.8 million funding agreement in 2009 between AquaBounty and the Atlantic Canada Opportunities Agency (ACOA). The agency provided almost \$3 million to support the company's research into technology to improve the sterility rate of the GM fish in an arrangement that is not strictly a loan or a grant.

The federal government will collect royalties until the \$2.8 million is repaid, but only if the technology is a success. The first repayment, scheduled for 2015, has yet to happen. In 2017, AquaBounty stated that it expected to begin paying royalties in 2018, then clarified in a quarterly report this year that sales of the GM salmon itself were not subject to



A genetically engineered Atlantic salmon, top, and conventionally bred salmon of the same age at the AquaBounty Farms facility on P.E.I., July 26, 2007.

PAUL DARROW/THE NEW YORK TIMES/REDUX

the royalty and that it “does not expect to commercialize products that would be subject to the royalty in the next five years.”

In 1999, according to company circulars, AquaBounty negotiated a similar interest-free loan for just under \$3 million from Technology Partnerships Canada, “to support the Canadian Subsidiary’s efforts to develop commercial applications of its transgenic growth enhanced fin fish technology.” That loan was repayable by a 5.2% royalty “on revenues generated from the sale of transgenic based growth enhanced fin fish commercial products,” but it was never repaid because such obligations expired in 2014, before the company received any government approval to sell its GM fish.

The federal government knew that if the GM fish research led to a viable product it would also be responsible for regulating it. In fact, while ACOA was supporting development of the GM fish, Fisheries and Oceans Canada was conducting world-class research into the possible environmental risks—research later used in the regulatory assessment process that led to an approval from the environment minister in 2013.

AquaBounty was given approval to grow the GM salmon at its small Bay Fortune, Prince Edward Island site where the company was already producing GM fish eggs for research and development purposes. In 2016, Health Canada also approved the GM salmon as safe to eat. However, as clarified by a 2016 court ruling, the company still needs federal approval before it can produce its planned 250 tonnes of GM salmon at a commercial facility now under construction at Rollo Bay, P.E.I.

AquaBounty reports that the Rollo Bay factory is key to its business plan. If approved, it would be the world’s second commercial-scale GM fish factory after a larger facility that was recently approved, but is not yet operational, in Indiana. Commercial success is only possible with regulatory approvals for production and sale. On this, AquaBounty is explicit.

“In the future, our revenue will depend upon the number of countries in which we have received regulatory approval for the sale of our products, the number and capacity of grow-out facilities we have in operation, and the market acceptance we achieve,” the company said in a November 2017 filing with the U.S. Securities and Exchange Commission (SEC).

Policies to aid market acceptance

Government funding was critical to helping one company commercialize the world’s first GM animal. The product’s success, however, may also depend on Canada’s position against mandatory labelling in the grocery store.

Canadians have no information about where the genetically modified salmon is sold because of the long-standing, firm federal position against requiring labelling of GM foods. This position has been maintained despite 20 years of polling that consistently shows over 80% of Canadians want mandatory labelling, and a number of nationwide campaigns to spur this regulation. Canada’s position also bucks the global trend, since various forms of mandatory labelling are implemented in 64 other countries.

In December 2016, the parliamentary agriculture committee held hearings on “Genetically Modified Animals for Human Consumption,” which included a study of “what steps should be taken to best inform the public about new products planned for introduction to the market.” The committee ultimately recommended “greater transparency in the regulatory system that evaluates genetically modified animals intended for human consumption,” but said there should be no mandatory labelling.

In May 2017, when the House of Commons voted down a private member’s bill for mandatory GM labelling, the industry-funded International Service for the Acquisition of Agri-biotech Applications (ISAAA) called it “a manifestation of government support of biotech crops.” A month later, the GM salmon was shipped to market for the first time.

Mandatory labelling would jeopardize commercial success. A 2015 poll conducted by Ipsos Reid for the Canadian Biotechnology Action

Network (CBAN) found that 38% of Canadians would “definitely not eat” the GM salmon if they had the choice. As AquaBounty stated in its 2016 annual report, “We may have limited success in gaining consumer acceptance of our products.”

Announcing its first sales in 2017, the company admitted it “is subject to risks and uncertainties common in the biotechnology and aquaculture industries,” including “the commercial acceptance of any products approved for sale and the Company’s ability to manufacture, distribute, and sell for a profit any products approved for sale.” Without labelling, this risk of market rejection is mitigated.

AquaBounty said its first-ever sale of GM salmon “was very well received by its customers in Canada,” but who these customers are is unknown. Canadians were eating the GM fish before any public announcement of the product hitting the market. AquaBounty disclosed its first sales in its August 2017 SEC filing, after it had already shipped 4.5 tonnes of product into the Canadian market (sometime in the April-June quarter).

Investigations by CBAN and the Quebec network Vigilance OGM (GMO Watch) discovered that the GM salmon arrived via shipments to Quebec in June 2017. Some of that went into grocery stores, but most was bought for the food service industry. Also, all of Canada’s major grocery chains stated, in correspondence to CBAN, that they have no plans to sell GM salmon at their seafood counters.

A June 2018 *MacLean’s* article named the two wholesalers who purchased the first shipments of GM salmon, but one company refused to comment and the other denied importing the GM fish. Ultimately, there are only two players who know where the GM salmon is: the company producing it and the companies that bought it.

Innovation policy collision course

This is not the first time that federal innovation policy has collided with the controversy over genetic modification. In 2003, the media reported that Agriculture and Agri-Food Canada would collect royalties if Monsanto’s GM wheat was approved and sold. The federal department had provided publicly-owned germplasm to the U.S.-based company to develop its GM “Roundup Ready” herbicide-tolerant wheat. Monsanto also received \$800,000 in Matching Investment Initiative (MII) funding from the government.

Monsanto ultimately withdrew its request for approval of that product in 2004 because of farmer and consumer protest in Canada and the U.S., along with sustained international market rejection.

“GM wheat will lead to massive market losses and will effectively close borders to Canadian exports,” said the National Farmers Union in 2003. And they were right. Earlier this year, though GM wheat is still not approved for cultivation anywhere, a few wheat plants with Monsanto’s “Roundup Ready” GM trait were found on a road in Alberta, leading Japan and South Korea to suspend trade with Canada pending tests for GM contamination.

“At this time, there is no domestic or international market demand for a GM wheat product,” stated the Canadian Food

Inspection Agency (CFIA) following this year’s detection of contamination in Alberta. However, the question of market demand and risk is not part of the government’s GM product assessment. Farmers were not consulted before Agriculture and Agri-Food Canada entered into an agreement with Monsanto, nor were they consulted before the CFIA approved field tests of GM wheat and started assessing it for commercial release.

Government investment in research and development, and royalty collection from GM products, changes how we understand other policies that support the introduction or commercial success of genetically engineered products.

By 2009, when ACOA and AquaBounty signed their latest royalty arrangement, at least two private member’s bills for mandatory labelling had been defeated in the House of Commons (in 2001 and 2008). And while Monsanto and the department of agriculture were collaborating on GM wheat research, the CFIA removed a provision for considering market impact from the variety registration process that could have blocked the new GM product’s commercialization.

In both examples, the government made public engagement in decision-making over genetic engineering less possible, while continuing to invest in product development.

Risky investments

The public is not consulted before the government invests in research, nor before it approves any new GM product. For all the public funding that went into the genetically modified salmon, the public was never part of the decision-making.

Removing opportunities for public participation helps create a more predictable environment for the introduction of GM crops, food and animals. But without the benefit of public consultation, funding biotechnology research has saddled the government with some risky and controversial investments.

AquaBounty co-founder Fletcher told *Memorial’s Gazette* magazine in 2005 that when he and Hew were genetically engineering Atlantic salmon, “[t]he thinking was that rapidly growing salmon would have worldwide appeal to the aquaculture industry.” This may have been the case

Canada’s experiences with GM wheat and GM salmon show that innovation cannot be governed by scientific curiosity and commercial interest alone.

when they first began their research in the early 1980s, but the first protest against the GM fish was at AquaBounty's P.E.I. research site in 2001, and by the time the company requested regulatory approval in Canada all the corporate members of the Canadian Aquaculture Industry Alliance had publicly disavowed it.

In 2002, Kuyek, now a researcher with the non-governmental organization GRAIN, said the Canadian government was supporting a "losing industry," since there were still no major Canadian biotechnology companies. Canada's biotech industry was "simply a feeder industry for the big TNCs (transnational corporations) of the U.S., Europe, and Japan," consisting almost entirely of small firms, spun off from university or hospital research, none of which were profitable.

Even today, GM salmon typifies this trajectory. AquaBounty was itself spun off from Canadian university research into a U.S.-owned subsidiary, and has been majority-owned by the U.S. biotechnology company Intrexon since 2003. Intrexon also owns the small Canadian biotechnology company Okanagan Specialty Fruits, producer of the controversial GM non-browning apple.

