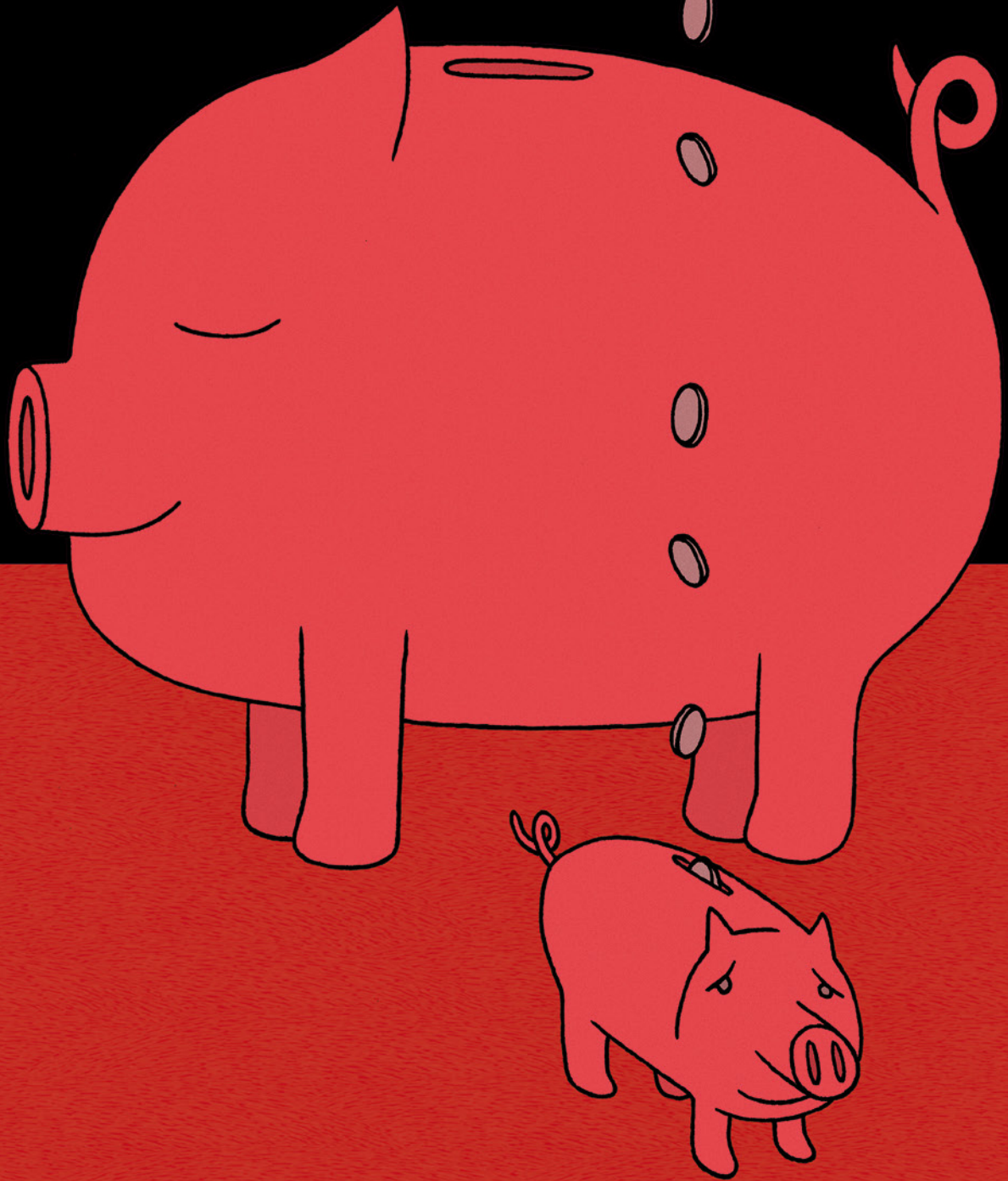


# MONITOR



# Congratulations Marjorie!

## WINNER OF THE 2016 GALBRAITH PRIZE IN ECONOMICS

The *Monitor* is proud to announce that Marjorie Griffin Cohen has been selected the 2016 winner of the John Kenneth Galbraith Prize in Economics for her contributions to political economy in Canada.

Marjorie is an economist and emeritus professor of political science and women's studies at Simon Fraser University in British Columbia. She is also a long-time research associate of the CCPA and was a national board member from 1985 to 2004. She played a central role in the establishment of the centre's B.C. office, where she served as first chairperson.

A scholar in the feminist tradition, Marjorie has written on public policy and economics with special emphasis on the Canadian economy, Canadian public policy, women, labour, international trade agreements and deregulation of the electricity sector. She is highly regarded for her research on women's work and income security, and more recently the implications of climate change for labour in Canada.

In partnership with the CCPA-BC, Marjorie led the five-year SSHRC-funded Economic Security Project (co-directed by B.C. Director Seth Klein), which brought together university and community-based researchers, and many students, to study the impact of B.C. government policies on vulnerable populations. Significantly, the project establishes new public policy approaches to better meet the economic security needs of this population.

The Galbraith Prize in Economics was established in 2007 by the Progressive Economics Forum and is awarded every two years to someone who has made a lifelong commitment to combining rigorous economic analysis with a commitment to social justice. The award consists of a \$2,000 cash prize, and the winner must deliver a lecture on their ideas at the annual meeting of the Canadian Economics Association, which takes place this June in Ottawa. We hope to print Marjorie's lecture in an upcoming issue of the *Monitor*.

**So once again, our enthusiastic  
congratulations, Marjorie!**





May/June 2016

On the cover

## 18/ New Economic Directions

From slow growth (slowth) to the Leap Manifesto, a guaranteed annual income to the \$15 minimum wage, efficient manufacturing to public investment banks, people are talking about a different kind of economy and a more active role for government in taking us there.



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# MONITOR

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This month's cover artist is  
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an artist residency on Pender  
Island in B.C. His practice  
includes collaboration, public  
art projects, illustration and  
detailed freehand drawing.  
His book *IS?* is published by  
Drawn and Quarterly. Luke  
currently lives on the  
Sunshine Coast, B.C.

Stuart Trew

# A place to disagree

**I** N MY TWO years as editor of the *Monitor*, only a few readers have cancelled their subscriptions based on something we printed. In two cases it related to a column on Israel's bombardment of Gaza in 2014. In another the reader could no longer stomach our "neo-marxist" take on Indigenous sovereignty (whatever that means). If others left under similar circumstances, annoyed or discouraged about a specific article, they chose not to let us know about it.

I think it says a lot of good things about our magazine and its readers that more people haven't escaped this way. I hope—and believe this is true—they recognize that the *Monitor* is unique among current affairs publications, at once a source of the latest CCPA research and a forum for dialogue, and *disagreement*, on issues of concern to Canadian progressives and the broader left. This is a conversation, not a sermon.

As we explain in our masthead, outside of contributions from the centre's own researchers and economists, the CCPA does not necessarily endorse the opinions expressed in its bimonthly magazine. More often than you might expect, I don't agree with what an author is arguing. It's not my role to agree—only to make sure the ideas presented in the *Monitor* are cogent, interesting, relevant to the centre's progressive values of social, environmental and economic justice, and, when possible, timely.

I emphasize all this, the word *disagreement* in particular, not to fetishize debate in the so-called marketplace of ideas: this is not a space to find impossible compromises between right and left policy options. But the *Monitor* is meant to be somewhere progressives can debate their ideas, compare research and generally hone our understanding of Canada's political economy. It is an active conversation toward our shared goal of societal change.

The issue you are holding is actually full of disagreement on topics we will need to come to grips with in the near term. The first is *slowth*, CCPA economist Armine Yalnizyan's term for slow or low growth (page 18). The global economy is still slouching along nearly a decade after the last financial crisis. Low oil prices have made production temporarily unprofitable in Alberta, and Newfoundland and Labrador, creating downward pressure on the loonie. Is a \$30-billion deficit enough to kick-start activity elsewhere in the economy? Would \$100 billion be enough?

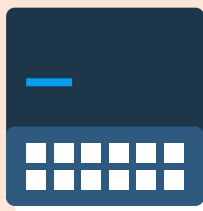
While Armine urges policy-makers to think beyond monetary and fiscal measures to tackle slowth, former Unifor economist Jim Stanford thinks the concept is not helpful to progressives hoping to create jobs in new public services and climate-friendly industries. The very act of "demanding our right to work, to produce valuable goods and services, to generate incomes and pay our taxes, fundamentally challenges the failures of the current economy...to mobilize resources and meet our human and environmental needs," he writes (page 34).

A second important debate involves proposals for a guaranteed annual income, popular again on the left as one way to restore dignity to the lives of unemployed or precarious workers. Some see a basic income as a way to liberate people from the burden of work, others as a disguised attempt by neoliberal governments, including in Ontario, to downgrade or eliminate social services (page 23).

Finally, we must talk about the Leap Manifesto—a blueprint for Canada's just transition off fossil fuels, popularized last year by Naomi Klein and husband Avi Lewis and forced onto the agenda of the NDP convention in Edmonton this April by grassroots activists. Alberta's NDP premier, Rachel Notley, dismissed the Leap as "naïve," and "tone-deaf" to her province's concerns about employment. "I don't see the Leap as a manifesto of the left," wrote Waffle rebel James Laxer in *Maclean's*, worried it spent too much ink on climate change and not enough on inequality.

Simon Enoch, director of the CCPA-Saskatchewan, captured the absurdity of such heated reactions in a Facebook post: "We seem to be in a strange place where to question climate change is crazy, but to propose any serious action to mitigate said climate change is treated as equally crazy." As CCPA-BC Director Seth Klein explains on page 30, there are already dozens of climate-related policy options available that would simultaneously create jobs, empower workers and enlarge the public sector.

All in all, it is a good thing the NDP has decided to debate the Leap over the next two years, to create a non-doctrinaire space, as the *Monitor* does every two months, for discordant views on what a progressive political economy in Canada could look like. If we are facing a "New Abnormal," as Armine proposes, the sooner we can turn disagreement into a promising and popular way forward, the better.



## Letters

### Words have meaning

In reading the “What’s Left” feature in the January-February 2016 issue I was struck with the power that words can have. The title is very clever, and a meaningful metaphor in my opinion. However, I believe to describe the contents as “left-wing” issues is problematic, as it perpetuates the divisive politics and discourse on the rise in the last couple of decades or more.

Using terms like “left-wing” and “right-wing,” although perhaps accurately descriptive, has become normal for the general population, and particularly for journalists and academics. What we are really writing or talking about, however, are progressive and conservative issues, and the politicians who represent political parties of either persuasion. In this way we perpetuate and perhaps even worsen the extreme partisanship afflicting today’s politics and conversations about political issues.

I am reminded of George Lakoff’s excellent book, *Don’t Think of An Elephant*, in which he suggests the words we hear or read are defined relative to

our individual framing of them. So the word “left-wing” evokes the frame that includes the words “communistic,” “anarchistic” and “radical” to some, while it evokes the frame that includes the words “progressive,” “liberal” and “socialist” (which today has its own positive and negative framing) for others. In other words, the framing of an idea can be the most important aspect of meaningful debate and argument.

If we are ever going to return to the days of respectful conversation and consideration of another person’s or organization’s contrary opinion or perspective it should start with the words we use. Might it begin with the *Monitor* substituting the word “progressive” for “left-wing” in future articles? I admit that even using the word “progressive” could evoke a negative frame for those who hold staunchly conservative and right-wing views, but I think it carries less of that impact for most people.

I also admit that I present an additional conundrum if I suggest you do likewise with the words “conservative” and “right-wing.” In an era of extreme right-wing views that take on the air of fundamentalism, an exploration of how we might accomplish this might be in order.

**Patti Maurice**, Guelph, Ont.

**Editor’s response:**  
*Dear Patti, you raise an important, sensitive point about language. The words we use are, as you say, tied*

*up in how we understand ourselves, our politics and hopes for society. Even so, they often come with baggage—historical roots and real-world applications. A term like “progressive” can certainly change over time, such that today it probably holds together a larger share of “the left” than it might have 100 years ago, making it a useful catchall. (You could probably fill an issue of the Monitor with perspectives on the evolution of progressivism, and maybe we will!) For now, let me just say that I would not feel comfortable replacing “left-wing” or “left” with “progressive” (or vice versa) where a contributor has carefully selected one term over the other. For what it’s worth, Citizens’ Press defines itself as “a network of non-sectarian socialist student, labour and community organizers based in Canada.” The network kindly allows us to reprint some of their material in the Monitor (see page 24 for a “What’s Left” take on the basic income guarantee).*

### Nationalization not the answer

**A**sad Ismi’s article, “South African students take on neoliberalism and the ANC” (January-February 2016), offers both optimism and pessimism for South Africa. Optimism arises from the student protests against the failure of the governing African National Congress (ANC) to keep its promises (including free education), its rampant corruption, and its failure generally to create a more equitable society. Pessimism

arises from the students’ solution—nationalizing the mining industry. Handing over complete control of the country’s major source of wealth to a corrupt government can hardly result in a more equitable society. It would almost certainly do just the opposite, enhancing both the power and opportunity for corruption of an already discredited regime.

Institutions should be allowed to do what they do best. Let mining companies mine and governments govern. Good government includes collecting royalties and taxes such that the people get a fair, equitably distributed share of the revenues generated from their resources. In South Africa this will require replacing the ANC—complacent and corrupt after 21 years in power—with a progressive, relatively honest political party. Nationalization is a tempting but dangerously simplistic answer. Until a new government is in place and has proven itself honest and accountable, it would be utter folly to even consider it.

**Bill Longstaff**, Calgary, Alta.

### Ed’s more and less right

**R**eading an otherwise compelling essay by Ed Finn covering the vast subject of “Canada After Harper” (March-April 2016), I sought in vain for analysis or even mention of Harper’s sabre-rattling militaristic policies and arms budget priorities, his unconcern for the wretched of the Earth, Canadian Indigenous suffering, as

well as our bombing of the victims of NATO/U.S. interventions from Libya to Pakistan. Canadian parties, even before Harper, have too often avoided critical parliamentary debate on foreign policy. As a constituent of the late Jack Layton, I urged the former NDP leader to denounce Harper's aggressive actions in Libya, Israel/Palestine and the Middle East, but he was reluctant to do so. Peace, a core value of the NDP and also of Canadian public opinion, needed eloquent expression, but the peace movement found virtually no support on the floor of House of Commons.

In my opinion, we will continue to pay dearly for this reluctance and disregard of the necessity to struggle for world peace. Moreover, we progressives, including anti-capitalist Canadians, would be foolish to think we can fight for a better world (or Canada) by trying to "break the neoliberal grip on our national ideology," as Finn writes, "and to permanently replace plutocracy...with some form of genuine democracy" at home, while at the same time we say and do nothing to withdraw from NATO's imperialist attacks, and spend billions to buy the latest fighter planes to defend Canada, but from what enemy?

Similarly, we need to make clear that Harper's adoration of the unsustainable extractivist economy is particularly destructive and poisonous to Indigenous lands and peoples, both in our North and worldwide, as Canada's mining corporations reap

super profits. Meanwhile, the Munk School of Global Affairs at the University of Toronto states that they "advance the latest thinking on global issues." But who is the benefactor of the school? The oligarch of Canadian mining the world over. Finn would agree that Mr. Munk is a member of our "plutocracy, the rule of a wealthy elite." We cannot let "the latest thinking on global issues" guide Canadian global policies without contradiction. Foreign policy will always come home to roost.

**Melvin Zimmerman,**  
Toronto, Ont.

While I would agree with many of Ed Finn's visions for "building a better country," I was appalled by some of his superficial and actually wrong indictments of the new Liberal government's environment policies.

For example, Finn states that, only a few weeks after the election, Trudeau's environment and climate change minister, Catherine McKenna, gave "the go-ahead to dump five billion litres of raw sewage into the St. Lawrence River." He asks: "Is approving the massive pollution of one of our largest rivers reflective of a government that is any more concerned about the environment than the Harper government was?"

First of all, the Montreal sewage disaster landed on the new minister's desk five days after she was sworn in on November 4. She had a chief-of-staff who, by the way, comes from a major environmental think-tank

(Pembina Institute), but she did not have full staffing at that point. Secondly, the circumstances of the dump were such that the alternative could, according to a panel of independent scientists, have led to an even greater disaster. Finn makes no mention of that.

To judge a new government's environmental decisions after only a few days in office, and use them as an example for possible upcoming inadequacies, shows a very closed, ideological mindset that is counterproductive to really trying to make Canada better in a co-operative way. I had expected a more unbiased, solution-focused approach. To undo a decade of Harper policies will take time and patience and goodwill.

**Maria Reynolds,**  
Maple Ridge, B.C.

### PR clarity needed

Two areas need clarification regarding proportional representation as treated in Murray Dobbin's article in the March-April issue.

First, while his explanation of how the IRV (instant-runoff or transferable vote) works is clear, he does not tackle the operational aspect of the way the Trudeau government will likely present the option to Canadians. It's likely to be populist in tone, simple in messaging. Proponents of PR need to simplify the presentation of their preferred option.

Second, Dobbin needs to clarify where the PR-elected MPs reside

in a region. Inside or outside federal ridings? Shared responsibilities or independent responsibilities as MPs?

Clarity of messaging will be critical to winning Canadians over to a PR system.

**Carl Hager,** Pontiac, Que.



### A place in my library

There is a large stack of back copies of the *Monitor* in an obscure place in my home—for future reference. But the March-April 2016 copy will go into my current library in a place of honour. Its fullness of truth-telling is amazing. Thank you.

**Robert Wild,**  
Salt Spring Island, B.C.

**Editor's response:** No, thank you, Robert! We are so happy you think so.

Send us your feedback  
and thoughts: [monitor@  
policyalternatives.ca](mailto:monitor@policyalternatives.ca)

# Behind the numbers

ARMINE YALNIZYAN

## What regime change means in Budget 2016

The first Liberal budget in a decade is an artful document. In some ways it does signal a profound regime change; in others it is trying to say there's not much to get fussed about.

The budget appeals to progressives by introducing the most important poverty reduction measures in 50 years for seniors and families with children, and raising taxes on the top 1%. It also appeals to those who pay the most taxes by providing income tax cuts for the top 30% of earners and calling them the "middle class." (Those earning above \$217,000, the top 1%, fall into a new higher top marginal tax rate.)

The Liberal budget appeals to those who worry about runaway federal spending by increasing, then lowering, the federal contribution to the economy. By 2020-21, federal spending as a share of GDP will be 15.1%, only slightly more than it was at its lowest point in 65 years (14.2% in 2014-15). And it appeals to debt hawks by providing a fiscal "anchor" in the form of a promise to reduce the federal debt-to-GDP ratio to 30.9% in four years—a level last seen in 1981-82, before the recession that occurred that year.

Probably the biggest surprise in Budget 2016 relates to the Infrastructure Fund. Some important invest-

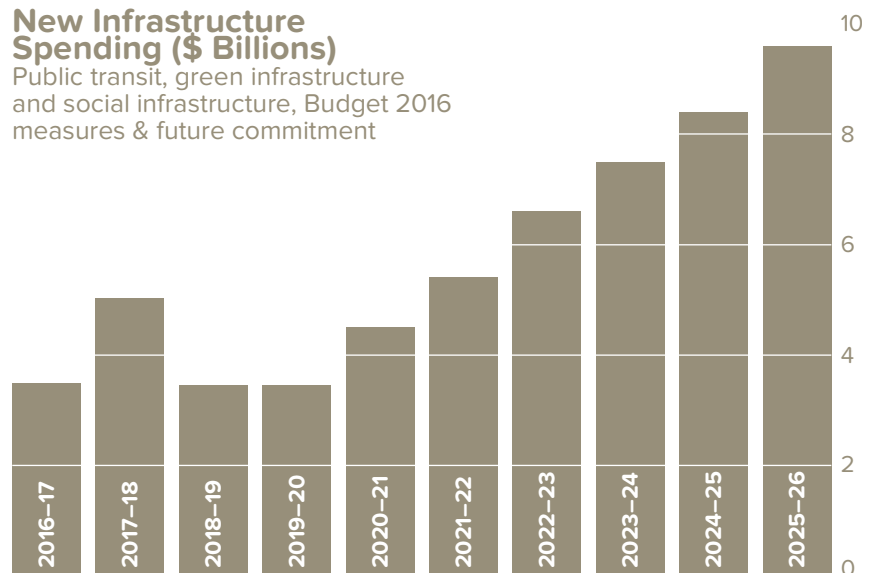
ments will occur in the next two years, a significant portion of which will start to address the long-overdue housing and clean water needs on First Nations reserves. But those who thought that infrastructure spending might be ramped up at the beginning of the new government's term, as a way of goosing sluggish growth (or laying the foundation for new growth), may be surprised to learn the Liberals have not changed their original platform pledge to back-end load the money.

The only thing that has changed, after months of handwringing over slow growth, is that the government has recognized it will be difficult to get all the infrastructure money out the door in this fiscal year (it has been added to the 2017-18 fiscal year—see graph).

Canada's cities will continue to receive just over \$2 billion annually in gas taxes, as they have for over a decade. (This source of funding was introduced in 2005 at \$2 billion, made permanent in 2011, and indexed to inflation in 2013.) The new Liberal government will provide an additional \$3.4 billion over the next three years for public transit, to be shared by all Canadian municipalities. That translates to just over \$1 billion a year if that money flows equally over the next three years. As a point of reference, Toronto's replacement of its 70 oldest subway trains (420 cars) will cost \$1.5 billion.

Similarly, there is just over \$1 billion a year (\$2.3 billion over the next two years) for all affordable housing needs in the country. About a third of that amount is, justifiably, allocated to First Nations reserves. But it simply isn't enough. The Alternative Federal Budget estimates the needed budget for affordable housing in Canada to be approximately \$2 billion a year, not including First Nations investments.

**New Infrastructure Spending (\$ Billions)**  
Public transit, green infrastructure and social infrastructure, Budget 2016 measures & future commitment





The Liberal government recently announced an increase in the cap on immigration to over 300,000 people. Add to that refugees, temporary foreign workers and continued internal migration from rural to urban settings, and without question there will be more people in Canada's urban centres in the coming years. There is a growing urgency to the question of how we plan to house everyone and move people around on public transit.

A national immigration plan without a national housing plan and national transit plan simply downloads the costs of nation-building onto the provinces and municipalities, levels of government for which the costs of borrowing are much higher.

The 2016 federal budget is, in this way, penny-wise and pound-foolish. The federal debt-to-GDP ratio may fall to its lowest level in almost 40 years, but Canadian taxpayers in provinces and cities across the land will be saddled with far higher costs.

What we will need in the coming year is far more discussion about the appropriate role and size of the federal government, fiscally and in terms of achieving widely shared policy goals. One uncomfortable aspect of this will be the revenue conversation.

Budget 2016 promises a welcome review of the federal tax system. In cities like Toronto, residents are facing new conversations as we acknowledge that our budgets have scheduled \$22 billion for projects we say we want but for which we have no funding. Where will the revenues come from? Or should we abandon our aspirations?

One thing is certain: there is no way we can tackle issues like population aging and climate change without a bigger federal role. That may be true of the real deficit burden we risk passing to our children—the infrastructure deficit, which defines our current and future quality of life, and our capacity for growth.

Without question, the first Liberal budget represents regime change. But it is only the first Liberal budget, and the first cut at what regime change will ultimately mean.

ARMINE YALNIZYAN IS A SENIOR ECONOMIST WITH THE CCPA. FOLLOW HER ON TWITTER @ARMINEYALNIZYAN.

RICARDO ACUÑA

## Alberta doesn't send oil money to have-nots



The vitriol from Alberta's loud and angry right started within hours of the announcement by Montreal-area mayors, back in January, that they would stand in opposition to the proposed Energy East Pipeline. In particular, Wildrose finance critic Derek Fildebrandt wasted no time jumping onto Twitter and asserting: "If Quebec has such a big problem with our energy industry, it can give back the \$73B in Equalization."

This sentiment was quickly echoed—and continues to be repeated—by conservative politicians, pundits and media outlets across the country. At the end of February, Wildrose leader Brian Jean announced his party had pulled together an expert panel to study equalization and author a report on it for the provincial legislature.

The panel is headed by Frank Atkins, a University of Calgary professor and researcher at the ultra-conservative Frontier Centre for Public Policy. The panel also includes staffers from like-minded think-tanks: the Atlantic Institute for Market Studies and the Fraser Institute. One of the panel's first acts was convincing its right-wing friends at Postmedia to run an op-ed, penned by Atkins, highlighting the "problems" with equalization—which was published in the *Edmonton Journal* on the same day (February 18) that Postmedia papers featured articles about the creation of the panel.

The problem with all this noise from the right is that it appears to be less about highlighting the genuine issues and challenges that currently exist with equalization, and more about exploiting generally flawed assumptions about how equalization works, all for the sake of fuelling anger and resentment toward Quebec and the federal government.

Contrary to commonly held beliefs, the Alberta government does not actually send money to have-not provinces like Quebec. Nor do any of the revenues, collected by the Alberta government from the oil industry, make their way to Quebec through equalization. Nor are Albertans who have lost their jobs during the economic downturn currently contributing anything to equalization. Nor does any individual Albertan contribute disproportionately to equalization.

The equalization program was established by the federal government in 1957 and then enshrined in the Canadian Constitution in 1982. The program itself was, and is meant as, recognition that Canada is one country. As such, all Canadians should have access to comparable levels of services and infrastructure—regardless of whether they happen to live in a rich province or a poor one.

The federal government does this by calculating the average revenue-generating capacity among the 10 Canadian provinces, and then giving the provinces that fall shy of the line enough money to bring them up to the average. The calculation is based on the revenues you would receive if you charged the average tax rate of all the provinces combined—so a particular province's actual tax rate doesn't really impact how much that province receives.

It also doesn't matter how cheap child care or tuition is in your province, or how much your province spends on health care. The only thing that matters is what capacity your province has for generating revenue. Because it's based on revenue rather than expenditures, the federal government puts no strings on what the provinces receiving equalization can or can't do with the money they receive.

The most important thing to remember in all of this is that the federal government pays for equalization, and it does it out of the same general revenue pool used to fund all of its programs and services. In other words, every Canadian that pays federal taxes contributes to equalization payments on the exact same basis. A rich person in Quebec or New Brunswick will contribute more to equalization than a less wealthy person in Alberta or Saskatchewan. And because there are more Ontarians paying federal taxes than Albertans, more dollars for equalization actually come from Ontario than Alberta.

Of course, none of these nuances seem to make their way into the arguments put forth by Fildebrandt, Jean, Atkins or their friends in the corporate media and conservative think-tanks. What they all do seem to suggest is that, because Alberta does not receive equalization payments, we should somehow be able to dictate public policy choices to democratically elected governments in other provinces; that Montreal should be forced to approve a pipeline; and/or that Nova Scotia should reverse its ban on fracking—simply because Alberta has money and we say so.

Given how these same right-wingers react when folks in other provinces try to tell us what to do, you would think they would be less eager to try to impose their policy choices on others.

There is no question there are things that can and should be changed about how equalization currently works. Ultimately, however, those changes are best made by the provinces working together with the federal government to ensure the spirit of the program remains intact and that all provinces are happy with the outcome.

Screaming and yelling about Quebec, while purposefully misrepresenting a program that has served our country well for over 50 years, will accomplish none of that.

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**ERIKA SHAKER**

## The fickle mantle of innovation



Innovation™ has become both a re-branding exercise and an apology for a host of regressive corporate practices that look suspiciously like business as usual.

Uber's business model, for example, involves a precarious, low-paid, unprotected workforce, a cheeky disregard (read: utter lack of respect) for jurisdictional laws or regulations, and an almost unlimited desire for self-promotion through money and personal or political connections.

Now, throw in a few choice phrases (just-in-time, on-demand, customized) and an app.... Boom! Innovation.

But why is it that when a publicly owned enterprise (or its workers) starts talking about "shaking up" an older business model, rather than being lauded for their innovative thinking, they are accused of overreaching or abandoning their mandate, or of delaying the inevitable march toward the future (read: privatization)?

That's exactly what happened when, earlier this month, the Canadian Union of Postal Workers (CUPW), in conjunction with the Leap Manifesto, released a comprehensive proposal for a green postal service that re-envisioned post offices as community hubs that encourage economic development.

The wide-ranging proposal would rework existing infrastructure to promote sustainable activities for both the postal service and the communities it serves: postal banking (vital for communities traditionally underserved by conventional banks), enhancement of door-to-door service, charging stations for electric vehicles, and helping deliver services to an aging population.

Ambitious? Absolutely. But also, in many cases, tried and tested. A number of countries already have postal banking, Norway's postal workers drive electric vehicles, Japan's offer elder assistance, those in France and Australia deliver food, and Switzerland's postal services include public

transportation in rural areas.

"We [that's us: the public] own the biggest retail network in the country. What will we do with it?" asks CUPW. Compare that to Uber's unspoken motto (and, okay, I'm paraphrasing): "there's an increasingly desperate workforce and a just-in-time mentality out there; how can we profit from it with virtual impunity?"

In other words, when a union demonstrates some creative thinking and a revamped business model for existing, publicly owned infrastructure, it's criticized for being unrealistic or acting only in its own self-interest (so that workers can keep their "sweet jobs").

But when a private company "bravely" disregards basic health and safety regulations—including paying workers a minimum wage (after all, Uber vehemently denies it even has employees or assets)—or even a commitment to basic human rights, it's gifted with a series of fawning articles in various mainstream publications touting a swashbuckling innovative spirit.

Yippee-ki-yay, right?

To recap: CUPW thinks big and is told to remember its place, ironically after being repeatedly told that many of the services its members provide are all but obsolete. Uber embodies nostalgia for a leaner, meaner, Dickensian economy, throws in an app and...voilà! The future!

Uber isn't groundbreaking. We may fetishize its techno-private-sector swagger, but in reality it is just another example of unchecked capitalism—with better accessories. Call it app-italism. Meanwhile, initiatives that are predicated on building a sustainable workforce, enhancing communities and improving our quality of life are derided as pie-in-the-sky or self-serving.

Apparently, when it comes to innovation, irony isn't dead. It's just been taken for a ride.

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MAXWELL A. CAMERON

## Trump's fall, foretold



The rise of "The Donald" was never proof that low-road, divisive, dog-whistle, race-to-the-rhetorical-bottom, vulgar and intolerant behavior always pays in politics. Sometimes it does, but not always.

In the 2015 Canadian election, former prime minister Harper's apparent lack of compassion for Syrian refugees, his opposition to the niqab in citizenship ceremonies, his advocacy of stripping citizenship from dual nationals, and the creation of a barbaric practices snitch line compelled Canadians to ask: What kind of country are we?

That same kind of question will spell Trump's demise.

Trump's explosion onto the scene defied pundits and the GOP establishment. By attacking China, Mexico, trade deals, terrorists, Muslims and immigrants, Trump articulates widely felt grievances. Many U.S. voters have come to doubt whether they have any influence over politics.

As a matter of fact, they're right to wonder: studies show average citizens have little influence compared to those with great wealth and organization. For those who feel left behind by a cosmopolitan and politically correct world, Trump's language is refreshingly transgressive, vulgar, emotive and, above all, entertaining. He embodies the merger of politics and entertainment—the primary election has become a reality-show contest.

Political scientists often struggle to understand why people vote. Is it even rational given the marginal impact of a single ballot? A better question would be: Why do we watch reality TV? Nowadays, there is not a whole lot of difference.

Voting in a system corrupted by money, in which parties are mere PR agencies for candidates and the media is dominated by corporate interests, is less about choosing representatives and influencing policy, and more about vicarious identification with winners and losers. The game is rigged—everybody knows, as Leonard Cohen put it—but we still want to see the outcome of the great spectacle, the virtual Colosseum. In this, the media have been a great enabler, giving Trump billions of dollars of publicity for free.

Trump has good intuitions for what moves his base. Research has shown that one of the best predictors of conservatism is disgust reactivity. Through allusions to menstruation, urination, perspiration and profanity, he taps into disgust, which is closely associated with a conservative concern for purity and fear of pollution.

Equally visceral is the ridicule he heaps on his adversaries: they have low-energy personalities or ugly wives. Even a journalist's handicap is fair game for his mockery.

Trump evokes the authority of the father figure, complete with dutiful

children and submissive younger wife. Authoritarian attitudes are good predictors of support for his candidacy. A key feature of the authoritarian personality is intolerance of ambiguity.

Intolerance of ambiguity encourages "truthiness"—the view that gut feeling and instinct matter more than facts or evidence. Trump's support for the idea of a wall across the full length of the U.S.-Mexico border is just one example. When confronted with real objections, he responds with characteristic truthiness: "The wall just got 10 feet taller!"

The Donald's immense net worth is, perversely, seen as a political asset by his supporters; they presume he cannot be corrupted by special interests. Such naivety is shared by every victim of the con artist. Trump's rise heralds the advent of politics not as a market but as a speculative bubble.

This is a game for which he—as classic rent-seeker and speculator—is uniquely suited. His ruthless egocentrism has taken him far in business, but it won't work in politics.

What The Donald doesn't get, because he is a poster-child for narcissism, is the impact of his words and actions on others. Trapped in a low-empathy personality, he cannot understand how other people might feel, certainly not how they might be hurt by his words. He assumes he can charm his way back into the affections of anyone he has offended. He thinks



Trump at CPAC 2011 in Washington, D.C.

GAGE SKIDMORE

the people he has offended love him, or should. They don't.

Like a virus preying on a sick organism, Trump will run his course or tear apart the Republican Party. His defeat in Wisconsin makes a contested convention more likely. Should he emerge as the eventual nominee, an unprecedented Republican defeat in the presidential elections will surely follow.

If he is not nominated, the narcissistic rage will be a spectacle in itself. Either way, a colossal fall is in the making. For those who think civility in politics is merely the whiny complaint of the pietist, prepare to watch the very real effects of politics stripped of all ethical restraints.

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**BRUCE CAMPBELL**

## Little progress on rail safety



**T**ransport Minister Marc Garneau said recently that rail safety is his number one priority. The federal budget pledged an extra \$143 million over three years to, among other things, “support new and expanded activities to strengthen oversight and enforcement” of rail safety.

While this is a laudable step, fundamental problems with the rail regulatory regime remain, some of which are mentioned in a letter to the minister this April from Toronto Mayor John Tory and 17 counsellors. Not included, however, is the issue of regulatory capture, which gained widespread attention during the U.S. subprime mortgage crisis.

It is generally accepted that a major cause of the financial crisis was that regulators were in the pocket of a regulation-averse industry. Capture exists where regulation is systematically directed to benefit the private interest of the regulated industry at the expense of the public interest.

Characteristically, industry is able to shape the regulations governing its operations. It regularly blocks or delays new regulations, and seeks to remove or dilute existing regulations deemed to be adversely affecting profits. There is considerable evidence that regulatory capture of the rail regulatory regime played a role in the 2013 Lac-Mégantic rail disaster.

Most importantly, why were these trains allowed to transport their massive oil cargo with only one crew member? Immediately after the accident, Transport Canada reversed itself, issuing an emergency directive requiring a minimum of two operators for trains carrying dangerous goods—an order which was subsequently entrenched in the Canadian rail operating rules.

Omitted from this narrative is how, several years earlier, the Railway Association of Canada redrafted the rail operating rules, notably introducing General Rule M, which enabled companies to implement single-person train operations for freight trains, under certain conditions, without needing a formal ministerial exemption. Transport Canada approved this rule modification, over the objections of the unions, without ensuring an equivalent level of safety.