Despite its foreign ownership, in November 2017 the biotechnology industry lobby group BIOTECanada presented AquaBounty Technologies Inc. with an award for Best Emerging Agriculture Company.

"As many of you know, AquaBounty is a small company with a long history," said CEO Ron Stotish on receiving the award. "Our efforts in Canada have been greatly aided by the supportive business development environment, the support of national and provincial governments, and in particular the support of BIOTECanada and the PEI BioAlliance."

For BIOTECanada, "AquaBounty highlights the particular strengths of the Canadian ecosystem, where game-changing innovations are being developed and supported by a community of entrepreneurs and leaders in all parts of the country." And yet, earlier that year, AquaBounty's financial reporting stated, "We have incurred losses from operations since

our inception in 1991, and, as of June 30, 2017, we had an accumulated deficit of \$103.4 million."

The company earned just \$53,000 from its 2017 GM salmon sales, and lost \$2.1 million in that same year. Intrexon's stock price has dropped from a record high of US\$64 in July 2015 to just over US\$14 in July 2018. In its August 2017 SEC filing, AquaBounty made reference to its profitability: "Until such time, if ever, as we can generate positive operating cash flows, we may finance our cash needs through a combination of equity offerings, debt financings, government or other third-party funding, strategic alliances, and licensing arrangements."

Public participation is the way out

A "frequently asked questions" document from Health Canada asks, "Does the Government of Canada endorse AquAdvantage Salmon?" The answer: "The Government of Canada neither advocates for, nor opposes, specific products. Regulatory decisions are evidence-based and impartial."

However, because the government has already assumed a significant role in funding biotechnology research, this claim to impartiality needs to be supported by increased transparency and new mechanisms for public engagement.

The Canadian Biotechnology Action Network suggests that such measures should include publishing all loan and grant agreements (currently classified as confidential business information) and reporting any royalty payments and payment schedules to the public. Fundamentally, the public should have a role in deciding priorities for innovation investments.

Moreover, if the government continues to invest in biotechnology research and development, it also needs to establish mandatory labelling of all GM foods so that there is transparency for consumers and the government is not perceived as interfering in the prospects for market acceptance. This is especially critical if the government is to collect royalties from the sales of any GM foods.

The federal government does not consult the public before deciding to support biotechnology research projects or allowing GM crops or animals into our food system. Without such consultations, decisions are also made without the inclusion of economic, social and ethical considerations.

Canada's experiences with GM wheat and GM salmon show that innovation cannot be governed by scientific curiosity and commercial interest alone. There needs to be a place for public engagement. If, as Kuyek argued in 2002, the federal government is the biotechnology industry's largest Canadian shareholder, then Canadians should be a part of decision-making. Consulting the public and industry stakeholders such as farmers would help the government assess which innovations are economically viable and of social worth. **M**

FURTHER READING

THE REAL BOARD OF DIRECTORS THE CONSTRUCTION OF BIOTECHNOLOGY POLICY IN CANADA, 1980–2002

DEVLIN KUYEK
The Ram's Horn (2002)

RESISTANCE IS FERTILE CANADIAN STRUGGLES ON THE BIOCOMMONS

WILHELM PEEKHAUS
UBC Press (2014)

GROWING RESISTANCE CANADIAN FARMERS AND THE POLITICS OF GENETICALLY MODIFIED WHEAT

EMILY EATON
University of Manitoba Press (2013)

CANADIAN BIOTECHNOLOGY ACTION NETWORK

WWW.CBAN.CA

NATIONAL FARMERS UNION

WWW.NFU.CA

STORY BY DAVID MACDONALD / MAPS BY KATIE RASO

CANADA'S CHILD CARE DESERTS

High costs and a lack of child care spaces are making life more stressful than it needs to be for parents. A new resource from the CCPA shows us exactly where the problem is worst.



AT THE END of June, the CCPA published a report I wrote mapping the availability of child care spaces across Canada. Clearly it struck a nerve, which is hardly surprising given the data: an estimated 776,000 non-school-aged children (44% of the total) live in postal code areas with fewer than one available child care space for every three children. We called these zones of poor service coverage “child care deserts” and built a searchable interactive map showing exactly where they are from coast to coast to coast. As of mid-July, that map had been used more than 21,000 times.

Public concern with waitlists and the inadequate supply of licensed child care spots is obviously high in most parts of Canada. Indeed, few government child care announcements today do not promote the number of spaces that will be created through a given new investment. This is certainly true for recent provincial budgets, and new spaces were a key part of the federal government’s multilateral early learning and child care framework agreements signed last summer with the provinces (and currently being negotiated with Indigenous groups).

While the attention to the lack of affordable spaces is welcome, it’s important for policy-makers to also acknowledge the wide variations in child care coverage within provinces or even within cities with large child populations. My report ranks 29 Canadian municipalities by both coverage rates (i.e., number of child care spaces per non-school-aged child) and average fees. It then aggregates that data to compare coverage rates between provinces and territories, to develop a better picture of where policy-makers could be focusing their efforts to improve access to affordable child care.

A high child care coverage rate in Montreal, for example, leaves few postal codes behind, with the best coverage in Downtown Montreal East (H3B) and

the worst (8%) in Dollard-des-Ormeaux (H9G). But even in the latter community, high coverage in neighbouring postal codes likely provides parents with nearby options for child care. And, in contrast to other cities, child care coverage is not limited to Montreal's downtown core, but is generally much better (and the spaces much more affordable) across Quebec than most other provinces.

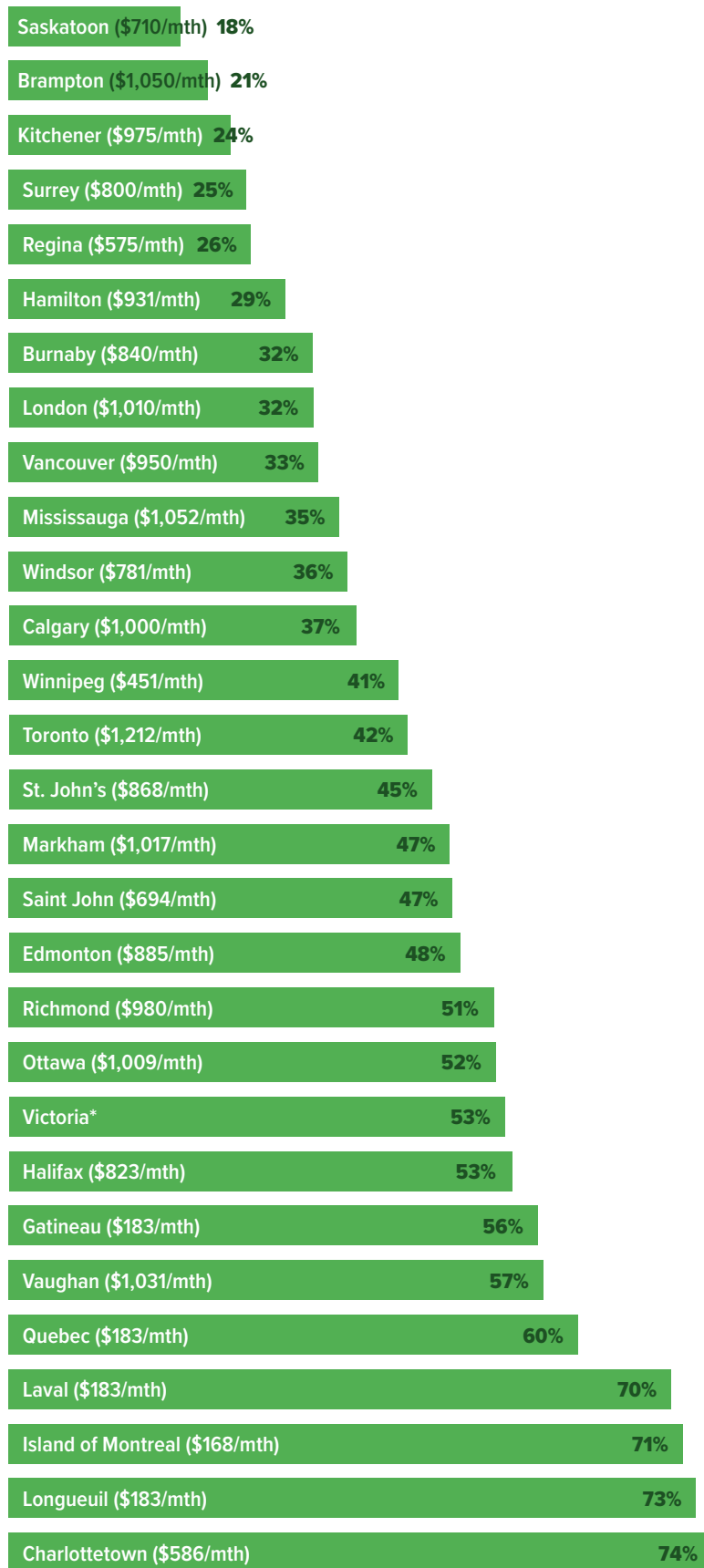
In contrast, Toronto has a high concentration of child care through the middle of the city, starting at Union Station downtown and running north along Yonge Street to Highway 401. But outside of this north-south vein, child care coverage rates tend to be significantly lower and create many "child care deserts." As we've pointed out in past CCPA reports, Toronto's child care fees are also among the highest in the country, costing families up to \$1,700 per month per child. Better regulation and a targeted campaign to establish more child care spaces in the GTA's "child care deserts" could ensure parents have a place to send their children that is closer to home.