Subsequently, the RAC lobbied hard on behalf of Montreal, Maine & Atlantic Railway—the first company to take advantage of the rule change; one with a poor safety record—to enable it to operate oil trains on its Lac-Mégantic line with a single operator. Senior Transport Canada officials approved the MMA request despite opposition from within Transport Canada itself, and contrary to the advice of its own National Research Council—commissioned study.

A draft of the Transportation Safety Board (TSB) report, obtained by Radio-Canada, stated that the existence of a single operator was “a cause and contributing factor” to the accident. In the report’s final version this cause was curiously demoted to “findings as to risk.” There is also evidence that the regulatory regime has not changed fundamentally since the disaster.

For example, the industry continues its kneejerk defence of the Safety Management Systems (SMS) regime. This system was designed to give the companies greater responsibility for ensuring the safety of their operations. However, in an environment of regulatory capture, a SMS regime becomes highly problematic.

The industry claims SMS is an effective additional line of defence. But that’s only true if government allocates sufficient resources, including on-site inspectors, for traditional oversight. Failing that, companies are in practice left to regulate themselves. The sad history of MMA’s totally defective Safety Management System, and the failure of Transport Canada to do anything about it, is a case in point.

Several reports, including from the auditor general, have pointed out that SMS “contained serious flaws.” Safety Management Systems remain on the Transportation Safety Board’s watch list as “among those issues posing the greatest risk to Canada’s transportation system.” A vague TSB letter stating there has been “satisfactory intent” to fix it provides little comfort.

Furthermore, despite repeated requests from many municipalities, companies are still resisting making public their safety reports, risk assessments and real-time information about their dangerous goods cargo.

The people of Lac-Mégantic were victims of a regulatory regime that failed catastrophically. They should not be victimized again by a system that continues to obscure the truth about what happened and who was responsible—essential to preventing it from happening again.

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## New from the CCPA

### AFB helps Canada move on

“We shouldn’t let the idea of federal deficits, even relatively large ones, scare us off making needed investments in Canada,” said CCPA economist David Macdonald at the launch, in March, of the 2016 **Alternative Federal Budget**. This year’s AFB, titled **Time to Move On**, proves we can fight climate change and create jobs at the same time, reduce poverty *and* grow the economy responsibly, and that there is more than enough fiscal room to ensure everyone has a better future. “What we need now is growth that raises everyone’s standard of living, rather than more savings for the wealthy few,” said Kate McInturff, CCPA senior researcher, at the press launch. The AFB plan would lift 1.1 million people out of poverty, reduce income inequality, boost economic growth and, at its peak, result in 520,000 new jobs, bringing Canada’s unemployment rate to 6.0%.

### TPP fails the environment, culture, workers

Since the last issue of the *Monitor*, the CCPA

has released three more reports in its series on the TPP, **What’s the Big Deal? Unpacking the Trans-Pacific Partnership**. The first, **Bait-and-Switch** by **Jacqueline Wilson**, finds that, despite official assurances to the contrary, the environmental protections afforded by the 12-country free trade deal are weak and generally unenforceable whereas corporate protections are strong and easy to access for investors. Then, in **The TPP and Cultural Diversity**, **Alexandre L. Maltais**, international trade specialist at Quebec-based IREC, questions why Canada agreed to weaker protections for culture and cultural industries in the deal than in other trade treaties. His study finds that the TPP enshrines a neoliberal interpretation of culture at odds with Canadian and international standards for the promotion of cultural diversity. Finally, **Hadrian Mertins-Kirkwood** examines the likely effect of the TPP on Canada’s labour force in his report, **Migrant Workers and the Trans-Pacific Partnership**. Forthcoming reports in the series will cover investor rights (by **Gus Van Harten**, Osgoode Hall Law School), trade and tariffs (by **John Jacobs**, Carleton University) and labour rights (by **Angella MacEwan**, CLC, and **Laura Macdonald**, Carleton University). On April 1, Sinclair participated in a one-day conference on the TPP in Ottawa alongside Dr. Joseph Stiglitz, Meghan Sali (OpenMedia.ca), Pia Eberhardt (Corporate Europe Observatory), Van Harten and others. The event, titled **Making Sense of the TPP**, was hosted by the Trade Justice Network,

CWA/SCA Canada, the University of Ottawa’s School of Epidemiology, Public Health and Preventive Medicine, and The School of International Development Studies. Videos of all the presentations can be viewed at [www.policyalternatives.ca/big-deal](http://www.policyalternatives.ca/big-deal).

### CCPA, Oxfam Canada target economic inequality

**Making Women Count: The Unequal Economics of Women’s Work**, a joint report by **Kate McInturff (CCPA)** and **Brittany Lambert (Oxfam Canada)**, looks at how women in Canada and around the world are affected by rising inequality, including the burden of unpaid work, the undervaluing of work in predominantly female fields, and the unspoken social norms that see men offered higher wages and rates of promotion than women. The report, released on International Women’s Day (March 8) at a *Hill Times*-sponsored event in Ottawa, offers a number of solutions to help make women count, including a shift toward policies that support better wages and access to employment for women, better financial support of public services (like health and child care) to reduce the care burden on women, and a greater government focus on prioritizing women’s rights.

### Travel warning

A new report by **Gar Pardy**, former ambassador and long-time head of the

Canadian consular service, charts the development, over the past decade, of an insidious doctrine that limits the responsibility of the federal government for overseas Canadians and forces many people to seek redress through the courts. **Canadians Abroad: A Policy and Legislative Agenda**, co-published by the CCPA and the Rideau Institute, analyses 14 major issues associated with the provision of consular assistance to Canadians travelling and residing abroad. Pardy details a set of recommendations to improve the assistance Canada provides and the international legal environment generally for consular services.

### Pushing reset on Prairie funding

By 2013, the federal Conservative government had cut overall federal taxes and other revenues to the lowest rate seen in more than 70 years. **Reversing the Damage: How the Federal Liberals Can Restore Hope on the Prairies**, by CCPA-MB researcher **Lynne Fernandez**, details the impact of these cuts in the Prairies, and makes recommendations on how funding and programs can be restored.

For more reports, commentary and infographics from the CCPA’s national and provincial offices, visit [www.policyalternatives.ca](http://www.policyalternatives.ca).

# In the news



**ROB MASON**

## The chilling effects of “sunny” diplomacy with the United States

Prime Minister Justin Trudeau brought his “sunny ways” to Washington this March in a major charm offensive that aimed to reinvigorate Canada’s most important bilateral relationship. Although historically the two nations have gone so far as to spill blood in order to remain distinct from one another, according to U.S. President Barack Obama they are now not only partners, but “more closely aligned than ever.”

The ideological overlap and personal rapport between Trudeau and Obama undoubtedly present opportunities for progress on a range of issues relating to trade, security and the environment. However, the danger for Canada is that this temporary personal alignment will take us even further down the path toward permanent economic and security integration, which would ultimately limit

Canada’s policy options in the future. In other words, a warmer relationship in the short term may have a chilling effect on the long-term exercise of Canadian sovereignty.

Firstly, Obama is currently trying to persuade Canada to ratify the Trans-Pacific Partnership trade agreement (TPP), which would further extend the power of multinational corporations to sue governments, including Canada, when they enact unfavourable (for business) laws or regulations. If the TPP is ratified, the number of multi-million-dollar lawsuits Canada already faces annually under the North American Free Trade Agreement (NAFTA) is bound to proliferate, putting a chilling effect on efforts to regulate for environmental protection, public health or higher labour standards at the federal and provincial levels.

Exceptional(ist) company: Prime Minister Trudeau dines with former and current U.S. secretaries of state Colin Powell (left), John Kerry and Henry Kissinger on March 10.

UNITED STATES GOVERNMENT

Secondly, like many prime ministers before him, Trudeau has already faced pressure to satisfy or even preempt U.S. security concerns in order to maintain an open border for trade. This growing imperative in Canadian public policy stems from Canada’s economic dependence on the United States. It threatens to negatively impact the Liberal government’s review of national security legislation (Bill C-51), as well as its approach to refugee and immigration policies.

Such disturbing possibilities were predicted and fiercely resisted a generation ago by Pierre Trudeau’s government. In 1972, Canada’s Department of External Affairs took the position that further economic and cultural integration with the United States should be avoided, as it would inevitably lead to greater integration of other sorts, including political, and was

thus a threat to Canadian sovereignty. With these concerns in mind, the elder Trudeau oversaw the establishment of the Foreign Investment Review Agency, which sought to protect Canada from domination by foreign corporations.

By 1994, these concerns were resoundingly rejected in NAFTA. The binding multilateral treaty phased out tariffs on Canada–Mexico trade (Canada–U.S. tariffs had been almost entirely eliminated by the earlier bilateral free trade agreement), but more importantly addressed so-called regulatory barriers to trade throughout North America, theoretically producing aggregate economic gains for the continent as a whole by increasing competition and allowing for the “creative destruction” of less competitive businesses and industries. Though trade flows increased substantially, the economic returns were not reflected in real wage growth, particularly in the manufacturing sector, which has slowed nearly to the point of stagnation in the decades since NAFTA came into force.

## The TPP and the expansion of corporate rights

Probably the most troubling effect of NAFTA on Canadian sovereignty has been the increased standing that foreign corporations achieved through Chapter 11 (Investment) and the agreement’s investor–state dispute settlement (ISDS) process. The investment chapter precludes NAFTA governments from putting conditions on inward investment (e.g., the use of minimum amounts of domestic content or services, or other performance requirements designed to improve the domestic economy). At the same time, the ISDS process allows foreign investors and corporations to challenge new government laws or regulations as being tantamount to expropriation and/or in breach of guaranteed “minimum standards of treatment.” These clauses have been interpreted so broadly by arbitration panels established under NAFTA and other international investment agreements that the expectations of corporations are

increasingly viewed as a component of fair and equitable treatment.

Two current cases demonstrate the problem with this unnecessarily expansive approach to protecting foreign investors. In the United States, TransCanada is currently using NAFTA’s ISDS process to sue the U.S. government over its rejection of the Keystone XL pipeline. In Canada, Lone Pine Resources is challenging Quebec’s decision to place a moratorium on fracking pending an environmental impact assessment. In both cases, foreign corporations are seeking to tie the hands of governments as they attempt to set a high bar for environmental stewardship. Whether successful or not, even the potential loss of hundreds of millions of taxpayer dollars (\$15 billion in the Keystone case) will undoubtedly weigh heavily on future governments contemplating taking bold action on the environment.

With the benefit of hindsight, the drafters of the TPP could have crafted much narrower language to protect foreign investors. Instead, they have essentially replicated and extended this needlessly troubling component of NAFTA to corporations in each of the 12 states that are parties to the agreement. Accession to the treaty is automatically open to all members of APEC, as well as to other countries by agreement, which makes the scope for ISDS challenges potentially limitless.

The TPP, like a pending free trade deal with the European Union (CETA), also obligates Canada to extend the term of patent protections on brand name drugs by up to two years. This will ultimately increase health care costs domestically and in the developing world, and will do so at a time when drug prices are already disproportionately high in Canada. For pharmaceutical companies, many of them based in the U.S., this means more money, which theoretically could provide an incentive for them to innovate. However, these largely corporate benefits would be gifted at great cost to Canada’s publicly funded health care system.

If Canada ratifies the TPP, it will be at once a stunning rejection as well as a vindication of Canada’s concerns in the 1970s. Multinational capital will

take on a greater economic presence in all TPP countries, dramatically limiting the scope of Canadian political decision-making. Just as was predicted more than 40 years ago, economic integration will have led to increasing levels of political integration, reducing the ability of the Canadian public to decide, through our democratic processes, the scope of our own environmental, public health and labour protections.

All of this is to say that a close relationship between Trudeau and Obama will have a lasting cost to Canadian sovereignty if it leads to ratification of the TPP.

## The North American security-trade nexus

Unfortunately, threats to Canadian sovereignty are not limited to this one decision and may in fact permeate a broad range of issues facing the new Liberal government. Most notably, recent history strongly suggests that further economic integration with the United States will drive political integration in the context of national security and immigration policies.

Ultimately, this trend also stems from NAFTA. By further integrating the North American market, creating the assumption of minimal trade barriers, NAFTA has altered the foundations upon which many successful businesses are built, and created an imperative for Canada to maintain the openness of our southern border. Reducing the economic benefits of an open border would jeopardize this foundation, and therefore carry heavy economic costs, rendering NAFTA binding both legally and practically.

However, the economic costs of any increased border controls would not be evenly distributed across North America: integration through NAFTA has created a disproportionately strong incentive for Canada to keep the border as open for trade as possible. As of 2014, total trade between the two neighbouring countries amounted to \$751 billion, which represented 42% of Canada’s GDP, but a mere 4% of the U.S. economy. This disparity explains why the border is a much more significant

consideration in Canadian political decisions than it is in the United States.

Since the terrorist attacks of September 11, 2001, the threat of border restrictions has loomed large over security and immigration policy changes in Canada. At times, the threat was made clear by the United States. In 2006, in the midst of the scandal surrounding the extraordinary rendition and torture of Canadian-Syrian dual citizen Maher Arar, the U.S. State Department characterized international outrage as a mere distraction from the “greater concern for the United States: the presence in Canada of numerous suspected terrorists and terrorist sup-

porters.” The report went on to criticize Canada for neglecting to prevent Ahmed Ressam, the “millennium bomber,” from remaining in Montreal and obtaining a Canadian passport after being denied asylum. These criticisms echoed an earlier report by the U.S. Federal Research Division that linked Canada’s refugee and asylum policies to its status as a nation hospitable to terrorism.

In the face of this rhetoric, satisfying and even pre-empting U.S. security concerns became crucial for the Canadian government. John Manley, then deputy prime minister, asserted in 2002 that “with almost half

of our GDP dependent on access to the U.S. market, it is imperative that our shared border be kept open.” He went on to expressly acknowledge that “concern for public security is... intrinsically linked with our concern for economic security.”

In other words, the sovereignty concerns of the 1970s were realized, as close economic integration with the United States created an imperative for other types of integration, particularly in the realm of national security, in order to maintain existing economic benefits.

This imperative to pre-empt security concerns manifested itself in many

## KEY DATES IN CANADA-U.S. INTEGRATION

1994

NAFTA establishes a continental free trade zone, eliminating most tariffs while committing Canada, Mexico and the United States to ongoing working group discussions on how to manage integration.

1999

Canada and the U.S. confirm the Shared Border Accord’s guiding principles for border co-operation as follows: 1) “Streamline, harmonize and collaborate on border policies and management”; 2) “Expand co-operation to increase efficiencies in customs, immigration, law enforcement and environmental protection at and *beyond the border*” (emphasis added); and 3) “Collaborate on common threats from outside Canada and the United States.” These tasks are to be carried out by a new Canada-U.S. Partnership Forum, with a role for the provinces, border communities and private stakeholders.

2001

Immediately following the terrorist attacks of September 11, and fuelled by fears of U.S. border closures, the Liberal government passes controversial new anti-terrorism legislation similar to the USA PATRIOT Act. In December, Canada and the U.S. sign the Smart Border Declaration and 30-point action plan charting a common understanding of what constitutes a threat to national security and how to address those threats. The plan involves high-technology border infrastructure, the broad sharing of personal information on travellers to both countries, the development of “compatible immigration databases,” etc.

1995

President Clinton and Prime Minister Chrétien sign the Canada-U.S. Accord on our Shared Border, which aims to promote trade, facilitate the *legitimate* movement of people (while “providing enhanced protection against drugs, smuggling, and the illegal and irregular movement of people”), and reduce costs to government.





ways. In 2002, Canada and the United States began implementing elements of the Smart Border Declaration and Action Plan, which included sharing passenger information on flights between or through each country, joint training and operations of border and national security enforcement teams (with bases in both countries), and immigration information sharing through the development of compatible databases. Together, these measures put the personal information of Canadian residents in the hands of a foreign government on an unprecedented, ongoing basis.

Believing this to be merely a first step, Obama and former prime minister Stephen Harper announced, in 2011, that Canada and the United States intended to “pursue a perimeter approach to security, working together within, at, and away from the borders of our two countries.” The joint statement emphasized at length the importance of NAFTA in increasing trade and investment flows between the two countries.

The overarching purpose of this perimeter approach, which would include an integrated entry-exit system, was purportedly to “support economic competitiveness, job creation, and

prosperity.” The unspoken cost was an even greater erosion of privacy and mobility rights.

## Why history is repeating itself

Trudeau and Obama’s recent agreement to share even more information on border-crossers fits easily within this recent history and can hardly be seen as a major departure from the approach of previous Canadian governments. The Beyond the Border Action Plan has already resulted in the automatic sharing of all information relating to the identity of ref-

**2005**

U.S. and Mexican presidents Bush and Fox and Prime Minister Martin sign the Security and Prosperity Partnership (SPP), an attempt to expand the “smart border” concept to the whole continent. In 2006, a trilateral big business committee is incorporated into the inter-government discussions and eventually tasked with prioritizing efforts for security and regulatory harmonization. The SPP is dropped in 2008 by incoming president Obama.

**2007**

Canada’s Passenger Protect program (“no fly” list) comes into effect. While billed as a Canadian response to U.S. pressure for more information on passengers flying to or over North America, it soon becomes clear Canadian residents are being unfairly harassed by airport officials or blocked from flying by Canadian airlines based on their inclusion on the lengthy U.S. “no fly” list.

**2011**

President Obama and Prime Minister Harper issue a joint declaration called Beyond the Border: A Shared Vision for Perimeter Security, which largely adopts the shelved SPP plans, but with an even more militaristic flavour implied by the term *perimeter*. “Through the perimeter approach, Canada and the U.S. committed to working together at, and beyond the border, to enhance our security and accelerate the legitimate flow of people, goods and services,” said a 2012-13 Department of Public Safety performance report.