Aggregated at the provincial and territorial levels, Quebec, Yukon and P.E.I. have the highest average child care coverage rates, while Saskatchewan, Nunavut, Newfoundland and Labrador, and Manitoba have the lowest average rates. No matter the province, larger cities with populations over 100,000 have fewer "child care deserts." However, outside of big cities the coverage rates often don't differ substantially between smaller centres, small towns and rural areas. My report goes into more detail on these urban-rural differences, as well as other differences in coverage between provinces where fees are regulated and where they are set by the market.

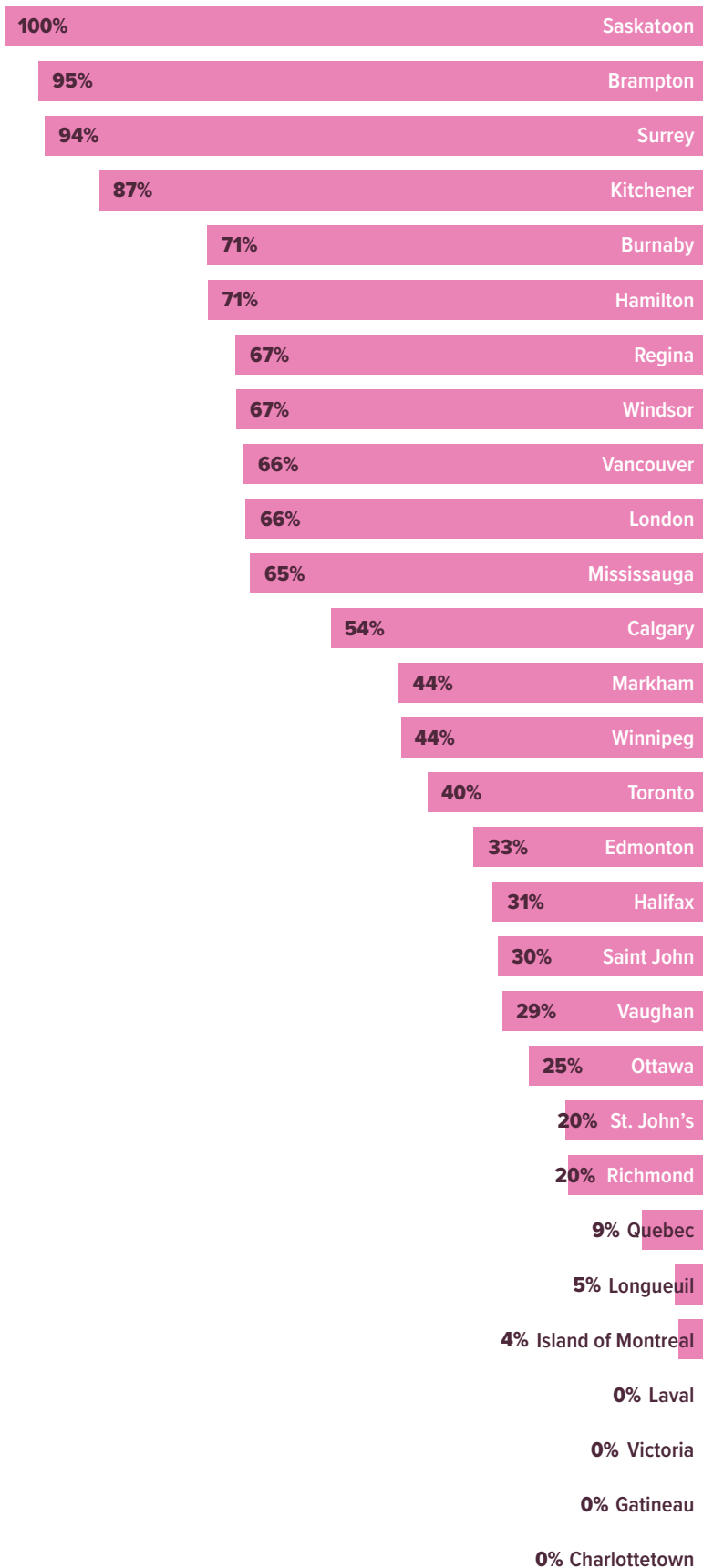
Other comparable international jurisdictions are taking this kind of information into account and planning their child care networks appropriately. In 2002, for instance, all European Union member states committed to having a child care space for 90% of children between the age of three and when they start school, and for 33% of children who are too young to be part of this group. One of the explicit goals of these "Barcelona targets," as they're known, is to "remove disincentives to female labour force participation." The targets had been met by seven EU countries by 2011.

CITIES BY COVERAGE RATE AND MEDIAN PRESCHOOLER FEES

* VICTORIA WAS NOT INCLUDED IN THE CCPA REPORT *TIME OUT: CHILD CARE FEES IN CANADA, 2017.*



PROPORTION OF CHILDREN LIVING IN CHILD CARE DESERTS



Emulating this targets-based approach would seem both desirable and achievable for policy-makers.

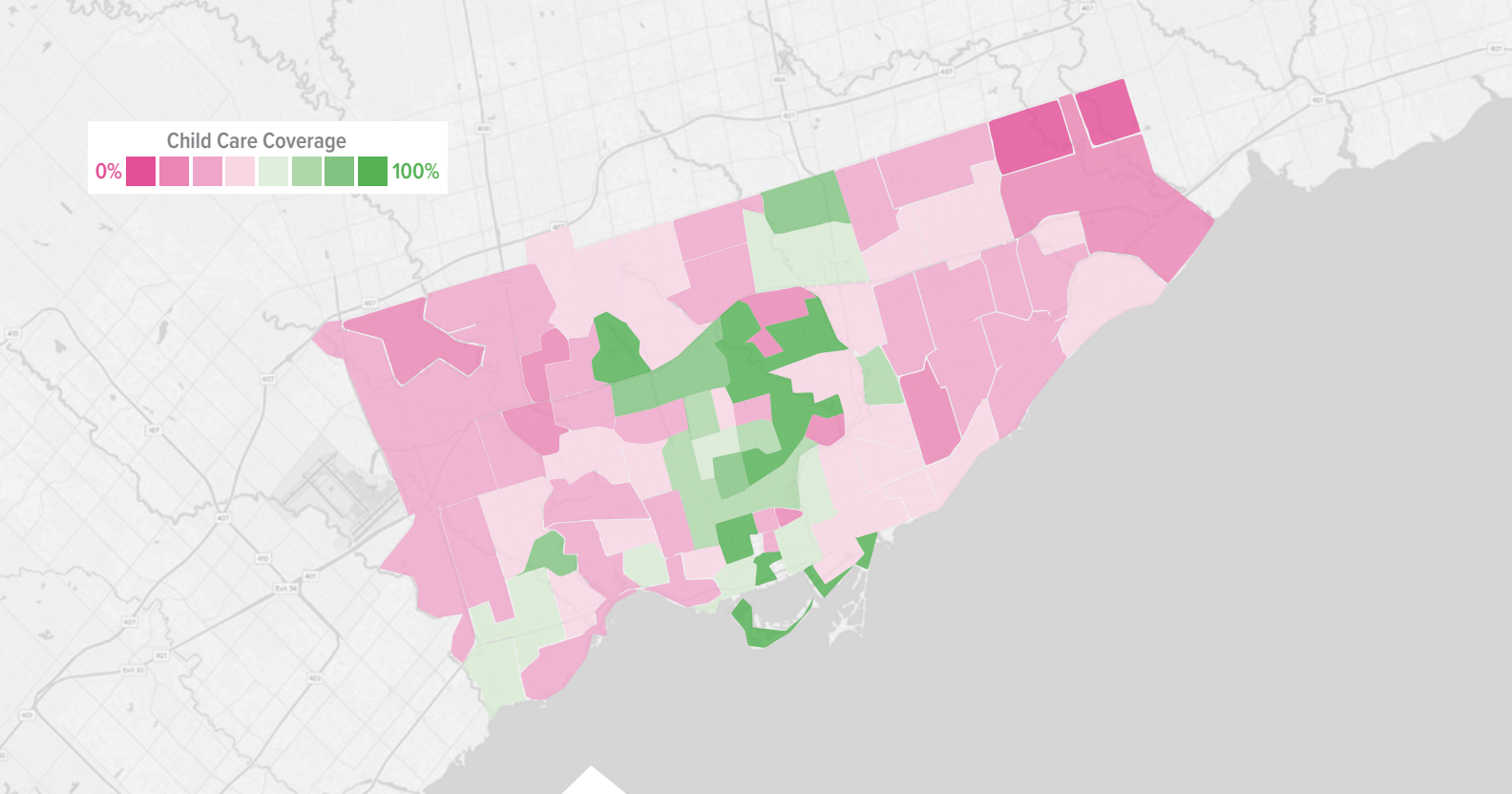
Just as child care fees vary substantially across the country, so too does the availability of licensed child care spaces, creating the highly inequitable situation in which a person's access to child care depends largely on where they live. Indeed, the variability in child care coverage across the country is larger than the variability in child care fees. Even in provinces where fees are set by the government (Quebec, Manitoba and P.E.I.), accessibility to child care (coverage rates) often depends on the size of the community, not actual need.

As the CCPA has pointed out in past reports, child care fees can put a substantial burden on parents. However, the shortage of licensed spaces and the presence of long waiting lists suggest that the stress of finding a child care space—any space, irrespective of costs—can be equally challenging.

Policy-makers looking to address the shortage of affordable child care spaces in Canada need to consider the extreme variability of child care coverage rates across and within different urban and rural areas when developing policy. Provincial efforts to improve child care affordability should be combined with initiatives to increase the number of licensed spaces, particularly in low coverage areas, and to ensure that new and existing spaces provide quality care. **M**

DO YOU LIVE IN A "CHILD CARE DESERT"?

You can see for yourself by typing your postal code into the CCPA's interactive map or simply selecting a city at www.policyalternatives.ca/childcaredeserts. You'll also find a link there to David Macdonald's new report, *Child Care Deserts in Canada*.



CASE STUDY

Greater Toronto Area

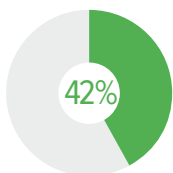
Toronto's 42% child care coverage rate means that an estimated 109,105 children who haven't turned four yet (when they can be enrolled in free full-day junior kindergarten) compete for the city's 46,050 licensed spaces for that age group. And, as you can see in the map, those spaces are not evenly distributed.

Much higher coverage rates, often above 100% (in areas where there are more spaces than children to fill them), can be found in a vein starting downtown and reaching north through the centre of the city, spanning the University of Toronto, Annex, and Lawrence Park areas. But rates drop below 50% north of the Highway 401, in Willowdale for example. The one exception to this rule is the Downsview East/CFB Toronto area, where coverage remains over 100%.

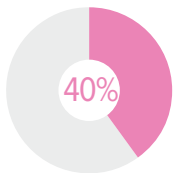
Otherwise, coverage rates are commonly at or below 40% in both the east and west ends of Toronto, which include Etobicoke, Scarborough, York and much of Downsview and North York. Interestingly, Vaughan, a northern suburb of Toronto, has among the highest coverage rates (57%) of any big or capital city outside of the provinces where child care fees are set provincially. On the other hand, Mississauga, Toronto's western suburb, has one of the lowest coverage rates for any Canadian city (37%).