**2016**

Canada and the U.S. dispense with the name “Beyond the Border” but continue the general program. “Both countries will fully implement a system to exchange basic biographic entry information at the land border. This builds on the process already in place for third-country nationals, and allows Canada and the U.S. to enhance border security in an effective and responsible way,” says a March 10 joint fact sheet. A new Canada-U.S. group is “tasked to generate and implement regulatory co-operation initiatives between the two countries on an ongoing basis, and for the first time this will include senior officials of regulatory departments.” A Canada-U.S. Redress Working Group is also struck to sort out the growing number of complaints against both countries’ “no fly” lists.



ugee claimants as well as information related to any decision to grant, deny or terminate their refugee status. The fact that Canada has chosen the United States as its exclusive partner in this program is no doubt influenced by the importance Canada places on the border.

After 9/11, Canada undertook changes in immigration law and made enormous steps toward security integration with the United States to reassure its neighbour about the security of the shared border. While this may have temporarily satisfied the U.S. administration, history appears to be repeating itself. Just as the explicit and implicit threat of border controls after 9/11 led Canada down a path of diminished rights, particularly in terms of privacy, the 2015 terrorist attacks in Paris may already be leading the Liberal government to backtrack on national security and refugee policy changes.

As much as Obama appears to be satisfied with Trudeau's approach to Canadian security, the U.S. Senate has already used the implicit threat of border restrictions to put pressure on Canadian decision-makers.

In February, a U.S. Senate Homeland Security Committee held a meeting titled "Canada's Fast-Track Refugee Plan: Unanswered Questions and Implications for U.S. National Security," in which Chairman Ron Johnson, a Republican from Wisconsin, expressed concern over "the porous nature of the U.S.-Canada border" and the pace of refugee resettlement under the new Liberal government. This pressure is likely to continue on a range of issues, particularly if Obama is succeeded by a Republican president, or even if the GOP simply retains control of Congress.

After the Liberals formed government, Prime Minister Trudeau extended a self-imposed deadline to admit 25,000 Syrian refugees and decided not to admit straight, unaccompanied males as part of the program. We may never know the extent to which these decisions were influenced by the advice of the Canadian security establishment, a desire to pre-empt U.S. security concerns, or simply the better optics of welcoming families with children at the airport. We do know, however, that fear of U.S. reaction has strongly influ-

enced past Canadian governments, particularly in the wake of terrorist attacks. Trudeau seemed to acknowledge this in Washington when he defined one of his primary goals of his meeting with Obama as "making sure there is a smooth flow of goods and people across our shared border that isn't putting our security at risk."

It was straight out of Manley's playbook from his days in government, and mirrored his request of the Liberals now that he helms the powerful Business Council of Canada. "Given the international security environment, governments are naturally concerned about nefarious actors using international trade and travel networks to advance their objectives," Manley wrote in an *Ipolitics.ca* column in February. He called for the conclusion of a preclearance agreement for Canadian factories and the expansion of a bilateral "trusted traveller program" for business travellers at the border. "Canada and the United States should develop a protocol for the sharing of key data, including our respective 'no-fly lists,'" he added.

U.S. pressure on Canada extends beyond the refugee, border security and TPP fronts. Trudeau's promised review of the 2015 Anti-Terrorism Act (C-51) could be influenced by pressure from the United States to retain problematic provisions, such as increased sharing of sensitive personal information between government agencies, and the new right of the Canadian Security Intelligence Service (CSIS) to disrupt what it believes to be potential threats to national security. Under C-51, personal information held by 17 federal Canadian institutions can now be accessed by the RCMP, including information held by Health Canada and the Canada Revenue Agency. Whether Trudeau's commitment to even greater information sharing with the United States will ultimately include this highly sensitive personal information is now an open question.

Such concessions may be tempting for Canada if they lead to a closer relationship in which trade benefits can be further secured. For instance, the long-standing issue of Canadian softwood lumber exports has re-emerged with the recent expiry of a comprehensive

2006 agreement. Trudeau and Obama claim to be on track toward resolving the issue, but they have not yet offered any details. As the world's largest net trader of forest products, Canada has a disproportionate interest in creating market certainty. This can easily lead to a lopsided negotiation in which the U.S. secures concessions from Canada unrelated to forestry.

## Friends without benefits?

Following the D.C. trip, media and political commentators seemed convinced that a new era in U.S.-Canada relations had begun, and that it could only be beneficial for Canada. Just getting Canadian issues on the agenda is a coup, said Manley in one interview, while the television news broadcasted clips of Mulroney and Reagan singing "When Irish Eyes are Smiling," as if their still contested trade agreement represented the pinnacle of the bilateral relationship. The fact is good relations can lead to bad policy no matter which party forms government.

The final months of the Obama administration present opportunities for Canada, but also serious long-term risks. Ratifying the TPP would certainly please the current U.S. administration, but also permanently undermine the ability of future Canadian governments to contain the cost of drugs, or set higher environmental, health and safety standards. The government has promised to review recent national security legislation in order to safeguard the security and civil liberties of Canadians, and ensure greater accountability to Parliament and the public. But these hearings should be guided by human rights concerns, not the effect of policy reform on trade flows.

Finally, Canada's response to the largest refugee crisis in human history should continue to reflect our national values, rather than the suspicions and fears of a powerful neighbour. Dispelling these fears must be done with the power of rhetoric and example so that we might stop trading away our sovereignty, piece by piece, to foreign governments and corporations. **M**

# Index

## The Panama Papers

Compiled by Hadrian Mertins-Kirkwood

On April 3, the International Consortium of Investigative Journalists published **11.5 million** leaked documents, known as the Panama Papers, emanating from the Panama-based law firm Mossack Fonseca, a world leader in the creation of shell companies and other offshore entities.

Individuals and corporations often use offshore corporations to hide assets from tax authorities and the legal system in their home jurisdiction. Although the creation of offshore entities is not illegal, offshore corporations can be used for illegal purposes such as fraud, money laundering or tax evasion.

The Panama Papers include nearly **40** years of records documenting

**214,488** companies incorporated in **21** different offshore jurisdictions, including Canada.

Tax havens are jurisdictions with very low tax rates and strong protections for financial secrecy. The most popular tax havens revealed in the Panama Papers are the British Virgin Islands, Panama, the Bahamas and the Seychelles, which together account for more than **90%** of the offshore companies appearing in Mossack Fonseca's records.

More than **14,000** banks, law firms and other intermediaries collaborated with Mossack Fonseca to establish offshore corporations for their clients. The most common homes for intermediaries are Hong Kong, the United Kingdom and Switzerland. In Canada, RBC is connected to **378** of the offshore companies named in the Panama Papers.

People in more than **200** countries are connected to the leaks. At least **12** current or former world leaders and **140** politicians or public officials are implicated, including the prime minister of Iceland, Sigmundur Davíð Gunnlaugsson (he was forced to resign) and the president

of Ukraine, Petro Poroshenko. Other prominent figures include sports stars like Lionel Messi, entertainers like Jackie Chan, and **29** billionaires.

There are at least **350** Canadians connected to the Panama Papers. They are mostly lawyers, businesspeople and resource sector executives rather than prominent public figures.

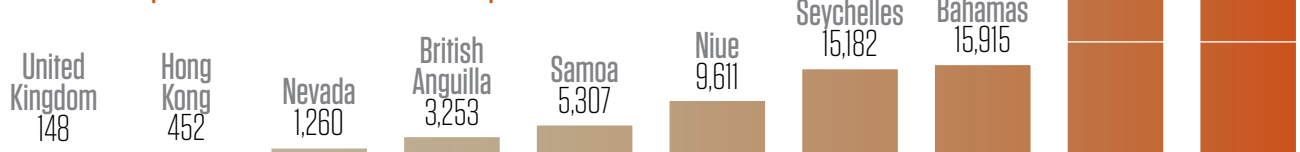
As of 2014, Canadian corporations have admitted to stashing **\$199 billion** in tax havens. The actual amount of Canadian money hidden abroad is likely much larger when the assets of wealthy individuals and unreported corporate money is included. According to Canadians for Tax Fairness, Canada loses at least **\$7.8 billion** in taxes per year as a result of offshore tax avoidance.

In Budget 2016, the Liberal government committed an additional **\$444 million** to the Canada Revenue Agency over five years to combat tax evasion and **\$351 million** over five years to enforce domestic corporate taxation. The CRA will use the new money to increase the number of examinations of "high-risk" taxpayers from **600** per

year to **3,000** per year. The agency will also hire **100** new auditors to investigate "high-risk" multinational corporations. In total, the CRA expects these and other new measures will recover **\$2.6 billion** in unpaid taxes.

The new money in the federal budget exceeds the Alternative Federal Budget's spending on tax enforcement, but it will only be effective if CRA can improve its currently poor record in tax avoidance cases. Other measures to crack down on tax evasion as outlined in the AFB include a **1%** withholding tax on Canadian assets held in tax havens and improved country-by-country reporting of corporate profits and taxes paid.

## The 10 Most Popular Tax Havens in the Panama Papers



SOURCES: Alternative Federal Budget 2016, Canadian Centre for Policy Alternatives; Bruce Campion Smith and Marco Chown Oved, "High-risk" taxpayers, offshore tax havens part of Ottawa crackdown," Toronto Star, April 11, 2016; Robert Cribb and Marco Chown Oved, "How offshore banking is costing Canada billions of dollars a year," Toronto Star, April 4, 2016; The International Consortium of Investigative Journalists and Frédéric Zalc, "Panama Papers: Document leak exposes global corruption, secrets of the rich," CBC News, April 3, 2016; The Panama Papers, International Consortium of Investigative Journalists; Canadians for Tax Fairness, "Shifted: Tax Havens Fact Sheet," July 2015.

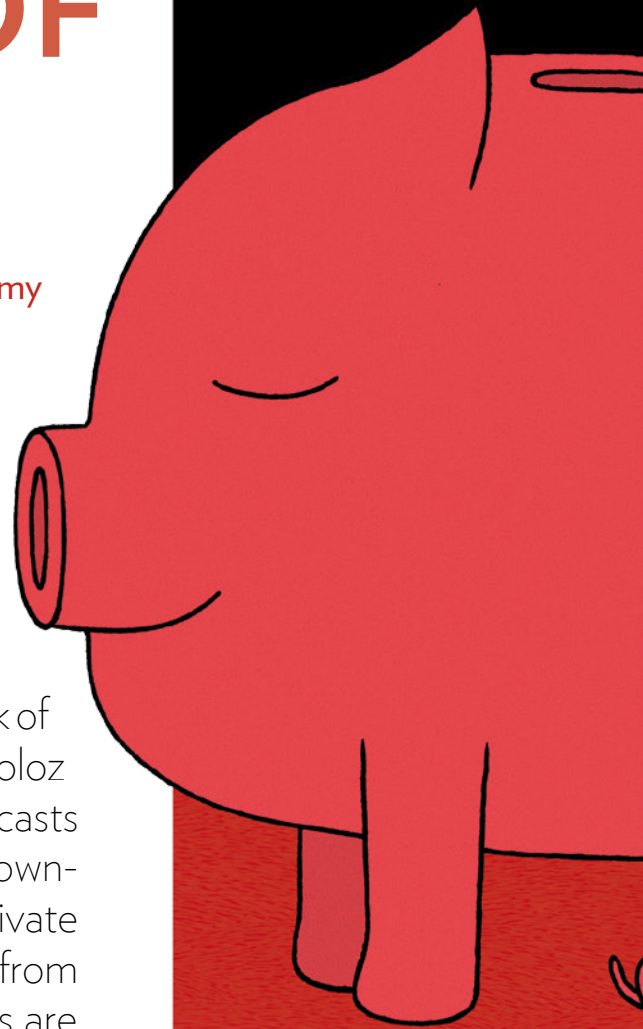
Armine Yalnizyan

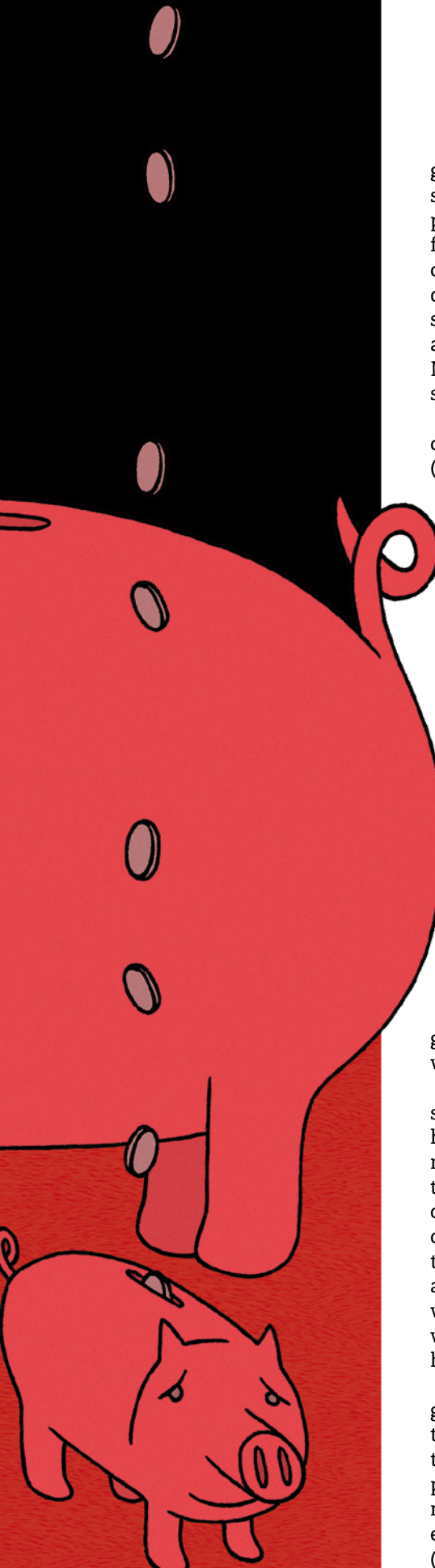
# THE MEANING OF SLOWTH



An introduction to the new Canadian economy

**C**ANADA'S ECONOMY HAS served up “serial disappointments” since 2012, as Bank of Canada Governor Stephen Poloz puts it. We are not alone. Forecasts for global growth have been continuously downgraded over the past four years. Current private sector estimates for Canada in 2016 range from 0.9% to 1.5%, essentially a stall. Forecasters are promising better years ahead, but with every new Department of Finance or International Monetary Fund assessment the economic turnaround gets pushed further into the future.





Welcome to the New Abnormal. Slowth (my term for slow or no growth) is not going away anytime soon, and it is changing both our prospects and our politics. For the first time in a generation, a growing chorus of voices say it is time to reduce poverty and inequality. In response, most Canadian governments, at every level, have started to act. Never has it been more satisfying to say the words: better late than never.

But even with increased political willingness to follow the crowd (rather than the lobbyists), redistribution gets harder to accomplish as the rate of growth declines. New policy initiatives are reduced to ever more challenging trade-offs in what increasingly looks like a zero-sum game.

Let's be clear: slow growth need not be a bad thing, particularly when you consider that cleaning up after oil spills, selling arms to Saudi Arabia, and expanding state surveillance technology in response to unspecified terrorist threats will add to a country's GDP. Slow growth can reflect new supply chains and technological improvements leading to cheaper costs of production and lower prices.

Unfortunately, when it comes to a progressive agenda of public solutions to public problems, slow growth also means the public purse will shrink.

One of the unavoidable drivers of slowth is population aging. Seniors have lower incomes and spend less money than the working-age population. As seniors make up a larger share of the population than ever before, we can expect that less income and sales tax will be collected. In other words, as the working-age population drops, we will have to tax ourselves more if we want to collectively do more. That has never been an easy sell.

While many progressives turn to government as Option #1 when something needs fixing, we cannot ignore the health of the private sector. To put it another way, though growth may not be the only or best fix for inequality and poverty, the alternative (recession) only makes things worse.

A fixation on balancing the books at this stage would almost certainly trigger a recession. But while a government willing to tax and spend can make a big difference, it's unlikely to spur the pace of growth in a \$2-trillion economy in the near term. Simply put, government actions matter, but macroeconomic realities can swamp even the most progressive policies.

### Where the loonie fits in

This spring, I was asked to comment on these issues before a Senate committee on banking, trade and commerce. While much of the news lately considers the size of the federal budget or whether oil prices will pick up, my presentation looked at how a low Canadian dollar interacts with slow growth to make matters even more complicated.

The loonie was at par with the U.S. dollar when the 2008 crisis hit. Two-and-a-half years later, it had returned to this level, primarily reflecting a renewal of global demand for Canada's natural resources, particularly oil. As oil prices plummeted last year and again early this year, the loonie tumbled in value against the U.S. dollar, unleashing a host of issues that are associated with slow growth, and eclipsing most effects of public policy.

Why is the loonie so low? First, declining global demand, driven by the slowest growth in China in 25 years, is propelling a downward growth spiral as companies respond to slowing sales with further cuts to costs. Second, oil and commodity supply gluts continue to get bigger. Demand is rising for these products but at a slower rate than supply growth, which lowers commodity prices. Third, a relatively stronger U.S. economy has dulled some of the loonie's lustre. Unemployment south of the border is below 5% and the central bank raised the benchmark interest rate in December for the first time in almost a decade, triggering capital flight to the U.S.

Now, a low Canadian dollar has its benefits, and has triggered more economic activity in non-resource sec-

tors than virtually any public policy in recent memory. Consider the following examples:

**More exports:** Things produced in Canadian dollars and sold in U.S. dollars (e.g., commodities like oil and beef, but also autos and services) will enjoy higher margins and profits.