TORONTO

Licensed child care coverage

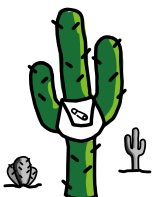


Proportion of children in child care desert



Median preschool fee

\$1,212

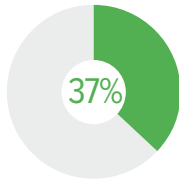


CASE STUDY

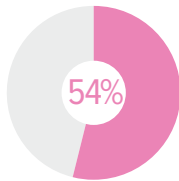
Calgary

CALGARY

Licensed child care coverage



Proportion of children in child care desert



Median preschool fee

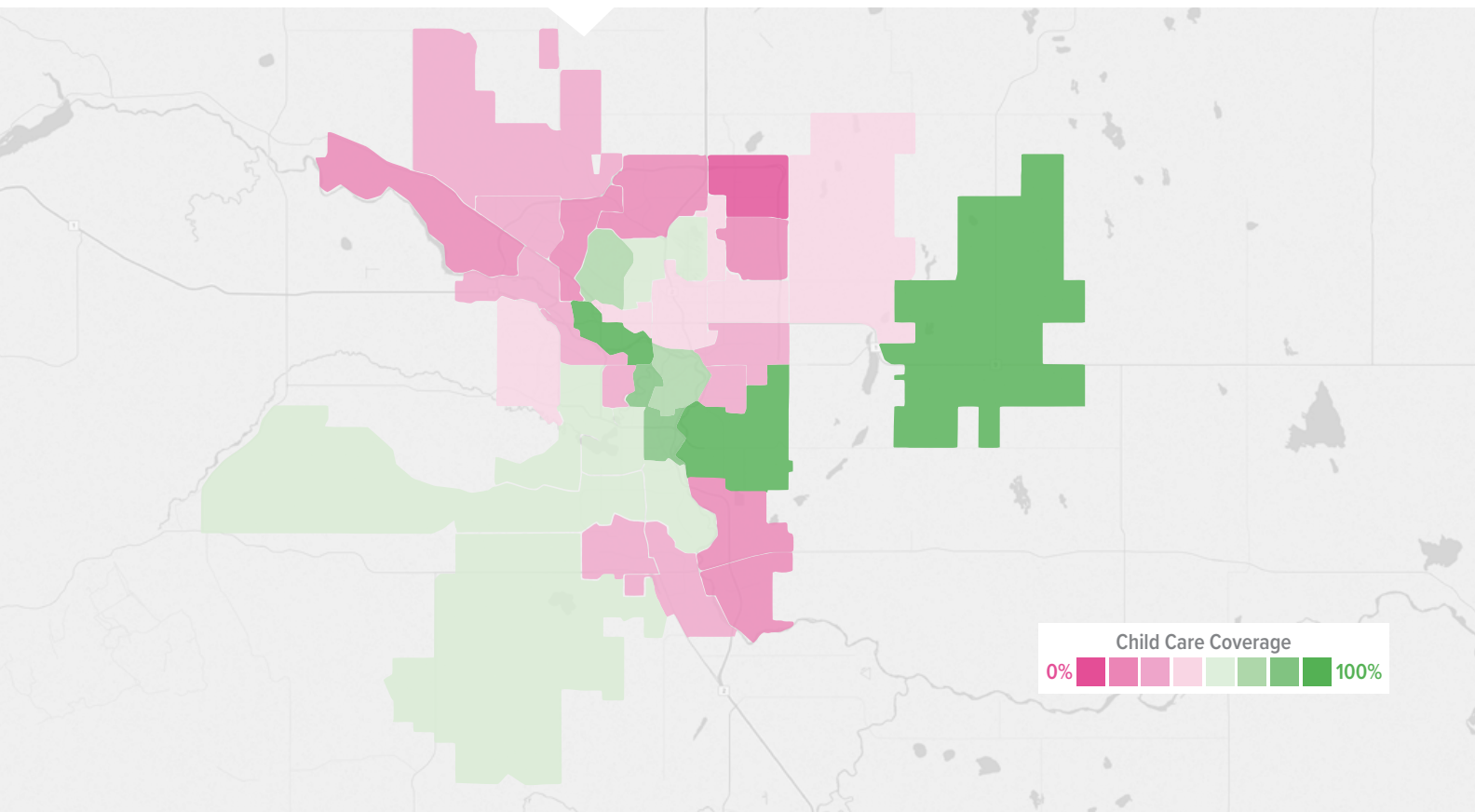
\$1,000

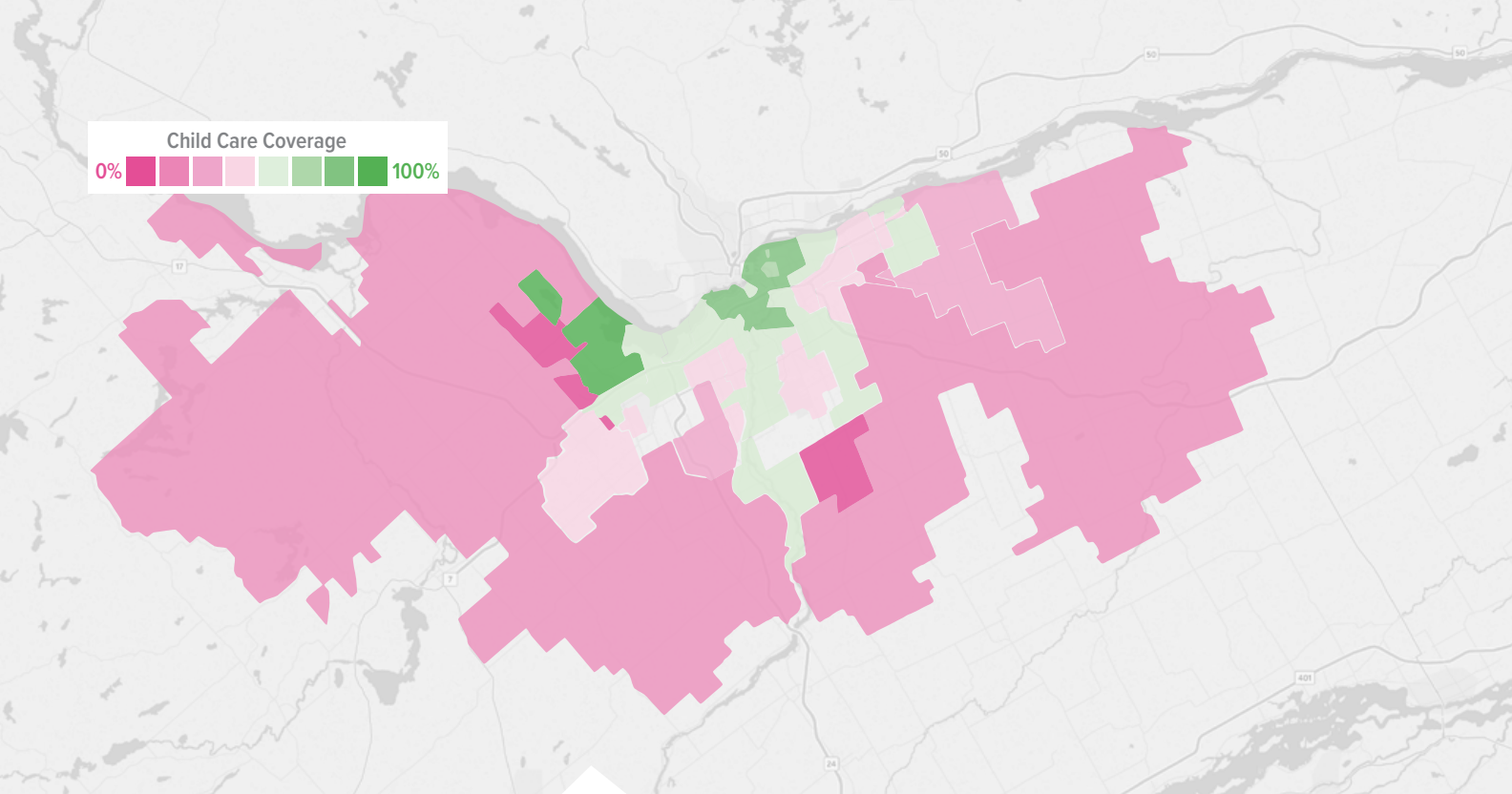
Calgary has an overall child care coverage rate of 37%, which is slightly lower than Toronto's and roughly half of what parents in large Quebec cities experience. Calgary's 78,385 children who haven't turned five share the city's 28,851 licensed child care spaces for non-school-aged children. Over half of Calgary's children live in a postal code with more than three children competing for each available space, i.e., they live in a "child care desert."

Calgary's high coverage rates are concentrated in neighbourhoods along the Bow and Elbow rivers. The higher coverage starts in the north near the University of Calgary and follows the Bow through the city centre. Higher coverage then veers south following the Elbow River through Mission and Elbow Park, but then back over to the Bow River in the Highfield and Lynwood areas.

Neighbourhoods in the southwest of the city, including Lakeview, Braeside, Willow Park and Lake Bonavista, have somewhat lower coverage rates of around 50%. These rates are lower than what is found along the Bow and Elbow rivers in the centre of the city. However, the southwest of the city fares better than much of the northern or the southeastern parts of Calgary.

Areas like Cranston or Mackenzie Lake in the southwest have coverage rates of 20% or less despite large numbers of young children living there, meaning the entire area constitutes a "child care desert." A similar situation befalls much of the northern part of the city, where coverage rates of 20% stretch from Tuscany in the northeast through Saddle Ridge just east of the airport.



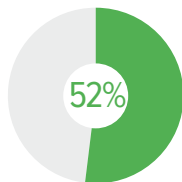


CASE STUDY

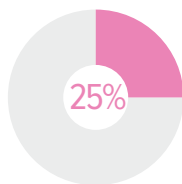
Ottawa

OTTAWA

Licensed child care coverage



Proportion of children in child care desert



Median preschool fee

\$1,009

Ottawa has the fifth largest number of young children of all the cities surveyed in my report. There are 21,211 licensed spaces in the city for 41,055 non-school-aged children, yielding a coverage rate of 52%, or one space for every two children. This is higher than the coverage in Toronto or Calgary, but not quite as high as Gatineau, Ottawa’s Quebec neighbour to the north, where the coverage rate is 56%. A quarter of Ottawa’s children live in a “child care desert,” as you can see here in the map.

As in other big cities, the best coverage is found in the downtown core that hugs the Ottawa River. However, even at their highest levels, coverage in Ottawa neighbourhoods does not substantially exceed 100%. A band of relatively higher coverage rates starts in the west of the city in Highland Park, stretching through Centretown and east through Rockcliffe Park and Overbrook. Higher coverage rates also move south from Centretown, but not much further than Clarington or Alta Vista.

An interesting second concentration of child care exists in Kanata along March Road as it intersects Highway 416, although coverage rates in the rest of Kanata, Nepean and Barrhaven tend to be lower than 50%. In the east end, coverage rates are also lower from Blackburn hamlet through Orleans, and all the way to Cumberland.

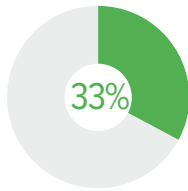
The lowest coverage rates can be found in rural areas on the outskirts of the city where “child care deserts” are common. This includes the large postal code of KOA that surrounds the city, but also the area around Greely, where there are no licensed spaces for the 435 young children that live there. The largely rural nature of these areas likely plays a role in the low coverage rates in that a dispersed child population is harder to serve closer to home.

CASE STUDY

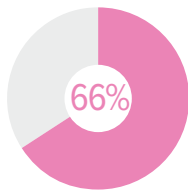
Metro Vancouver

VANCOUVER

Licensed child care coverage



Proportion of children in child care desert



Median preschool fee

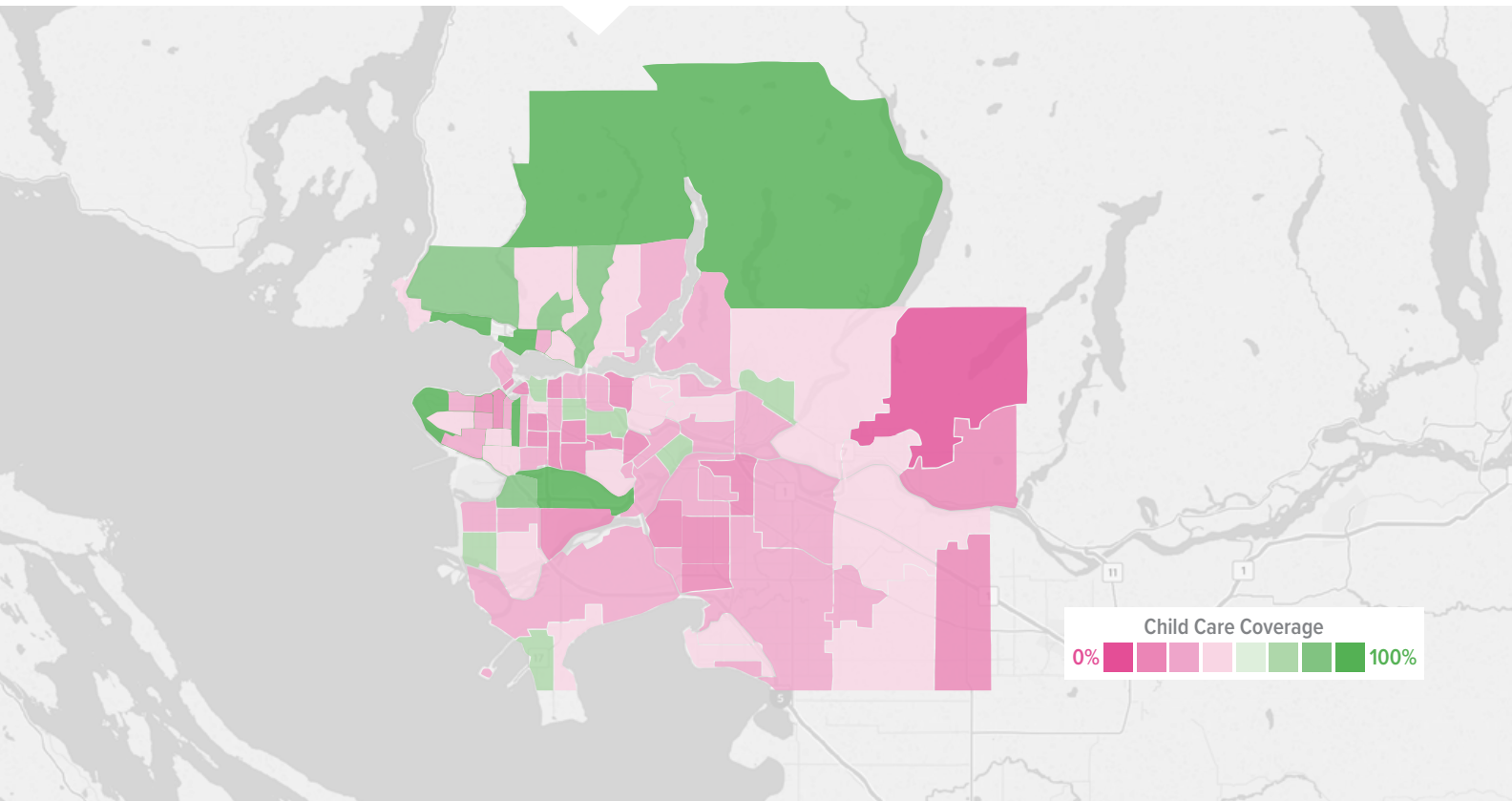
\$950

While the individual cities that make up Metro Vancouver are examined separately in my report, I found it helpful to take a big-picture look at the Vancouver Census Metropolitan Area (CMA). Taken as a whole, Metro Vancouver has a very low coverage rate of 35%, meaning there are three children for every licensed space. Examined slightly differently, out of Metro Vancouver's 116,000 children, 62,000 (more than half) live in a postal code that qualifies as a "child care desert."

Coverage rates are particularly low in the east end of Metro Vancouver, with up to 10 children in eastern Maple Ridge and Langley vying for a single licensed space. Much of Delta, White Rock and Pitt Meadows have three to five children per licensed space.

Despite the number of young children living there, Surrey has one of the lowest coverage rates (25%) of any large city in Canada. Its 29,080 children have access to only 7,325 licensed child care spaces. Almost all of the city is a "child care desert," with only the southern sections nearest to White Rock having slightly higher coverage rates of 42%, meaning there are two licensed spaces for every five children, slightly above the desert threshold.

Much of Burnaby is a "child care desert." In Vancouver proper, Kitsilano, Kensington and Riley Park are all largely "deserts" too. On the other hand, with its one licensed space per child, the University of British Columbia area fares much better. Similar high coverage rates are found in Richmond North and the southern sections of West Vancouver and North Vancouver.



ASAD ISMI

A crisis of trust, a failure of democracy

Popular jailed socialist still dominates Brazil's election, but a resurgent far-right is capitalizing on anger at the status quo.

FORMER BRAZILIAN PRESIDENT Luiz Inácio “Lula” da Silva was still, at publishing time, the Workers Party (PT) candidate and frontrunner in Brazilian elections scheduled for October 7. This was despite him being sentenced in July to 12 years in prison for what his allies and vast supporter base (June polls put Lula as the favourite among 33% of voters) believe to be exaggerated corruption charges.

However, should Lula decide to drop out of the race and back another PT candidate for presidency, as expected, they would face strong competition from a particularly vicious far-right candidate.

Brazil has been embroiled in socioeconomic crisis since the collapse of commodity prices in 2014 pushed the country into a deep recession. The dismissal of the last government in 2016 added political and judicial scandal to the mix when the PT administration of Dilma Rousseff, Lula’s protégé, was impeached in a parliamentary coup on trumped-up charges of financial illegality (not corruption).

For the last two years, Brazil has been led by an unelected right-wing acting president who has also been charged with two cases of corruption. Michel Temer is widely hated for imposing harsh austerity measures in 2017, including highly unpopular pension reforms and deep cuts to government spending while raising salaries for legislators. With an approval rating of only 3%, according to one recent poll, Temer is Brazil’s most unpopular president ever.

Lula, on the other hand, remains well-liked in the country. The two-time president (2002—2010) is widely credited with lifting tens of millions

of Brazilians out of poverty through redistributive economic reforms (see my past articles for the *Monitor* at www.policyalternatives.ca/monitor). A concert in Rio de Janeiro at the end of July featuring Chico Buarque and other big Brazilian acts, who are calling for Lula’s release from prison, drew tens of thousands people into the street.

“The Brazilian people love Lula due to [his] achievements,” says João Feres Júnior, professor of political science at the State University of Rio, “but some Brazilians did not like this.” Feres includes the country’s judiciary in the latter group. In our conversation about the upcoming elections, he tells me Lula’s jailing was “politically motivated,” engineered by “a combination of political forces and politicized judges who have violated many judicial procedures throughout the process,” which made it necessary to convict the former president.

“Brazil is now a ‘tutored democracy,’ with both the judiciary and, even more worrisome, the armed forces acting as a kind of ‘moderate power.’”

Lula was accused and convicted of receiving a bribe from the construction firm OAS in the shape of a duplex seaside apartment worth US\$1.1 million. The investigation was part of Operation Car Wash (*Lava Jato*), a massive corruption probe in which close to 100 Brazilian politicians and officials have been convicted. Lula denied the charge and denounced it as political persecution. In court, his lawyers argued that there is no proof that Lula owned the apartment and that his conviction is based on the testimony of OAS’s former chairman, who was himself convicted of corruption and who hoped to get leniency in his case.

“There is no evidence that he owned the apartment,” Feres states. “The whole process is tainted.” As proof, he points to judges rejecting material presented by the defence, speeding up deadlines and denying access to all the evidence against Lula.

“Brazilian justice, in a heterodox interpretation, considered that it sufficed that Lula, as president, appointed [the state oil company] Petrobras’s administration, which engaged in illegal transactions with OAS, and OAS kept the apartment waiting for Lula to decide whether he would buy it or not, and he never bought it or used it,” explains Rubens Glezer, a constitutional law professor at Fundação Getulio Vargas (FGV), a private university with multiple campuses in Brazil. “The conviction is sustained in a huge chain of inference, with several weak links.”

Glezer does not think that Lula’s conviction is politically motivated in a partisan sense, but notes the result was that “the most popular candidate for the presidency is having his political rights revoked by a highly

contestable conviction.” Meanwhile, he adds, “several other politicians investigated for much more direct and classic cases of corruption, with recorded conversations about bribes or videos of people getting away with a bags full of money, have their political rights intact.”

There is a “combination of forces that wants a different type of Brazil where people stay in their place,” says Feres, referring to an alliance of right-wing political parties, certain judges and corporations united mainly by their desire to get rid of Lula and the PT. “This group does not want progressive change. It wants a Brazil where most people are poor, labour is dirt-cheap, and where it is not threatened by the rise of Black people.” (More than half of Brazilians define themselves as Black or of mixed race.)

While Lula remains popular, this right-wing alliance has managed to reduce public support for his Workers Party by tarnishing its image in the media. “The media are mainly centre-right politically and produce a type of journalism that is worse than the British tabloids,” says Feres. “Their bias against Lula is amazing.” During Lula’s court hearings, big media outlets ran many unproven allegations against the former president that had been leaked by the judiciary.

Running second to Lula ahead of the October elections, at 17% public support in one July poll, is the neofascist, racist, misogynistic and homophobic congressman Jair Bolsonaro, who told a congresswoman in 2014 that “she isn’t worth” raping, “because she’s ugly.” In April, Brazil’s attorney general charged Bolsonaro with inciting hatred and discrimination against Blacks, Indigenous communities, women and gays. He has condoned torture and praised military dictatorship, yet there is a decent chance he will win the next election, especially with Lula out of the running.

“The source of Bolsonaro’s popularity is his ability to channel a lot of different expectations. So definitely a part of his electorate is aligned with his anti-gay, anti-secular, anti-minorities, anti-human rights, pro-dictatorship, pro-gun speech. But a lot more seem



to consider him a candidate who is not politics-as-usual, an outsider—despite his position in Congress since 1991—and more importantly, with no corruption case against him,” says Glezer.

“Nobody knows what his presidency will be like. To say that it will be right-wing is, of course, an understatement.”

Behind Bolsonaro, at 13% public support, is former environment minister Marina Silva, who served under Lula from 2003 to 2010 before parting ways with the PT. She ran for president under two different political parties in 2010 and 2014, but did not make the second-round runoff in either. She is running this time on an anti-corruption message aside from which her political positions are vague.

In third place is former legislator and ex-minister Ciro Gomes, leader of the small Democratic Workers Party, who was polling at 10% this summer. In Lula’s absence, Gomes would be considered the most leftist candidate given his support for raising taxes on the rich, reversing privatizations and nationalizing oilfields.

As shaky as Brazil’s economic recovery has been, Glezer sees the Brazilian crisis as mainly a political one, which he blames on “irresponsible or incompetent leadership that could not structure politics in a minimally ethical manner.” Brazil needs to “reconstruct its political community and it may have to invent the institutions to do so,” he tells me.

New face of Brazil? Neofascist Jair Bolsonaro sheds tears during the national convention of the right-wing Party for Socialism and Liberation, where he was formalized as candidate for president.

REUTERS/RICARDO MORAES

Victor Marques, professor of philosophy at the Federal University of ABC in São Paulo, insists the country’s political crisis is far more profound than that. For him, Lula’s jailing means that Brazil is no longer a full democracy. “Given how polemic and fast-tracked Lula’s judicial process was, it is now common sense in Brazilian society that the main objective of his imprisonment was to block him from running as a presidential candidate again because if he was allowed to run, he would win easily,” Marques tells me. This, and Rousseff’s “divisive” impeachment, has “cast a dreadful shadow,” he adds.