**More U.S. consumers:** The loonie currently offers almost 40% more purchasing power for Americans. Expect more tourists in Canadian vacation spots, at sports tournaments, or enjoying events like Pride and the Toronto International Film Festival. The low Canadian dollar reverses the direction of cross-border shopping, which strengthens retail and may lead to some repatriation of the capital that migrated south with the snowbirds (who purchased \$92 billion in U.S. real estate from 2009 to 2015).

**Greater investment potential:** A lower dollar means lower relative wages, so we can expect some U.S. businesses will produce more in Canada. Hollywood North expands when the exchange rate falls. The film industry was worth about \$1.5B in Toronto alone in 2015, with foreign productions doubling since 2014. Advanced manufacturing is already seeing a boost (thanks to numerous innovation clusters throughout Canada). If the dollar stays low, reinvestments in our auto manufacturing facilities may be worth another look.

Canadians import one-third of GDP, largely from the U.S. (China is in a very distant second place, accounting for 7% of Canada's merchandise imports). A low-for-long loonie could trigger import substitution (i.e., investments that result in Canadians producing more of what they consume). On the other hand, a low dollar entails a number of serious economic negatives that can easily cascade, offsetting public policy efforts to boost growth.

For one thing, with lower purchasing power, consumers are paying more for imports, notably food. Low-income households are hit the hardest, since fresh fruit and vegetables are mostly imported from the U.S. Businesses that import intermediate goods are paying more, too. The lower loonie is like a pay/profit cut.

Slowing demand has also changed the retail landscape—think of the high-profile closures of Target, Future Shop and many smaller players. Expect more corporate consolidation as retailers struggle to absorb costs (instead of passing them on) to minimize falling sales.

Stranded assets are another Canadian problem. Capital spending (capex) in oil and gas fell by more than 30% in 2015 compared to 2014 and is forecasted drop at least another 19% in 2016. Moody's estimates oil capex will fall 25% globally this year. Should demand continue to fall, up to \$2 trillion in scheduled projects may become stranded assets.

Finally, a lower dollar means bigger deficits. Government budgets are being pressured more directly by falling oil prices than the low dollar, but the two are intertwined regionally and nationally.

## Global forces at play

It is often said that markets don't like uncertainty—as if people do! Where the loonie lands has profound im-

pacts on the restructuring of our industrial base and the health of the economy. Will the loonie stay low for long? Countervailing factors are at play.

For example, Iran is aiming to add one million barrels a day to global oil production in 2016, which will put further downward pressure on oil prices and the Canadian dollar. Globally, producers are already pumping 1.5–2 million barrels more a day than is being consumed. At over nine million barrels a day, U.S. production has not yet responded to lower prices. These factors mean the loonie stays lower for longer.

A hard cap on Alberta's greenhouse gas emissions and an international commitment to limit global temperature increases to 1.5 degrees Celsius will produce more aggressive policies to conserve and generate more energy from renewable sources. Europe's environmental initiatives have resulted in 1.5% less demand a year, a plausible scenario for Canada. This too would put downward pressure on the value of the loonie.

Upward pressure is also possible, however. We're hearing about asset bubbles in China. Globally, corporations owe \$29 trillion, with a third of companies failing to generate high enough returns on investment to cover their cost of funding. Tensions are escalating in the Middle East (now potentially between Turkey and Russia). The acceleration of any of these concerns could make the Canadian economy look like a safer bet, leading to an influx of capital. That would strengthen the dollar.

Similarly, weaker than expected job growth in early 2016 forced the U.S. Federal Reserve to signal it may delay its plans to raise interest rates. If recent slowdowns in manufacturing activity continue, there is even a possibility that the December rate hike could be reversed. Ratification of the Trans-Pacific Partnership trade deal (TPP) could further slow U.S. manufacturing and job growth, making the Canadian economy look stronger relative to the U.S. than it otherwise would, and leading to a higher value for our dollar.

Acknowledging these realities are beyond our control, what should be done? What can be done?

First, we need to recognize that monetary policy has limited impact on the value of the loonie, and fiscal policy that stops short of a \$30-billion deficit to finance stimulus for a couple of years can have little impact on a \$2-trillion economy over the long term. Public policy that is truly concerned about slow growth—and putting Canada back on an expansionary path—must look past this year's GDP and deficit to develop long-term strategies for building future potential based on ecologically sustainable growth that delivers good jobs and good pay. It's the kind of thinking (see Seth Klein's article on page 30) that is beginning to take place at the highest levels of policy development.

Whether we figure out how to speed it up, or learn to adapt to it, slowness will challenge our way of thinking about the world and what makes it go round. It will force us to find ways to unlock its opportunities and to rethink how governments can be a catalyst to succeed in the New Abnormal. **M**

Trish Hennessy

# Ontario's \$15 minimum wage campaign just got a boost

**WHAT A DIFFERENCE** two years make. In February 2014, while gearing up for a provincial election, Ontario NDP leader Andrea Horwath announced that, if elected, her government would raise Ontario's minimum wage to \$12 an hour by 2016. It fell considerably short of the \$14 a grassroots workers campaign was demanding at the time. "We know that the minimum wage needs to increase," Horwath explained. "We want to make sure that those increases don't come at too sharp or steep of a rate so that small businesses will be negatively impacted."

Not surprisingly, the NDP's decision to put concerns about small businesses ahead of the working poor didn't sit well with many progressives in Ontario. It contributed, in part, to Premier Kathleen Wynne's ability to gain ground in the election as an "activist" alternative. Fast-for-

ward to April 1 of this year, however, and the conversation is shifting rapidly. Horwath may even find herself back at the centre of it.

Since securing a majority in the spring of 2014, Wynne's Liberal government has steadily increased the minimum wage in small increments to its current \$11.25 an hour. The only remaining commitment is to index that rate to inflation each year. For instance, on October 1, 2016, the minimum wage will go up by 15 cents to \$11.40 an hour. At that snail's pace, Ontario would finally achieve a fair \$15 minimum wage in the year 2040.

With a steadfast, well-organized grassroots campaign pushing for a \$15 minimum wage in Ontario now (not in 24 years), there is clearly some political space to be taken up. Enter Horwath, whose party has been undergoing public scrutiny since its 2014 electoral showing.

On April 1, Horwath delivered a speech to the Broadbent Institute's

annual Progress Summit in Ottawa where she promised her party would raise Ontario's minimum wage to \$15 an hour if elected in the next provincial election (2018). "The time for talk is over. It's time for Ontario to show leadership and will—and to make sure no one working full time is stuck living below the poverty line," she said.

"It's time for a \$15 minimum wage. And if the Liberal government won't do it, then Ontarians will have an opportunity in two years to elect one that will."

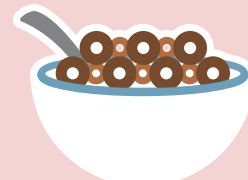
Horwath talked about income inequality, about the rise in precarious work facing people with disabilities, single parents and youth, about "people too young to retire, too old to start over." She cited research by CCPA-Ontario Senior Economist Sheila Block showing that people who are racialized are disproportionately represented among low-wage workers.

## SELECTED FOOD PRICE INCREASES BETWEEN AUGUST 2014 AND AUGUST 2015

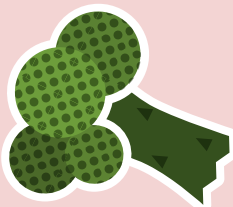
**Fresh Fruit**  
6.7% increase



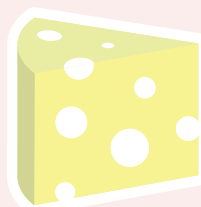
**Cereal**  
1.9% increase



**Fresh Vegetables**  
6.4% increase



**Dairy and Eggs**  
2% increase



# BRITISH COLUMBIA WORKERS FIGHT FOR \$15

**LABOUR GROUPS AND ALLIES** in British Columbia are challenging the province's approach to the minimum wage, which will not reach \$15 until 2034 under current plans. "The picture of a low-wage worker isn't what you would expect. They aren't all teens living in their parents' basement," explains a BCFED fact sheet. Consider this:

## 82%

of workers earning less than \$15 an hour are 20 years or older.

## 60%

of workers earning less than \$15 an hour are women.

## 59%

of minimum-wage earners have been on the job for at least a year.

## 53%

of minimum-wage earners have some post-secondary course work.

"If a \$15-per-hour wage were achieved, it would put B.C. workers 10% above Statistics Canada's low-income cut-off and give them a fair chance to cover the cost of the most basic necessities."

**MORE INFO: [WWW.FIGHTFOR15BC.CA](http://WWW.FIGHTFOR15BC.CA)**

In short, Horwath changed her party's tune about the minimum wage and low-paying work in Ontario. She put a new policy "in the window," as political strategists like to say. What impact might this new conversation have? With an opposition party finally ready to take on the \$15-an-hour fight, it could push the governing Liberals to do more than settle with annual inflationary increases.

Right now in Ontario, like the rest of Canada, the minimum wage debate is trapped in a conceptual cage built by well-funded business lobbies, which trot out the archetypal small-business owner whenever political leaders come under pressure to raise rates. The small entrepreneur just can't afford it, we're told; it will be bad for business. The problem with this story is it's heavily one-sided in favour of business owners while dismissing the value of low-wage workers.

In March, I was on CBC's *The Exchange* talking about the \$15 minimum wage being implemented in the United Kingdom. A spokesperson for the Canadian Federation of Independent Business (CFIB) countered that minimum-wage workers' pay is simply "a reflection of the value of that task to the organization," claiming "they can't offer the same degree of value to employers" as other workers.

It was an astounding claim—especially when you consider many minimum-wage workers are actually the public face of a business: the server who brings your food and drinks at the restaurant, the cashier at the corner store, the retail worker helping you find a flattering dress in a clothing store. Without them, you have no business. That sounds like value-added to me.

When the arguments against raising wages don't demean the workers, they are about putting a strain on business. The Macdonald-Laurier Institute's Brian Lee Crowley called minimum-wage policy a "tax on jobs" in a recent *Globe and Mail* column: "Please, if the government forces me under pain of legal penalty to do something with my money, then the government is comman-

deering my money for its purposes. I call that a tax."

Sounds like a great line to drop over bourbon and steaks at the country club, but it is a distortion of reality. While it may reflect the business establishment's fixation on hyper-valuing business owners and CEOs while devaluing the rest of workers, even in Canada the conversation is shifting, as are public expectations of employers.

It's hard to watch major jurisdictions like Seattle, New York, California and the U.K. embrace a \$15-an-hour minimum wage without wondering why our own governments would embrace a low-wage strategy in this country. It's hard not to be moved by U.S. service and retail workers picketing outside of Walmart and McDonald's stores demanding a \$15 minimum wage.

It's hard to continue to ignore the reality of low-paying, precarious work when you see bright young people with PhDs joining the new precarious workforce. They have overflowing skills to offer but are being devalued in the labour market.

If Ontario decided the lowest-paid workers in the province should earn within 60% of the average wage, as the CCPA-Ontario recommended in 2013, it would set a benchmark that served as a legitimate rationale for wage increases into the future. No more arbitrary political debates about who is more valuable—the business owner or the low-wage worker.

If Horwath sticks to the narrative she laid out in her April speech, she could end up pushing the Wynne government to revisit the question of how to set a minimum wage benchmark. Tying minimum wages to the average wage would make it possible to use the former as one of several tools in the policy toolkit for reducing income inequality and introducing fairness into the labour market. What is 60% of the average Ontario wage? You guessed it: \$15 an hour.

If Seattle can do it, so can we. It's fair, it's affordable and it's about time. **M**



# Against a basic income guarantee

**T**HE ONTARIO LIBERAL government announced in its February budget that it would be testing the idea of a Basic Income Guarantee (BIG), or guaranteed annual income as it is sometimes called. Ottawa is reportedly considering how to support the project, which has been cautiously applauded by conservative and progressive voices. The BIG concept generally involves direct payments from government to citizens that are not tied to participation in the labour force. They can be distributed to everyone equally, or else clawed back from those earning higher incomes.

We argue even more caution is needed from those of us on the left. As wealth redistribution goes, basic income is inherently conservative: it does not seek to improve employment prospects, is generally funded through cuts to social services (privatization), and does little to address inequality. For these and other reasons—including how expensive it would be relative to its impact—we believe the Ontario government should drop the idea and invest the money in public services instead, since these can be provided at a low cost to everyone while creating more jobs in the process.

## Work and need

**W**ork is fundamental to human development and personal fulfilment. This is not to say that people should be forced to work at all times for their own good. But there is a vast body of research showing the connection between mental health and work. It suggests the human ideal is not a life of pure leisure, but an escape from having to perform mean-

ingless, exploitative tasks for someone else's profit. Fundamentally, human self-worth is connected to the ability to contribute meaningfully to society through our labour. That good feeling you get after a day of productive work is not accidental, it is inherent in the human condition.

If the idea of a guaranteed annual income (the BIG plan in Ontario) is back in fashion it is only because the economy is once again in crisis with high levels of unemployment and underemployment. Add to this a projected period of global slow growth, along with widespread anxiety about automation and cheap "foreign" labour taking all the jobs, and the idea of paying people to stay home starts to look refreshingly simple. In actuality, the scaremongering about robots and temporary foreign workers is rooted in a misunderstanding of how jobs are created and our relationship to the economy more generally.

Robots and computers have been drastically increasing productivity

for decades, just as waves of industrialization did in the 19<sup>th</sup> and 20<sup>th</sup> centuries. However, employment displaced by automation was eventually reabsorbed into the economy as different jobs. It is disputable how many of the jobs currently being lost to automation should be considered personally rewarding work; mostly, they are probably just a means to an income. Meanwhile, there are important, arguably more meaningful jobs that need doing now.

The role of the government (the state)—for example, in mediating employment—is important to consider when we think about transitions through mass automation or other disruptions to patterns of work. Most political ideologies call on government to support workers when they become unemployed. This can be done through regulation (e.g., through a central bank), training, subsidies for new employment creation, and "social safety nets" to catch those workers who still "fall through the cracks." Without this mediation from our social institutions society does not function well. It is in how a government performs these mediating tasks that the right and left diverge.

For socialists, the fundamental form of social support is democratic, state-mediated production and redistribution. This position is based on the belief that the economy is a tool for maximizing human development, and that it is partly through the labour of workers that we can build a just and equitable world for all.

Since we are a long way from this ideal—economic and social development continues to be a lesser priority, in most states, to the accumulation of wealth—socialists have

**The human ideal is not a life of pure leisure, but an escape from having to perform meaningless, exploitative tasks for someone else's profit.**

# So what is the general appeal of an idea of a guaranteed income?

The following arguments are made.

Excerpted from the 2009 CCPA report, *Possibilities and Prospects: The Debate Over a Guaranteed Annual Income*, by Margot Young and James P. Mulvale. The authors could not agree on whether a guaranteed annual income should be implemented or under what conditions.

## 1 | A FIX TO POVERTY

First, and most powerfully, a guaranteed income holds out the promise of alleviating (and perhaps even eradicating) poverty—at least poverty understood simply as lack of income. This helps to explain the attractiveness of guaranteed income in times of growing economic inequality and persistent poverty amidst affluence.

## 2 | A MEASURE OF FORMAL LIBERTY AND INDIVIDUAL OPPORTUNITY

A guaranteed income proposal is not only and simply about ending poverty. The most powerful political arguments for a

guaranteed income are animated by particular views of social justice, equality, and freedom. A guaranteed income, by providing a core income for all, is seen to promise equality of opportunity in society. A guaranteed income, at an adequate level, allows an individual to realize for herself or himself the promises and opportunities that society offers.

## 3 | A MEANS TO SOCIAL AND DEMOCRATIC CITIZENSHIP

A guaranteed income is also touted as a way to ensure citizens can fulfil the civic duties we all carry as citizens. We cannot aspire to civic virtues when we are preoccupied with mere survival. Thus, an American political theorist, Carole Pateman, argues that the economic security a guaranteed income provides is instrumental to self-government in intimate spheres (the family), the labour market, and, more broadly, in democratic mechanisms of political government.

## 4 | A KEY TO GENDER EQUALITY

Poverty often means reinforcement of discriminatory social and economic relations for women. For example, lack of income can force women to stay in abusive, unhealthy relationships with men. As well, the gendered division of labour, reflected in women's disproportionate caregiving responsibilities, results in women's more vulnerable status in the labour market. Income support programs that are conditional on specific patterns of (typically male) labour force involvement disadvantage women (and mothers, in particular). A guaranteed income, it is argued, encourages recognition of the full range of human activities, including unpaid

called on government to support those who cannot work through services financed by those who can, as well as those who extract profit. In this context, the battle between left and right comes down to how much wealth should be distributed (from the owners of production to anyone who needs it) and the process by which this happens.

In general, right-wing parties want people to pay for most things, including services, in a commodified market economy in a way that can undermine the redistribution system workers rely on when they cannot

work. The response from a good part of the left is to defend existing universal, free public services delivered by (real) people, and to call for the creation of new public services to fill gaps in welfare delivery.

The difference is all the more important during an employment crisis like the kind we are told to expect from the new wave of automation—in services as much as, and possibly more so than, manufacturing. Supporters of the BIG concept assume, incorrectly, that this time these jobs cannot be replaced. They are simply not thinking “big” enough.

In reality, there is no shortage of work that needs doing: ugly spaces that could be beautified by employing an artist; elderly who need care that cannot be delivered by robots (not yet at least); buildings and other infrastructure that need to be upgraded; land that could produce food; and the provision of useful services that don't exist yet. In other words, there are plenty of needs the private market has not and probably cannot meet, but that could be met if we collectively decided to employ workers to provide these services.

caregiving work, that are key to a cohesive and rich society. An individual could make “real choices with reference to economic and non-economic activities.” Moreover, the universality and conditionality that a guaranteed income offers can make traditional scrutiny of welfare recipients unnecessary. The income security provided by guaranteed income, it is argued, could advance women’s economic and social citizenship and equality.