“One way to put it is that Brazil is now a ‘tutored democracy,’ with both the judiciary and, even more worrisome, the armed forces acting as a kind of ‘moderate power’ with no constitutional provision for that. Some say that taking Lula out of the ballot is like a ‘preemptive impeachment.’ I would say it is an anticipated electoral fraud.” **M**

REVIEWED BY HEATHER MENZIES

No easy ride — but worth it!

A road trip through northern Alberta finds the good life in better relations with ourselves, each other and the Earth

GLOBAL WARMING AND THE SWEETNESS OF LIFE: A TAR SANDS TALE

MATT HERN AND AM JOHAL
(WITH JOE SACCO)

MIT Press (March 2018), \$19.95

THE DISCOURSE ON oil extraction and climate change is shifting. Normally, it features well-informed arguments about global warming, health hazards and environmental degradation, with participants largely removed, behind the facts being presented. Andrew Nikiforik's otherwise excellent *Tar Sands: Dirty Oil and the Future of a Continent* (2008) is an example of this tendency toward detachment, I'd say. In wonderful contrast, however, the authors of *Global Warming and the Sweetness of Life* draw readers into their own deeply personal reflections on climate change, in particular how the tar sands question forces a deeper conversation about reconciliation, not just with First Nations but with the Earth itself.

Matt Hern and Am Johal don't like the impasse the debate on climate change has reached or the drift toward managing climatic changes rather than confronting their causes. Moreover, some of the plans on offer, such as "dimming" the sun by firing sulfate aerosols into the stratosphere, frankly alarm them. They also feel that the left, particularly in the West, has been too fixated on state solutions, and that the environmental movement has shied away from politics, leaving the field open to the kind of authoritarian responses to the climate crisis presaged in post-Hurricane Katrina New Orleans and on display once again in Puerto Rico since Hurricane Maria ravaged the country in 2017. And so these two "nerdy, activist types"

(their words) with a research focus on "ecological discourses" embark on their own attempt to politicize ecology.

Chapter 1 sets the stage and also the tone of how Hern and Johal go about this ambitious project. They do it both intellectually and very personally, allowing themselves to be touched, moved, implicated, troubled and unsettled. This starts with the book's opening sentence, a question—is "sustainable development" possible?—put to Indigenous activist-academic Leanne Betasamosake Simpson during a conversation at a Vancouver restaurant. (Unbeknownst to all three of them at the time, a ship was leaking toxic bunker fuel into the Vancouver Harbour while they talked.) Wrong question, Simpson replies.

I like the authors' humility in sharing that moment, a humility that continues throughout the book, nicely adding to its readability. Hern, a self-described fourth generation settler, and Johal, the son of immigrants from post-partition India, are tacitly admitting to being so stuck in thinking boxes, reinforced rather than opened up by their PhDs, that they didn't recognize "sustainable development" for the oxymoron that it is. They decide to visit Fort McMurray, Alberta, one of the largest, if not the largest industrial development project in the world, to see what the term really means.

According to studies quoted in the book, not only will boosting tar sands production from two million to five million barrels a day imperil all the lakes in Alberta, the energy inputs required to heat all that water to extract oil from the bitumen will drastically exceed the greenhouse gas emissions from conventional sources. "Every serious climate scientist and every credible source says: unless the vast majority of the tar

sands is left in the ground, disastrous global warming is a near certainty," they write. And so, admitting that they too are "carbon pigs," Hern and Johal team up with their pal, cartoon journalist Joe Sacco, gas up their SUV and head north from Edmonton to the oil patch.

Their arrival in Fort McMurray is depicted by Sacco, who draws the three men repeating the phrase "oil sands" to themselves (instead of "tar sands") as they approach the city, lest the locals dismiss them outright if they slip up. Another cartoon holds no punches in detailing what bitumen oil extraction involves and the disaster awaiting at the end of the full-blown tar sands production line.

Sacco then switches to the people living in the area: 70% are married, nearly 40% have children under the age of six, and multiple hundreds are new Canadians, from over 100 countries, who support extended families back home. His images depict the multi-ethnic mix in town, including a woman wearing a hijab as she happily scales the climbing wall at the recreation centre, the largest such complex in Canada. Fort McMurray is home to all these people, with jobs offering enough to pay off student loans, mortgages, truck and car loans. "Ecology has to be able to look Fort Mac in the eye and say, 'leave 85 per cent of it in the ground,' and be ready to answer when people ask, 'ok, then what?'" assert Hern and Johal before getting back in their SUV and heading about 200 km due west.

Little Buffalo, Alberta is home to the Lubicon Cree, whose traditional (and unceded) hunting, trapping and fishing territory now bristles with over 2,600 oil and gas wells and over 2,400 kilometres of pipeline, sometimes oozing toxins into the land and water. The authors take in all this

invasive technology, experiencing it as “a flagrantly hostile presence.” Again, they cite facts and figures. An oil spill in the territory in 2006, another in 2011. In one year, 19 of the 20 pregnancies ended with stillbirths.

But it’s Hern and Johal’s willingness to take this on, their willingness to be there, to immerse themselves, to implicate themselves in the lived realities behind these stats, that is the genius of this book. It’s not just that they are bringing the contradictions of “sustainable development” alive by going to the land that is being laid waste by it. It’s the holding up of their subjective experience of it—not remote, removed, objective observation—as a valid contribution to public discourse and knowledge. (Kudos and a shout-out to MIT Press here for daring to publish this book.)

The book’s intellectual rigour is as laudable as its open-mindedness. The authors deconstruct the links between development/improvement and domination/exploitation and how both relate to capitalism/colonialism as a globalizing dynamic. Their historical frame is perhaps not as long as it could have been. For example, it would have been helpful to discuss, as Ellen Meiksins Wood does in *The Origin of Capitalism* (2001), the original transformation of land from living, inhabited, shared habitat into private property, to be exploited for profit through what John Locke, the “father” of modern market economics, championed as “improvement.”

Still, Hern and Johal demonstrate how locked into the petro-economy society is, citing its global scale of integrated vested interest, its centrality to the stock market and to both the Alberta and the Canadian economy. They name the ubiquitous use of gross domestic product (GDP) as part of the problem, too, especially at the level of public perception. It’s hard to think outside the box of “sustainable development” if your society’s well-being has come to be equated with the sum total of consumer spending, government expenditures, investments and exports.

The book struggles to understand the power holding people and economies in that box, and also to find ways out of it. For Simpson, the alternative is clear because she’s already living it—through the resurgence of Indigenous traditions and world views, through self-determination in renewing relations with the land and honouring the land as teacher (“land as pedagogy,” in her words). But she also knows why so many Indigenous people are also drawn to the stuff of the GDP, and she shares that in her conversation with Hern and Johal.

Simpson talks about the “anxiety and shame” that is the lived experience of Indigenous people colonized generation after generation, and how seductive it is therefore to embrace offers by mining and pipeline executives, good-paying jobs and development partnerships being their ticket to joining the Canadian middle class. It’s not so different, I think, from the people who embrace the harshness of Fort McMurray life as a way to ease or eliminate debt. “Debt is a persistent narrative of our personal lives,” one that induces “rather piercing forms of anxiety,” the authors write in the last chapter of the book.

Trying to articulate alternatives to development *über alles*, the authors are inspired by many themes in current Indigenous activism, especially the centrality of

de-colonizing human relations with the land. “The hopefulness of anti-colonialism informs an ecology beyond domination, an ecology that necessarily confronts displacement and seeks reparations,” they write, convinced that “land politics” must be at “the heart of ecological thinking.”

Hern and Johal are also inspired by the concept of *buen vivir* associated with many of the Latin American de-colonial struggles, and even enshrined in the 2008 Ecuadorian constitution as the Quechua/Kichwa phrase *Sumak kawsay*. Roughly translated, they both mean “good living” or “right living” in a supportive social context. The Ecuadorian constitution spelled this out as the rights to housing, food and security, sexual orientation, and also the rights of nature.

In a book about Canada, I would have appreciated it had the authors linked this concept of *buen vivir* to that of “well-being” or, in its French original, *bien-être*, which was central to some of the governance and treaty documents penned in 18th-century British North America. Excavating this mostly forgotten discourse in his book *A Fair Country: Telling Truths About Canada* (2008), John Ralston Saul points out that it meant shared well-being, individual well-being in a supportive context. It was understood at the time, Saul argues, to mean the common weal (the common good), similar to Indigenous understandings of the common bowl.

Having recently read *The Common Pot* (2008), Abenake Harvard University professor Lisa Brooks’s excellent anthology of 18th-century Indigenous writing in North America, I now have a sense of Mohawk Joseph Brant’s contribution to that discourse, and how it helps to bring Hern and Johal’s core theme home. Brant used the term “common pot” to symbolize his people’s traditional land and their traditional practices and relationship protocols for sharing it. The common pot implied *bien être*, or shared well-being, in the largest sense—healthy woods and bushlands teeming with game, nuts and berries; healthy rivers and wetlands full of fish, clams, birds and edible plants—as well as the relationships and protocols that governed and sustained it all. Sweet!

Global Warming and the Sweetness of Life ends with some hopeful anecdotes. Simpson talks about Anishinaabe women in Peterborough doing “guerilla” maple tree tapping for traditional syrup-making in the spring, because this is their traditional maple bush, and about some Mississauga Nishnaabeg elders who are doing their own relationship-building among cottage dwellers so they can gather traditional plants on their traditional lands.

The authors’ last stop is in Janvier, a reserve southeast of Fort McMurray. They’re guests of Dene community organizer Melissa Herman, who has been instrumental in bringing energy self-sufficiency through solar power to the community. She takes her visitors out onto the land where they pick wild blueberries and are shown how to scoop up cups of fresh water filtered through muskeg into small pools.

There is no prescription for *buen vivir* in the *Sweetness of Life*. I end the book thinking of it as a byproduct of a journey that is part healing and recovering the power of naming, part do-it-yourself social movement and part political organizing. It’s a long journey, but the journey itself is also the destination. It’s all about connection, all about relations and relationship-building. Right relations. **M**

REVIEWED BY JEREMY APPEL

“Puertopia” versus a democratic economy

THE BATTLE FOR PARADISE: PUERTO RICO TAKES ON THE DISASTER CAPITALISTS

NAOMI KLEIN

Haymarket Books, March 2018, \$14.95

WEIGHING IN AT a slim 96 pages, Naomi Klein's *The Battle for Paradise* reads more like a pamphlet than the full-length books—*No Logo*, *The Shock Doctrine*, *This Changes Everything*—that solidified her cred internationally on matters of globalization, neoliberalism and climate change respectively. It could also double as an illuminating appendix to her recently published *No Is Not Enough* (Knopf Canada), itself a greatest collection of sorts that portrayed President Trump as a global brand, a product of unfettered capitalism, leading the U.S. off the edge of the climate cliff.

The Battle for Paradise takes this focus on the Trump administration even further, lasering in on Puerto Rico and what its residents are doing to resist the U.S. government's—and global finance's—plans for the island after it was devastated by Hurricane Maria in 2017.

Puerto Rico is a colony in the truest sense of the word. While Puerto Ricans lack representation in U.S. Congress and the Electoral College, their economy is largely dependent on imports. What's more, the island “gets an astonishing 98 per cent of its electricity from fossil fuels,” Klein writes, adding that it has no domestic supply of oil, gas or coal. Many of the islanders Klein spoke with referred to Hurricane Maria in 2017 as a breaking point, or “our teacher.” For example, when the electricity grid collapsed, Puerto Ricans learned quickly how renewable energy and organic farming would make the island less susceptible

to the impacts of climate change, of which Maria was no doubt a product.

“If Maria is a teacher, this emerging movement argues, the storm's overarching lesson is that now is not the moment for reconstruction of what was, but rather for transformation into what could be,” she writes. Klein points to the environmental group Casa Pueblo, which operates a community centre—“a strange hybrid of ecotourism lodge and revolutionary cell”—and farms its own organic coffee using solar panels to generate its energy, as an example of the players making that transformation happen. After Maria, Casa Pueblo used the energy it produces to open a solar-powered cinema.

But there are two competing and contrasting visions of what the island could be. One is what Klein calls “Puertopia,” the vision international capitalists have for Puerto Rico as their libertarian playground, where remarkably low corporate taxes allow financiers to experiment with deregulation and privatization schemes they wouldn't be able to get away with on the U.S. mainland. One particularly interesting example of this scheme is an attempt to turn the island into a cryptocurrency mining hub, which, as Klein points out, is one of the world's fastest growing sources of carbon emissions.

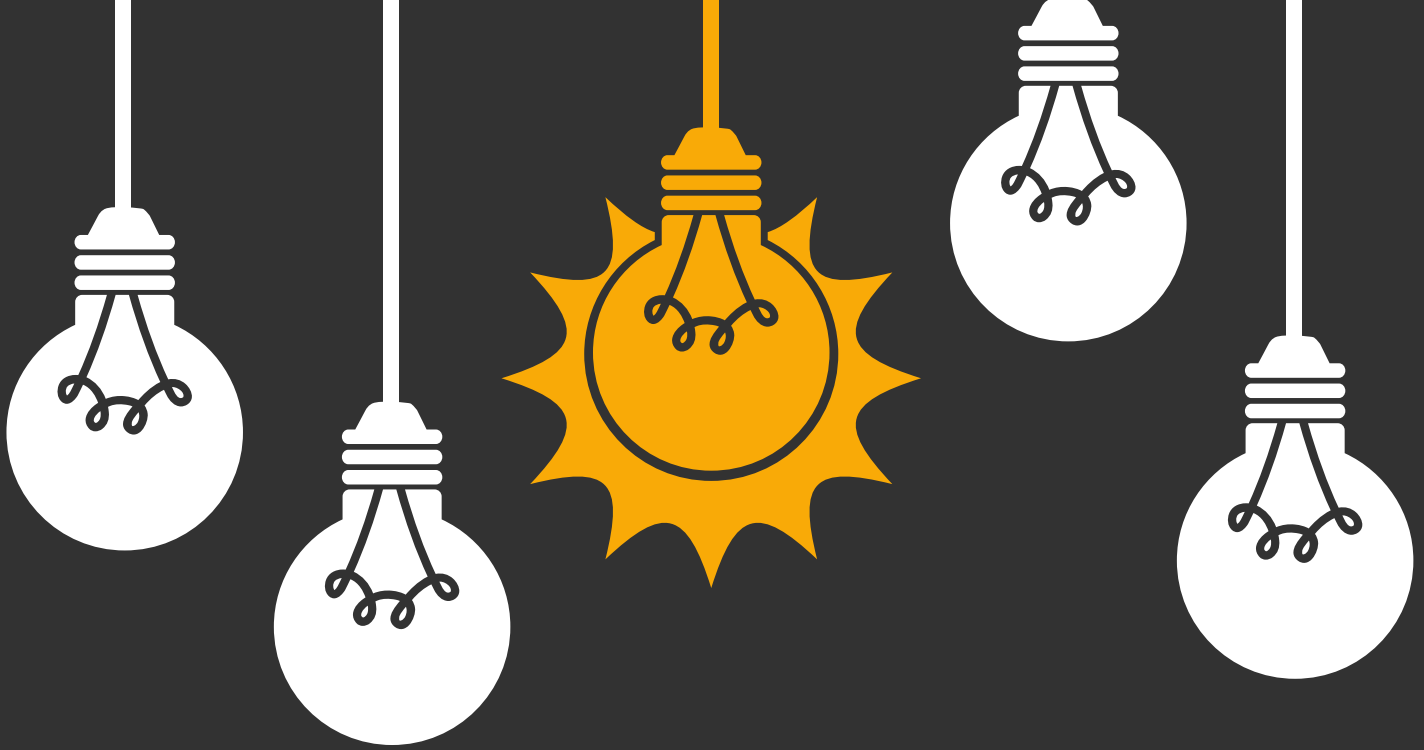
Bitcoin, the dominant cryptocurrency, consumes about the same amount of energy per year as the entire State of Israel, she observes. The island's mere 4% corporate tax rate also lets these fintech speculators set up shop without having to give anything back to residents in return, not even the meagre-paying jobs much past foreign investment has produced. (For comparison, Trump recently lowered the U.S. corporate tax rate to 21%; the net rate is 15% in Canada.) “They're not

building factories and employing huge numbers of Puerto Ricans,” Klein told *Jacobin* magazine this year. “It's really just a scheme.”

The alternative to unproductive investment in pointless fintech, among other corporate plans for the island, is, asserts Klein, a grassroots movement of Puerto Ricans who not only reject the status quo, but offer a clear alternative to corporate globalization, disaster capitalism and climate catastrophe. While international capital wants to seize the opportunity presented by Hurricane Maria to rebuild the island as a tourist trap—with luxury hotels, golf courses, mansions and mega malls—regular Puerto Ricans are working to reclaim their territory, transforming it into a model for renewable energy and localized farming.

Unfortunately, the *Battle for Paradise* became a bit out of date shortly after its release in March. While the book estimates 1,000 Puerto Ricans died in or as a result of Maria (the official count is still a ridiculous 64), a Harvard study released in May put the number at a shocking 4,600. The discrepancy only reinforces Klein's point about the devastation caused by the hurricane and the urgency for Puerto Rico to chart a way out of dependency on the whims of global capital.

On May Day this year, thousands of islanders took to the streets in a general strike to protest postsecondary tuition increases, the closing of 280 public schools and proposed cuts to pensions. According to the *New York Times*, police fired pepper spray and tear gas in an effort to quell the demonstrations. Similar protests occurred last year, and if the current trajectory continues, we will be seeing many more in the future, as the battle between Puertopians and islanders intensifies. **M**



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