5

### A RECOGNITION OF CITIZENS’ SHARED SOCIAL OWNERSHIP

Many see a guaranteed income as recognition of individual citizens’ shared ownership in the resources of a society. Fairness, it is argued, requires that a portion of the goods of a society—its collective wealth and resources—be shared with all who make up that society. The Alaska Dividend, for example, is paid out of the Alaska Permanent Fund, a fund created out of a percentage of the proceeds of mineral sales or royalties, and thus recognizes the ultimate “ownership” by residents of the products of the state. Closer to home, the one-time Alberta Prosperity cheque, paid out in January 2006 to every resident of Alberta over 18 years of age, was billed as a “resource rebate” to Alberta residents from the budget surpluses accumulated from the province’s resource-fuelled economy.

6

### A MORE FLEXIBLE AND JUST LABOUR MARKET

Proponents argue that a guaranteed income gives workers flexibility more suited to the new global market. A guaranteed income gives an individual a level of basic economic

well-being independent of involvement in the paid labour force. This might mean a number of positive things. For example, workers with a guaranteed income in hand could choose to start up a business, work part time, job share, take a sabbatical, or take an interesting but lower-paid job. A guaranteed income would “decommodify” labour by providing individuals with the ability to devote their energies to socially necessary and valuable forms of work that are not paid. It might also enhance the power of labour to bargain effectively with capital. For low-wage, unattractive work, this may mean that workers will be able to leverage better working conditions or better pay. Thus a guaranteed income could prevent “desperation bidding” by workers with no other economic options.

7

### A MORE ENVIRONMENTALLY SUSTAINABLE WORLD

Perhaps a system of income security with guaranteed income as its centrepiece could challenge conventional wisdom on the need for never-ending economic growth as the precondition of general prosperity and income security. Guaranteed income could ensure a modest but sustainable standard of living for all, in the context of a more “steady state” economy with lower levels of consumption but greater economic redistribution. This scenario challenges the obsession in capitalist economies with open-ended accumulation and ever-rising levels of earned income and consumption of material goods. It also undermines “wage slavery” that has been central to the historical development of capitalist economies.

## Income support versus guaranteed income

The Basic Income Guarantee being considered in Ontario complements the right-wing attack on people-delivered public services. By decoupling income from employment, you reduce the need for government to deliver universal public services, since even those who cannot work could, theoretically, afford to pay out of pocket from their government cheque.

More broadly, a guaranteed income abandons the notion that the government has a role to play in de-

veloping a social economy: it is the *laissez-faire* alternative to a work-focused “welfare state” model. Instead of mediating and facilitating work and human development, the state is actually structurally supporting unemployment while encouraging the opening up of social services to profit-making.

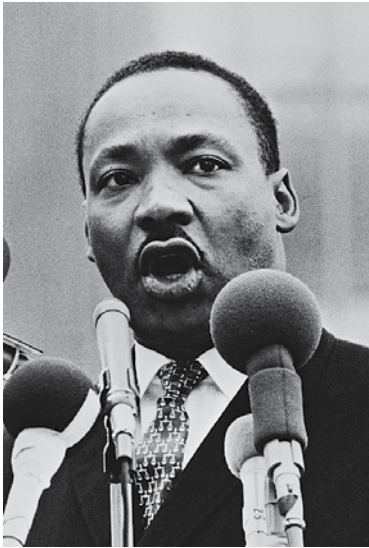
Socialists do advocate for a specific type of income supplement in the current economy, but it is very different from the BIG. The socialist approach acknowledges that even free services are not equally accessible to all and so additional support will be

needed for those at lower income levels or who cannot work.

For example, even free post-secondary education is out of reach for those unable to afford the time off work to study. This is why the student movement demands needs-based grants to cover living and leisure costs, affordable housing and food. The idea is to even out the university experience between students from low- and high-income families so as not to further entrench the latter’s privilege.

Likewise, free health care is out of reach for those who are not able to

## SUPPORTERS OF A GUARANTEED ANNUAL INCOME CAN BE FOUND ON THE RIGHT AND LEFT



### Martin Luther King, Jr. civil rights activist

“The contemporary tendency in our society is to base our distribution on scarcity, which has vanished, and to compress our abundance into the overfed mouths of the middle and upper classes until they gag with superfluity. If democracy is to have breadth of meaning, it is necessary to adjust this inequity. It is not only moral, but it is also intelligent. We are wasting and degrading human life by clinging to archaic thinking.”



### Friedrich Hayek libertarian

“The assurance of a certain minimum income for everyone, or a sort of floor below which nobody need fall even when he is unable to provide for himself, appears not only to be a wholly legitimate protection against a risk common to all, but a necessary part of the Great Society in which the individual no longer has specific claims on the members of the particular small group into which he was born.”

get to the hospital. This is why free ambulance services, home care and personal support workers are needed to bring people to the hospital or vice versa—to bring care to the home. In both the health and education examples, public funding does not replace the actual workers who support access to these free services, it simply allows for additional support to expand and equalize access.

Finally, consider that Canada’s Old Age Security program and the Guaranteed Income Supplement, both funded out of general government tax revenue, were never intended to be a replacement for high quality public services for the aged, nor do they replace the call from socialists for quality public housing. The same applies to child care: the federal government’s new low-income subsidy is generous, but from the perspective of access and reducing inequality, the money would clearly be better spent funding a national child care plan that is accessible, at low cost, by everyone.

### Questioning Ontario’s BIG plan

The socialist alternative to a guaranteed annual income is the welfare state model—a mixed system of income supplements for those who cannot work, short-term unemployment support, universally accessible public services, a public job guarantee for those who cannot find work, and regulated wage and job security for workers in the private sector. The welfare state model contains some of the goals of a guaranteed annual income, but goes much further to include a holistic and democratic view of the economy.

This is clearly not the model on offer in the Basic Income Guarantee. The Ontario Liberal government is promoting its BIG idea as a way to replace universal services (for the underemployed and/or precarious workers) that it says are too expensive or not “innovative” enough. This narrative, which is also endorsed by conservatives, removes the burden of supporting employment from the state while further empowering the private sector.

Progressives will fall into a trap by trying to make the flawed BIG model work; they should propose alternatives instead. The socialist vision of work, expressed by poverty activists, labour and students alike, involves a more fair distribution of work across society, and some democratically planned production that meets the needs of society.

While the allure of a life without work is strong—especially for those who currently have no control over their work or the profits that result from it—the BIG is a utopian illusion. Individual human development, like society and the economy, is an active process built through our collective labour. In reality, we all have to contribute our fair share to building the future we desire and deserve. **M**

WHAT’S LEFT IS A WEEKLY DIGEST OF CURRENT EVENTS, COMPILED BY CITIZENS’ PRESS, FOCUSED ON LEFT-WING ISSUES IN CANADA, IMPORTANT INTERNATIONAL STRUGGLES, AND USEFUL ANALYSIS FOR WORKERS AND ACTIVISTS ACROSS THE COUNTRY.

Iglika Ivanova

# Child care: Booster seat for the economy

**CANADA IS ONE** of the few advanced economies without a national child care system. We invest less in early childhood programs than any of our peer countries and fall far short of meeting the minimum public investment benchmarks recommended by UNICEF and the OECD. Simply put, our fragmented patchwork of child care programs across the country, with fees that exceed university tuition in some provinces, fails to meet the needs of Canadian families.

This is more than just an affordability problem. Faced with long wait lists and exorbitant costs, many parents, especially mothers, are forced to choose between abandoning paid work—often risking their family's financial security and their own financial independence—and relying on unregulated care, where there are no training requirements, safety standards or monitoring. These problems are magnified in B.C., where child care fees are the second-highest in the country and where one-third of children arrive in kindergarten not meeting all early developmental benchmarks, which puts them at risk of not reaching their full potential.

Studies show that society as a whole benefits when parents have easy access to affordable, quality child care. High-quality early childhood education promotes healthy child development and increases educational achievement for all children, with particular benefits to the most vulnerable. It also promotes social inclusion, advances gender equality by allowing mothers to return to work, and strengthens the economy. The weight of the international evidence has fuelled broad support across many sectors for investing in

a national early education and child care program in Canada. But, until recently, it had failed to move our federal or provincial governments (outside Quebec).

Things seem to be changing in Ottawa. The Liberal government's first federal budget allotted \$400 million next year for the development of a national framework on early learning and child care with the provinces, and another \$100 million for Indigenous child care and early learning on reserves. It's now up to the provinces to help design, implement and support community-driven programs that reflect local needs within a national framework. Viable models already exist. For example, child care experts in B.C. have developed a plan that would reduce fees to \$10 a day, create enough spaces for all families who want them, and increase the quality of care in regulated programs. This \$10-a-day child care plan has support from businesses, local governments and academics across the province.

Publicly subsidized child care is entirely affordable. In fact, it would be largely self-financing and create thousands of sustainable, community-building jobs for early childhood educators who will finally earn a living wage. It would make it possible for parents, especially mothers, to en-

ter and stay in the labour force or to pursue further education.

Research from Quebec, led by economist Pierre Fortin, found large and almost immediate economic benefits from the province's child care program, launched in the late 1990s. In a study published last summer I estimated that, if B.C.'s experience were similar, \$10-a-day child care would significantly increase the number of women in the workforce, boosting the provincial economy by \$3.9 billion per year. This would lead to higher tax revenues, fewer families with children needing social assistance, and reduced reliance on other income-tested transfers. The provincial and federal governments would see benefits to the tune of \$1.3 billion, split roughly 50/50 between them.

In other words, the direct returns to government from investing in the \$10-a-day plan would almost entirely cover its \$1.5-billion annual cost. While my study was B.C.-specific, the key findings extend to Canada more broadly. The economic benefits of more women re-entering the workforce after having children would be large, and governments at all levels would immediately see returns in higher tax revenues and less demand for social assistance.

Families that directly benefit from child care would still contribute a large share of the program costs, but it would be through a combination of affordable fees and the income tax system instead of exorbitant upfront fees. For the rest of us, pitching in a little is a bargain for what we'd get with universal quality child care: healthy child development, improved social inclusion, more gender and income equality, and economic prosperity. **M**

**\$10/day child care would significantly increase the number of women in the workforce.**

Martin Adelaar

# The power of energy efficiency

A re-manufacturing strategy would drive economic renewal

**THE INTERNATIONAL ENERGY** Agency refers to energy efficiency as the “first fuel” for decarbonization. Broadly, the strategy taps the overwhelming potential to deliver the heating, cooling, lighting, travel, motive power and other energy services we need using less input energy. It means highly insulated, airtight homes and buildings, highly efficient equipment and vehicles, and use of information technology to drive the smart manufacturing and smart grid systems of the future. Energy efficiency works best when it combines these technical solutions with an array of behavioural and management best practices at home, at work and on our highways.

A raft of studies have shown that energy efficiency can be delivered at a cost less than the energy supply it displaces, and that it will enable economies to decouple energy consumption from GDP growth. The savings are huge—about \$27 billion in Canada between 1990 and 2009, according to Natural Resources Canada, and \$800 billion in the U.S. from 1980–2014, according to the American Council for an Energy Efficient Economy. Nevertheless, energy efficiency has never made it to the front burner as a strategic national policy priority. A certain narrative has evolved, in the media and elsewhere, which needs to be recognized for the challenges it poses.

Much of the policy narrative dwells on carbon pricing as being able to do the heavy lifting for greenhouse gas (GHG) emissions reductions. There are those who advance the notion that, under carbon trading and many carbon pricing schemes, government can largely step aside and let the market do its work. This magi-

cal and risky thinking is not supported by third-party evaluations and overlooks the historical role of government in fostering energy efficiency and concomitant GHG emissions reductions.

In virtually every jurisdiction in the world, where some form of carbon pricing has been introduced, the economy had been, and continues to be, “conditioned” by an assortment of long-running energy efficiency policies and program interventions. A federal office of energy conservation was launched in 1973 and, since then, a broad range of government policy and program initiatives have evolved to target a myriad of market barriers. For instance, federal leadership has led to energy performance standards and labelling requirements that now cover more than 40 energy-using products, as well as state-of-the-art benchmarking and training.

Today, electric and gas utilities are the main energy efficiency delivery agents in most provinces and territories where innovative policies have helped to align energy efficiency with utility business interests. Regulators and/or provincial governments have mandated utilities to pursue all cost-effective energy efficiency programs, setting a framework for recovering investments and lost revenues, and earning incentives by hitting targets. Accolades for B.C.’s carbon tax conveniently overlook this historic role of government in creating the conditions for successful emissions reductions.

A second narrative suggests energy efficiency is getting close to the end of the line, that we’ve done all we can do. Despite the impressive gains to date, energy efficiency is the gift that keeps on giving, as the evolution

of technological and management innovation can mine even greater savings resulting in larger economic benefits.

In 2014, the U.S. not-for-profit Acadia Centre estimated that, over a 28-year period, future energy efficiency in Canada could generate \$230–\$580 billion in net GDP and 1.5–4 million additional job-years. The Ontario Energy Board recently approved \$700 million for gas utility energy efficiency programs running to 2020.

Finally, energy efficiency continues to be undervalued. With a few exceptions, governments, utilities and industry have largely failed to capture the full social value of energy efficiency in their analyses, hence energy efficiency continues to be undervalued. Through the energy efficiency services/goods supply chain, and the re-spending of savings, energy efficiency increases business productivity, competitiveness and employment; generates incremental tax revenues; increases property values; reduces emissions; and lowers health costs. In a rare retrospective analysis of these benefits, Navius estimates that energy efficiency in Canada between 2002 and 2012 incrementally increased GDP by roughly 1%, or nearly \$16 billion per year.

**W**hile carbon pricing will enhance the already robust business case for energy efficiency, it will not address the significant market barriers that still impede optimal levels of energy efficiency. This is where federal leadership is required, ideally through an integrated platform that addresses multiple policy objectives.

For example, Canada could adopt a national “re-manufacturing” strategy, with energy efficiency as a core

component, to help Canadian industry and manufacturing compete successfully in the global economy. An aggressive energy efficiency push would boost employment through job retention, as plants across the country improve productivity, and job creation in the energy efficiency supply chain.

Industry represents nearly 40% of total energy consumption in Canada. Despite significant performance improvement there remains considerable potential for Canadian industry to increase energy efficiency. The industry target market includes over 33,000 small to large establishments within the manufacturing sector alone, so the impact and benefits will be enormous.

For example, Canadian industry could do better to maximize the benefits of intelligent efficiency, smart manufacturing and the “internet of things,” which all drive innovation using information and communications technology. Canadian manufacturers could also more aggressively adopt the management best practices necessary to foster a culture of continuous improvement and quality production

To illustrate this, consider ISO 50001, an international energy management standard (adopted as a Canadian national standard) that creates a unifying quality management framework to improve energy performance and foster energy management best practices. As of 2014, there were a total of 6,778 ISO 50001 certifications issued worldwide; German plants held 50% of these certifications.

In contrast, as of March 2015, a total of 17 Canadian plants, representing 11 companies, were listed as ISO 50001 certified. Research suggests the low take-up in Canada reflects relatively poor implementation of productivity- and performance-enhancing manufacturing process upgrades (e.g., lean manufacturing, value stream mapping, etc.) even where investments in this direction have been made.

For policy advice toward a national re-manufacturing strategy, the federal government could look to the bi-

partisan work of U.S. Senators Jeanne Shaheen and Robert Portman, who laboured tirelessly to advance legislation that explicitly places energy efficiency as an economic driver. The government could also borrow from the Europe 2020 Strategy for generating growth and jobs, specifically its flagship “resource-efficient Europe” initiative to shift the continent toward a low-carbon economy.

**W**hatever the inspiration, the process and substantive elements of a Canadian re-manufacturing strategy and intervention should reasonably include the following elements:

- ▶ Consolidate and rationalize, perhaps under a U.S.-style Advanced Manufacturing Office, Canada’s myriad support programs and funding sources for industry and manufacturing.

- ▶ Establish a permanent high-level forum in which labour, government, industry and utility leaders can consult and share ideas to advance Canadian manufacturing as an eco-sustainable leader. The forum could build from the approaches used by the Canadian Industry Program for Energy Conservation (CIPEC), a successful government-industry collaboration that happens to be the longest running energy efficiency program in the world.

- ▶ Establish a program that provides Canadian industry with the tools to leapfrog over its international competition in all aspects of performance. Such a program would necessarily encompass financial support, training, tools, research and development, and other assistance to help shepherd companies through the often challenging process of making the business case for energy efficiency improvements and then acting on the identified opportunities. The program would also need to bring together all of the aspects that advance energy efficiency performance (e.g., waste-heat recovery, process re-engineering and the adoption of advanced continuous improvement practices).

- ▶ Establish, at the most senior decision-making levels, a shared respon-

sibility approach to the delivery of the program. Borrowing from Efficiency New Brunswick’s Large Industry Energy Efficiency Program, the first Canadian program awarded the Alliance to Save Energy’s International Star Award for energy efficiency, the scope of any company/facility program support must be determined through a negotiated “participation agreement” that lays out the mutual roles and responsibilities of the program provider and the participating companies. Typically, the initial step will be an integrated baseline and gap assessment encompassing, among other things, production process, energy, waste, pollution, information and communications technology, and staff and system competencies.

- ▶ Establish a National Network for Manufacturing Innovation (NNMI) to bring together innovative manufacturers, engineering schools, community colleges, government agencies and non-profits to invest in unique, but industrially relevant, manufacturing technologies with broad applications.

- ▶ Finally, the government should work with financial institutions and investment funds to establish the conditions under which private capital can be more aggressively and effectively mobilized to energy efficiency investments. Taking such action would be timely given that, during COP 21, over 100 banks managing a total of \$4 trillion in assets called for a doubling of energy efficiency by 2030.

An effectively resourced and designed national re-manufacturing strategy and intervention, with energy efficiency as a core element, would do more than help Canada catch up to our global competitors; it would create the conditions to help Canada become a global leader in eco-sustainable production and competitiveness while retaining and growing employment. Let’s not allow a myopic focus on carbon pricing to obscure the economic and carbon benefits of an aggressive national energy efficiency intervention. **M**

Seth Klein

# We know what we're against, but what are we for?

Advancing a progressive jobs agenda

**CHRISTY CLARK TOOK** British Columbia's 2013 election based largely on a few outlandish promises about a single non-existent industry: liquefied natural gas (LNG). In a context of economic insecurity, the premier convinced a lot of voters she would be able to convert the province's overstated (and mostly fracked) natural gas reserves into liquid form—an extremely expensive and energy-intensive process—then ship it by tanker to new Asian markets, apparently at a premium. Clark said LNG would generate 100,000 new jobs, and \$100 billion in new public revenues, allowing the province to become debt free—all while helping the planet lower greenhouse gas (GHG) emissions. It was an attractive proposition. Completely unsubstantiated, but attractive.

Since the election, the CCPA's B.C. office has produced a series of reports debunking each of the government's claims about LNG. We've argued that, as we wrestle with the realities of climate change, now is hardly the time to sink a lot of money into building infrastructure for a new fossil fuel industry. Yet, people want and need well-paying jobs; their feelings of economic insecurity are real and legitimate. If we are to oppose carbon-economy developments like LNG—as we must—we also have a responsibility to propose an alternative economic plan in its place.

In November 2014, the CCPA-BC, with support from the B.C. Federation of Labour, the Centre for Global Political Economy and the Progressive Economics Forum, took an important step in this direction by hosting a solutions-oriented conference entitled *A Good Jobs Economy in B.C.* Attendees considered 15 papers outlining more than 50 proposals for a vibrant, sustainable good jobs agenda—more than enough ideas for any interested government or political party to choose from. The one-day conference acknowledged that the government's official

B.C. Jobs Plan isn't working; its focus on resource extraction is just too risky, as it ultimately puts investment decisions outside our control. The push for LNG in particular will ensure we keep riding that rollercoaster we call the B.C. economy, whose chaotic ups and downs are closely tied to global commodity prices that have plunged rapidly over the last year.

But we can't stop there—at challenging a bad jobs policy that takes the province further away from meeting the climate change imperative. In our call for papers for the conference, the CCPA challenged authors to focus on solutions. As a public policy institute, we were especially interested in the role of the state. In other words, what can governments do directly to create jobs, or indirectly to foster job creation, in key sectors that are committed to the province? The conference also sought to answer the following more specific questions related to financing, industrial strategy, employment equity and what constitutes a “good” job.

1. How can we finance or capitalize alternative job-creation ideas? It's not hard to demonstrate that most green infrastructure and green-tech industries produce more jobs per dollar invested than the fossil fuel industry. It's even easier to make the employment case for investment in public services. As usual, the problem for us—the elephant in the room—is where to find the money. Fossil fuel companies come to the table with billions of dollars to invest in new infrastructure; there is much less for the alternatives. So how can we change that? How might we marshal new sources of investment capital for more sustainable, good jobs?

2. What does a modern industrial policy look like? We're often told such thinking is passé (though this happens less often since the economic crisis of 2008–09). Clearly, the status quo isn't working. Corporate Canada has had its way on the policy front for decades now: in exchange for dramatic reductions in federal and provincial corporate tax rates, big business promised to invest in new production and job creation. Yet, over half a *trillion* dollars of corporate “dead” money is sitting idle. How can we legislate some of that capital back to work? How are other countries, like Finland, Denmark and Germany, outperforming us on many measures of economic performance, employment and diversification?

3. Finally, our conference participants were asked to consider how to ensure that training and employment opportunities are more accessible to traditionally excluded

**It's not hard to demonstrate that most green infrastructure and green-tech industries produce more jobs per dollar invested than the fossil fuel industry.**



ed populations. And, fundamentally, how might we guarantee that existing work, and the new opportunities we are striving to create, in fact qualify as “good” jobs—i.e., they pay well, offer benefits, provide the core elements of economic security that most of us need, and (dare we even consider it) are rewarding and meaningful?

### The conference papers

Answering these questions was no small challenge, but conference participants rose to it. I couldn’t possibly list all of their 50–70 ideas for a progressive jobs agenda in this space—conference submissions can be read at [www.policyalternatives.ca/offices/bc/goodjobspapers](http://www.policyalternatives.ca/offices/bc/goodjobspapers)—so I’ll highlight just a few examples here.

Some presenters focused on the need for a bold “green jobs” plan consisting of major investments in building retrofits, public transit, high-speed rail, renewable energy, zero-waste initiatives, value-added forestry and reforestation, and clean technology. Here, some innovative partnerships between First Nations and Crown utilities have led the way toward what we might call green economic development.

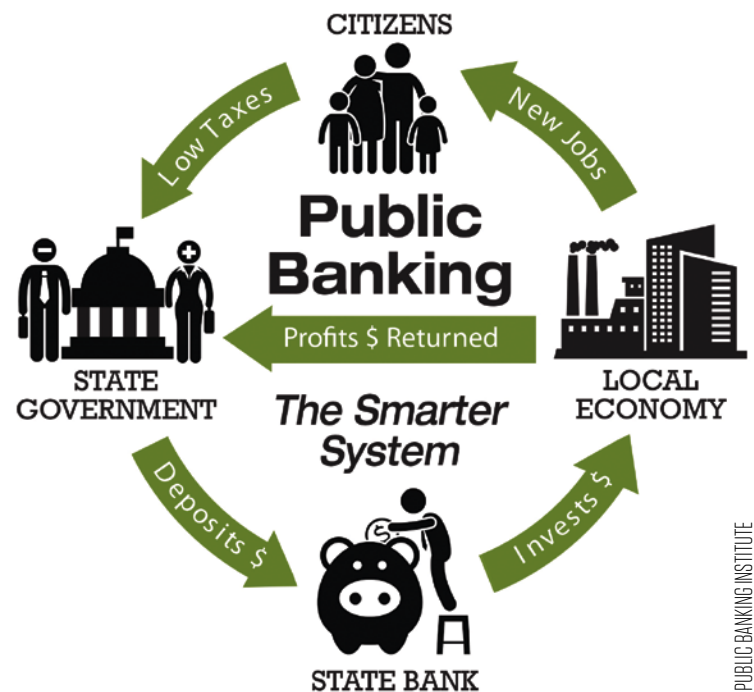
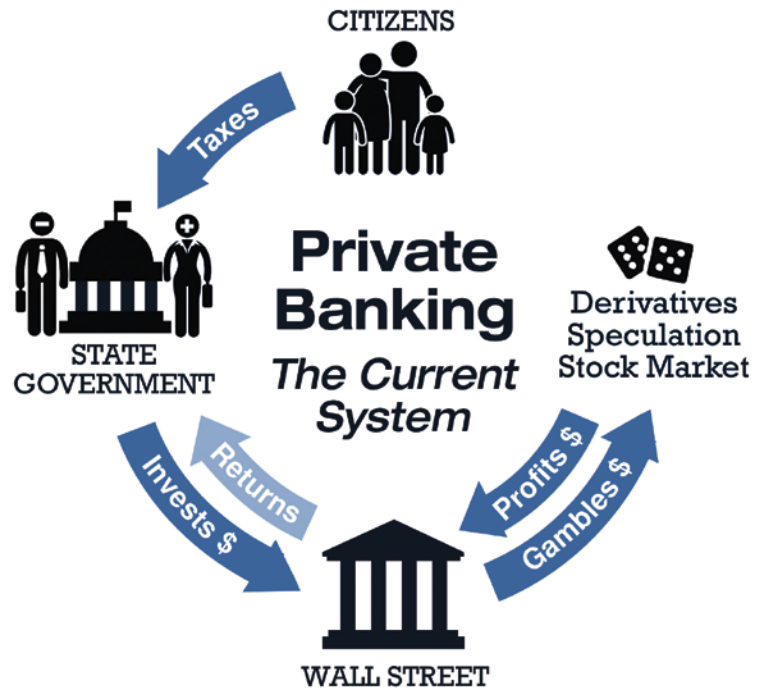
For example, the T’Sou-ke First Nation on Vancouver Island is Canada’s first Aboriginal solar community, producing enough solar electricity to power local homes and meet local agriculture, greenhouse and shellfish industry needs, while selling surplus power to the B.C. Hydro grid. In the process of becoming solar leaders, the T’Sou-ke have trained their youth so well they are now the “go-to workforce for the region’s solar projects,” according to Jonathan Kassian, former co-ordinator of Green Jobs BC.

In her contribution to the conference, the CCPA-Manitoba’s Lynne Fernandez wrote about a similarly innovative partnership between Aki Energy, an Aboriginal-owned social enterprise, and Manitoba Hydro. Aki Energy trains young Aboriginal people in the installation of geothermal heating and cooling systems—a highly portable and in-demand skill—in northern First Nations communities. Given Manitoba’s cold winters, geothermal heating lowers energy bills dramatically, alleviating energy poverty in low-income communities. The initiative is also easing power demands on Manitoba Hydro, in some cases displacing GHGs if the previous heating source was oil or gas.

Other participants to the jobs conference spoke of the need to get local and provincial governments, as well as large local businesses, to do more of their purchasing in-province. Simply put, when governments and businesses prioritize purchasing supplies, products and infrastructure (e.g., ships and buses) locally, more money circulates within the province and more jobs are created.

In his presentation, Internet start-up entrepreneur Matt Toner discussed the Finnish model for incubating and nurturing new tech companies. He explains:

the government has carved out a series of public-private mechanisms that have created a range of globally competitive technology companies to anchor their



innovation industry and economy at large.... Finland has opted for direct up-front investments [in] new intellectual properties wholly owned by Finnish companies. This approach has been underpinned by a government-controlled investment fund known as Tekes, the Finnish funding agency for investment. Of the 600 million euros invested annually, Tekes sets aside 70 million euros for the computer games industry: over the years, it has invested in more than 100 Finnish games companies through either loans or direct investments.... Tekes makes rather large investments in these new companies, which gives them the capital needed to succeed on the world stage. Up to 1 million [euros] are made available per project as either investments or loans: companies can apply for several projects to make up a slate that can amortize technology and talent in the most efficient ways. The model is dynamic and flexible, allowing companies to come forward with project proposals at any time.

Toner concludes, “It is time to re-examine the potential role Crown partners can play in creating a made-in-B.C.-for-B.C. industrial strategy, one that favours the development of local innovative companies.” As a major co-owner of these companies, the public (as government) would have more control over their ultimately remaining in Canada and employing people here.

Entrepreneur Kenneth McFarlane shared his ideas for fostering local manufacturing. McFarlane is drawn to the ideas of economist Mariana Mazzucato in her book *The Entrepreneurial State: Debunking Public vs. Private Sector Myths*, which highlights the key role of government and public universities in driving such innovations as the Internet, biotechnology, breakthrough pharmaceuticals, the iPhone, nanotechnology and renewable energy. In most of these examples Mazzucato finds that the public has borne (socialized) much of the risk while private interests realized the profits. Clearly, the state needs to gain more from its stake and achieve a better return on the public’s collective investment.

McFarlane proposes the following in his conference paper:

- ▶ Use of a public development bank to directly invest in new enterprises, particularly “early-stage ventures” that normally have difficulty finding financing due to risk-averse private lenders.

- ▶ Government should expect and receive “healthy royalties” from applied technology breakthroughs—returns that could be re-invested in “innovation funds.”

- ▶ Our university research institutions need resources to carve out “world class” expertise. But much better follow-through is needed, or homegrown innovations will end up leaving the province (as has often occurred in the past).

- ▶ A future-oriented government should focus on the opportunities that will come with the advent of 3D printing, nanotechnology and biotech. If a government can give companies that seek to adopt these technologies room to fail, perhaps by sharing some of the risk, we are more likely to find ourselves home to factories for those efforts that succeed.

- ▶ There is a core need for government planning, particularly in the form of identifying the crosscutting challenges and needs manufacturers will face with respect to infrastructure, human resources and skills, technology priorities, etc. Undertaking such planning would be a source of job growth.

McFarlane proposes that state support of this kind can and should come with a clear *quid pro quo*: companies that benefit from government investment and infrastructure should expect to pay reasonable taxes and royalties, and public support should be linked to the achievement of collective economic, social and environmental objectives, such as demonstrable job creation and the provision of higher wages. He warns, however, that B.C. may lack the necessary pool of companies, venture capitalists and entrepreneurs willing to foster an advanced manufacturing sector as envisioned. Given this limitation, and in line with Toner’s exploration of the Finnish model, McFarlane recommends creating a new Crown corporation (or multiple new public enterprises) to help lead the endeavour.

“Public enterprises are the most reliable means to ensure that manufacturing operations remain in the province once they are established and that corporate earnings are used for human resource development and local public services rather than primarily for the enrichment of private owners,” he writes. A few key new Crown corporations would allow for better long-term planning, ensure the downstream benefits of risk-taking investments return to the public, and be in a position to anchor new clusters of private firms.

Environmentalist and futurist Guy Dauncey is keen on the need for a particular kind of new state enterprise: public banks. The institution would likely not engage in retail banking in the same manner as a regular bank or credit union (though it could), but would instead focus on business development/investments and other policy goals. In his paper for the conference, Dauncey notes that public banks are common throughout the world for their many benefits, which include the following:

**Government should expect healthy royalties from applied technology breakthroughs—returns that could be re-invested in innovation funds.**

## A public infrastructure bank offers an attractive vehicle for financing badly needed government projects.

- ▶ When a public bank creates money (via the provision of credit), the interest earned is returned to the public rather than to shareholders.
- ▶ The public Bank of North Dakota has a loan portfolio of US\$2.6 billion, has allowed the state to be debt free, and is credited with helping North Dakota maintain the lowest unemployment rate in the U.S.
- ▶ A public bank can support (with low-interest loans) community development funds, First Nations business development initiatives, social enterprises, community forestry initiatives, co-op start-ups, 100% renewable energy projects, local farms, home and building energy retrofits, and various other initiatives related to climate action.
- ▶ A public bank could give low-interest or even interest-free loans to students.
- ▶ A public bank would be able to offer financing for provincial and municipal infrastructure projects, significantly lowering their interest costs.
- ▶ A public bank could issue low-interest loans to the kinds of sector clusters described above by Toner and McFarlane.

A new public bank could be capitalized from the reserves of existing Crown corporations and, once established, quickly set to work undertaking the ideas above.

We also need to re-assert the role of public services—including new public services—in job creation. Lynell Anderson described to the CCPA conference how a comprehensive public child care plan would have a number of economic and employment spinoff benefits. For example, it would lead to many more jobs with better pay for child care providers (and in a low-GHG service sector), significantly boost women's labour force participation, and provide benefits to employers from reduced staff turnover to improved work-life balance.

### Paying for the plans

As mentioned, this is just a smattering of the more than 50 proposals explored during our one-day B.C. jobs conference in 2014. As a final word, let me return to the important question of where the money would come from to implement all of them.

First, in some cases the initiatives pay for themselves over time. When more people are working and earning a good income, government will see a boost in tax revenues, making the up-front investments—think of the child care example—well worth it.

Second, there are many ways a government could raise additional income, as the CCPA has proposed in the Alternative Federal Budget and as I outlined in my CCPA-BC paper with Iglia Ivanova, *Progressive Tax Options for B.C.: Reform Ideas for Raising New Revenues and Enhancing Fairness*. For example, increasing the B.C. carbon

tax to \$50 per tonne could raise \$2.2 billion annually, half of which could go to rebates for low-income families and the other half to funding new public transit or building retrofits that bring down GHG emissions.

Third, a public investment bank, as exists in North Dakota and elsewhere, offers an attractive vehicle for financing badly needed (and climate-positive) government projects. It would also make sense for government to borrow money and debt-finance such spending, amortizing the cost over time. Even if our governments merely maintained current capital spending as a share of GDP, billions of dollars in the coming years would become newly available for jobs- and development-oriented investment.

All of which is to say, there is nothing tying us as a province to LNG and other fossil fuel projects. We have much better options—lots of them. We just need governments prepared to be ambitious. Most importantly, we need our public leaders to recognize that many of these ideas—like a bold public transit or building retrofit plan, and capitalizing a public investment bank or innovation fund—constitute elements of what should be an ambitious social and green infrastructure investment plan.

They are also core elements of the Leap Manifesto, a high-employment agenda for quickly transitioning the Canadian economy away from fossil fuels (see the November-December issue of the *Monitor*). The alternative (i.e., status quo) on offer, which is to sink our money into new carbon infrastructure, is dangerous from the

perspective of climate change and unable to address real job insecurity. With all-time low prices for oil, renewables and borrowing, all the prices are right to make the leap to a new economy today. **M**



FOR MORE ON THE JOBS IDEAS DEVELOPED HERE, SEE THE CCPA'S B.C. GOOD ECONOMY PROJECT AT [WWW.POLICYALTERNATIVES.CA/PROJECTS/GOOD-ECONOMY-PROJECT](http://WWW.POLICYALTERNATIVES.CA/PROJECTS/GOOD-ECONOMY-PROJECT).

Jim Stanford

# Is slow growth inevitable? No way.

**T**HE GLOBAL ECONOMY cannot seem to regain any sustained momentum, even eight years after the financial crisis and worldwide recession that broke out in 2008. Economic growth continues to underperform and forecasts are continually revised downward. Government budgets around the world, including in Canada, are undermined by the stagnation in output, incomes and tax revenues. Much of the blame for this year's expected \$30-billion federal deficit, for example, is due to the fact that, in the wake of last year's recession, Canadian economic growth is so much weaker than predicted in previous forecasts.

Many economists have concluded that this sluggish state of affairs is somehow a “new normal” for the economy. They argue that slow growth (and the fiscal pressures that result) is more or less inevitable, reflecting a range of supposedly rational causes including slower population growth, sluggish productivity, weak investor confidence, etc. Their policy conclusion is dismal: we all must ratchet down our expectations, including what we expect from government, to reflect this gritty reality. Even some progressives seem to accept that slow growth is an inevitable feature of the economic outlook. Some with an environmentalist perspective may actually welcome it, since they associate economic growth with ecological destruction, and hence less growth must mean less destruction.

I disagree on all counts. I do not think that slow growth is natural, inevitable or desirable. I do not think that stagnation and recession will fix environmental problems; more

likely, they will make things worse. I think we should expect, and indeed demand, *more*—from our economy, from employers and from government—not less. By advancing and winning concrete demands for more incomes, more services and more sustainability we can simultaneously fix the stagnation, unemployment and underemployment that are damaging communities across the country.

## Growth and work

**P**art of the issue here is understanding what we mean by growth: what is it and where does it come from? In my book, *Economics for Everyone* (a second edition was recently co-published by the CCPA), I actually try to dispense with the term “growth.” I prefer to discuss “work.” Because it is ultimately productive human activity (a.k.a. work, in all its varied forms) that determines the quanti-

**There are many other ways an economy can “grow” and a country’s real GDP increase. It could happen, for example, through a major expansion in human services delivery.**

ty and quality of the goods and services we collectively produce.

Conventionally, economic growth refers to an expansion in the value of real (or inflation-adjusted) GDP. In terms of its impact on the labour market, real GDP needs to grow by 2% per year or more just to keep up with normal population and productivity growth. Any slower than that, and unemployment will grow, whether reflected explicitly in official data or unofficially in underemployment, precarious work and non-participation.

In terms of its impact on living standards, the effects of growth depend totally on how new GDP is produced and what it is used for. If higher GDP is associated with higher profit margins, which in turn are accumulated in undistributed corporate cash hoards or paid out in fat dividends to well-off investors, then growth may accomplish nothing. And if higher GDP is generated through extensive resource exploitation, sucking more value out of a non-renewable resource base and ignoring the need for conservation and amelioration, then it will certainly be associated with continued environmental degradation.

On the other hand, there are many other ways an economy can “grow” and a country’s real GDP increase. It could happen, for example, through a major expansion in human services delivery (e.g., child care, elder care, education and culture). Proper programs in these areas would create hundreds of thousands of new jobs, tens of billions of dollars in new incomes, and many billions in revenues for government—not to mention delivering services that are valuable and life-enhancing in their own



regard. GDP might also grow because of huge investments in public capital and physical infrastructure—things like utilities, affordable housing, education and cultural facilities, and parks.

Properly managed, these types of growth are largely benign in their environmental impact. Even better, real GDP could also be increased through environmental enhancements such as energy-saving building retrofits, renewable energy supplies, cleaning up pollution and creating or expanding public transit. These activities generate “value-added,” employment, incomes and taxes as surely as any bitumen mine or smoke-belching factory would, yet they leave the environment in better shape, not worse.

There is no shortage of work to do in our society, a lot of it related to caring for each other and the en-

*During the Second World War, new sources of labour supply were identified and mobilized—women in particular, whose formal paid work now supplemented the unpaid work they were doing at home.*

vironment. And there is no shortage of people who want—and need—to perform that work; people who are hungry for decent jobs and the economic security, self-worth and social connection that good work brings. So let’s imagine an ambitious economic recovery plan predicated simply on matching unmet needs with our capacity to work and produce. If we do that, the economy (measured by real GDP) will “grow,” but growth will be a side effect, not the motive, for the work we are doing.

Ultimately, there are only two constraints stopping us from achieving that better future. One is the natu-

ral environment: we need access to natural resources as inputs for all the work we do, and we need a sustainable, healthy environment in which to live and work. So our economic recovery plan has to value the environment and its resources, and regulate both production and consumption decisions to reflect and preserve environmental wealth.

The other constraint is our willingness and availability to work. We are more educated and productive than ever before. But counting underemployment and hidden unemployment, there are at least 2.5 million people unemployed in Canada today. Giving them productive, useful jobs would power a 15% increase in total employment, generate around \$300 billion per year in extra value-added, and add around \$100 billion per year to government revenues. We are

# THE AFB CASE FOR JOBS-LED GROWTH

## The macroeconomic goal of the AFB is to drive employment growth.

At its peak, the Alternative Federal Budget will result in 520,000 new jobs, leading to wage-led nominal GDP growth of 5.4% in 2017. Unemployment will drop to 6% and the employment rate will surpass 63% for the first time since the Great Recession.

The strength behind the AFB recovery in 2016 is much higher government expenditures targeted to have the most impact. Major investments in physical infrastructure and support for social programs and low-income households form its basis. In total the AFB increases federal expenditures by \$74.4 billion, raising the total expenditure-to-GDP ratio to 17.1% in 2016–17. This level was previously seen in 1999.

To pay for these new expenditures, the AFB proposes measures that would increase revenues to 16.5% of GDP in 2016–17, comparable to where they were in 2000 and before. Additional revenues are raised by closing tax loopholes for the wealthy, taxing tax havens, raising corporate taxes, introducing a national carbon tax and ceasing subsidies to the energy industry. Increasing GDP through targeted expenditures will put more people to work who, in turn, will pay more taxes back to the government. The AFB raises an additional \$4.2 billion in 2016–17 as a result of this virtuous cycle.

While new tax measures help buffer the cost of new program spending, the AFB books a deficit of \$37.9 billion in 2016–17, declining to \$23.6 billion by 2018–19, to put people back to work and grow the economy. This is not far from \$29.2-billion deficit for 2016–17 that is expected in the 2016 federal budget (it was \$29.4 billion – ed.), including Liberal platform measures. To put the AFB deficit into perspective, it amounts to 1.8% of GDP, which is relatively smaller than any federal deficit between 1972 and 1996.

At the same time, the AFB generates growth sufficient to offset the increase in federal debt. By growing the economy and employing more Canadians, the AFB can enhance public services and offer additional help for the most vulnerable while maintaining Canada's debt-to-GDP ratio at 31%.

miles away from a situation where our capacity to produce is truly constrained by a shortage of labour.

Modern-day capitalism is certainly not managed in order to maximize growth—quite the opposite. The top goal of current economic governance is to reinforce the wealth and power of well-off people, and the companies and institutions they own. In fact, “growth” has been consistently sacrificed to those other priorities since the dawn of neoliberalism nearly four decades ago. Interest rates are cranked up whenever growth gets “out of hand,” workers are structurally disempowered through de-unionization and precarious work, and endless austerity is imposed in the public sphere. These are all anti-growth policies.

Our response to the resulting hardships and outrages should not be to reify “growth” or seek expansion for its own sake. Instead, we should simply demand our right to *work* for the things we need in life: the goods and services we need to consume, the services and facilities we need in our communities and public spaces, and the sustainability we need in our environment.

There is an apt historical precedent for the type of recovery plan I am imagining. The last time the whole world was engulfed by a breakdown of speculative finance, the global economy limped through what would have felt like an endless decade of painful recession. That was, of course, the 1929 stock market crash and subsequent Great Depression. Conventional policy responses repeatedly failed to rekindle economic momentum. A decade of hopelessness and hardship produced political polarization, intolerance, and ultimately war. (This is sounding frighteningly familiar to anyone who has been following the U.S. primaries.)

Ironically, and tragically for the millions of soldiers and civilians killed, the outbreak of world war actually led to an improvement in incomes, living conditions and health for average people back on the western home front. How? Government sidestepped the normal logic of economic decision-making under capitalism: namely, that something should be done only if it is profitable for a private company to do it. Instead, things were being done because they were considered to be *essential*. The overarching importance of defeating fascism created a political consensus that all possible resources had to be directed to the war effort. Need, not profit, guided production decisions. (Of course, the Second World War was profitable for many private businesses—in both the fighting and the subsequent reconstruction—but that is not ultimately why that war was fought.)

Government planners threw every resource available at the war effort. Unemployment disappeared within months. New sources of labour supply were identified and mobilized—women in

particular, whose formal paid work now supplemented the unpaid work they were doing at home. Despite the taxes and rationing associated with the wartime economy, incomes grew, nutrition improved and life expectancy (again, for non-combatants) grew. Money was never a constraint on what could be done. Innovative financing methods were developed to pay the bills. The only factor limiting production was the availability of labour. Far-reaching economic planning and regulations (encouraged by feisty trade unionists, women, workers of colour, and other traditionally exploited groups) helped to distribute incomes fairly, and to allocate both scarce resources and consumer goods.

### Financing new growth

Money is no constraint on what our economy could accomplish today, either. We have learned, in recent years, that private financial institutions create unconstrained amounts of credit money out of thin air, whenever it suits their profit-driven lending business to do so. Under quantitative easing, it was proven once and for all that public credit institutions can do the same thing. (As yet, that *public* credit-creating power has not been applied in truly democratic or productive ways, probably for fear of offending traditional sensibilities about private property rights and “hard budget constraints.”)

New talk of “helicopter money” strategies—whereby a central bank would create new credit and directly inject it into the real economy to support investment, government programs or consumption—confirms that if we collectively decide we need it, and enforce our will on our political and monetary leaders, we could create all the money needed to finance real, productive work. So long as millions are languishing without a job, there does not appear to be a good argument against doing so. To the contrary, if it helps us put an end to pollution (including greenhouse gases) and poverty, an all-out mobilization seems like a no-brainer. Living standards would grow, tax-



TONY BIDDLE (PERFECT WORLD DESIGN)

es would be paid, the environment would be protected, and real GDP would grow rapidly, though, again, that’s not the point.

Of course, there are many problems and challenges associated with an all-out economic mobilization of the sort associated with the Second World War. But the basic point, that every economic resource, and every willing worker, can be put to work when society decides it’s important, is valid in every economic context. And short of a desperate national effort like the war, there are many incremental ways in which economic policy could be reformed to prioritize job creation and the mobilization of idle resources, thus giving unemployed and underemployed people in Canada the opportunity to work and produce to their fullest possible extent. Many of them can be found in the Alternative Federal Budget (see sidebar). “At its peak, the AFB will result in 520,000 new jobs, leading to

wage-led nominal GDP growth of 5.4% in 2017,” says the 2016 report.

All of these measures are motivated by our common goals of creating jobs, fostering work, generating incomes, and wisely using the wealth that we subsequently produce to improve human and environmental well-being.

In sum, demanding our right to work, to produce valuable goods and services, to generate incomes and pay our taxes, fundamentally challenges the failures of the current economy—and the current economic decision-making process—to mobilize resources and meet our human and environmental needs. The prevailing pessimism of existing economic forecasts can and should be rejected. We don’t need to accept a world in which unemployment, underemployment and stagnation are the norm. They certainly are not inevitable. And we can expect more from our economy, and the elites who are running it. **M**



Chris Lackner

## A worthy Enterprise

At age 50, *Star Trek* plots our course toward a better tomorrow

ILLUSTRATION BY REMIE GEOFFROI

“**T**O BOLDLY GO where no one has gone before.” It’s the mission statement of the starship Enterprise, part of a pledge to “explore strange new worlds.” But on *Star Trek*’s 50<sup>th</sup> anniversary, the franchise’s optimistic vision for the future could help us plot a course correction on Earth. Here and now.

“Star Trek was an attempt to say that humanity will reach maturity and wisdom on the day that it begins not just to tolerate, but take a special delight in differences in ideas and differences in life forms,” series creator, the late Gene Roddenberry, wrote in *The Star Trek Philosophy*.

The daily headlines—from Trump to terror, refugees to xenophobia—would suggest our species is a long way from that kind of maturity. Hu-

manity could use a healthy dose of the space saga’s idealism. The original series’ tenets of social justice feel just as relevant as they did in 1966—at the height of the Vietnam War and civil rights movement.

“Star Trek articulated social ideals of tolerance and equality, of understanding and negotiating difference instead of war...where the solutions were usually divided between the head and the heart—you know, Spock and Kirk,” says Tim Blackmore, a professor of information and media studies at Western University. *Star Trek* subtly used sci-fi to explore the era’s hot-button issues.

The show’s United Federation of Planets is essentially a utopic, “glorified, galactic United Nations,” says Larry Nemecek, a *Trek* historian and author of both *Star Trek: The Next*

*Generation Companion* and the popular blog *Trekland*. Steeped in the gospel of multiculturalism and liberalism, Blackmore calls the show a much-needed “peace thought experiment.” Case and point, the series catchphrase: “set phasers to stun.” Even when force is required, it’s restrained, and only a tool for negotiation and settlement.

When it debuted on September 8, 1966, *Star Trek* was a landmark for racial and cultural diversity. For starters, despite Cold War tensions, Captain Kirk’s crew included Russian Pavel Chekov (played by Walter Koenig) and an Asian helmsman named Sulu (George Takei). Then there was Uhura (Nichelle Nichols), the Enterprise’s black lieutenant, who would make history with Captain Kirk (William Shatner) in the medium’s first inter-



racial kiss. (The episode was blocked from the air in parts of the American South.) Roddenberry deftly commented on real-world inequities from the safety of the 23<sup>rd</sup> century.

The franchise's gizmos, from communicators to wireless data pads, influenced the design of everything from flip phones to tablets. But it used the soft power of culture to open people's minds. "The stories were about the human pursuit for a better world, a better way of being, the next step up the ladder of sentience," former *Trek* writer David Gerrold wrote on Facebook in 2015, hailing Roddenberry as "one of the great social justice warriors."

Watching an inclusive, fictional space vessel from the comfort of their own homes helped some people grapple with changing workplaces, Blackmore explains. "It offered a model to understand working through difference." Aliens and androids become metaphors for humanity's own diversity.

One of the franchise's most instructive lessons occurs in *Star Trek VI: The Undiscovered Country*, with

Kirk serving as a reluctant peace envoy between humans and Klingons, whom he blames for the death of his son. "They're animals.... Don't believe them. Don't trust them," Kirk says of his sworn enemies. "Let them die!" he rages at one point, before asking his audio journal, "How on earth can history get past people like me?"

But, of course, Kirk does get past his own history, and helps usher in an era of peace. "It's easy if nobody has been hurt, it's easy to say we'll all just get along," Blackmore says of Kirk's sacrificial position. "War is easy, but it costs a lot to make peace."

And when *Star Trek: The Next Generation* (TNG) bowed in 1987, a Klingon was now serving on the *Enterprise*. Coincidentally, two years later, the Berlin Wall fell. "The stories weren't about who we were going to fight, but who we were going to make friends with," Gerrold explained. "It wasn't about defining an enemy—it was about creating a new partnership."

On TNG, Roddenberry pushed his universe ahead 80 years, showing even more progress. Replicators created food and clothing, ostensibly

ending hunger, poverty and consumerism. The envelope of tolerance was also pushed. A cognitive being was a cognitive being, whether human, machine, crystal or hologram.

Nemecek also singles out the important addition of a ship's counselor on the bridge, an advocacy for the importance of mental health. And the ship's new civilian saucer section stressed family; officers no longer had to choose careers over loved ones.

Clearly *Trek* has a lot to teach us. Fittingly, the franchise is the subject of a new, interactive museum exhibit in Ottawa. *The Starfleet Academy Experience* debuts May 13 at the Canada Aviation and Space Museum. It finds patrons playing cadets as they learn the ropes in departments like science, engineering and command.

But not everyone is a good student. The new J.J. Abrams *Trek* films, while popular at the box office, have relied heavily on action—straying from Roddenberry's emphasis on social justice. That's why CBS's new, unnamed *Star Trek* series, set to launch in 2017, holds such promise for true fans. It can right a wrong. Nemecek



Jarrah Hodge

## To go a little more boldly

In 1975, New Jersey resident Margaret M. Bailey wrote to *Star Trek* creator Gene Roddenberry to outline her concerns about the representation of women on the show, then in syndication. "It is not very pleasant to see one's sex portrayed as weaker and less reliable, always relying on the other sex, which is strong, dependable and always professional," she said.

Roddenberry's response to Bailey's letter (their correspondence can be found in Susan Sackett's 1976 book *Letters to Star Trek*) acknowledged *The Original Series* could have done better when it came to women. "We didn't use women as strongly as we might have," he wrote. "We did have women lieutenants, women attorneys. We often fell into the trap of

making the captain's secretary-valet (the yeoman) a woman. I think if we did begin today we would start off more advanced than we were able to at the time."

*Trek's* creators, producers, directors and writers gave us more than 700 hours of TV and film about a future where humanity embraces the Vulcan philosophy: Infinite Diver-

sity in Infinite Combinations. But as Roddenberry acknowledged, he and others were working from the standpoint of 20<sup>th</sup> and 21<sup>st</sup> century humans living in a society and working in an industry where diversity and equality were definitely not the norm.

Fortunately, Bailey was not the only viewer to express how she loved the show but wished

► it would do better at including everyone in its utopian vision of the future. *Star Trek* fan critique has existed for almost as long as the franchise itself, and producers took many of the concerns to heart. There were three women in the main cast of Roddenberry's *Star Trek: The Next Generation* (TNG), launched in 1989, including a doctor, counsellor and security chief. Gone were the girl-Friday-esque yeomen—you could even see both men and women in the background wearing dresses as a uniform option!

Later, in *Deep Space Nine* and *Voyager*, women took on even more significant roles, both as heroes (from First Officer Kira Nerys to Chief Engineer B'Elanna Torres and Captain Kathryn Janeway) and villains (Kai Winn Adami and the Borg Queen).

Racial representation also improved, particularly with *Deep Space Nine*'s Captain Benjamin Sisko, who not only commanded a space station and ship; just as importantly he was shown to be a loving, single father to his son. Even in the 1990s, it was a rare, positive representation of black masculinity.

Unfortunately, *Voyager*'s attempt to create an Indigenous main character was less successful. First Officer Chakotay was played by a non-Native actor and mainly embodied well-intentioned but inaccurate Hollywood stereotypes. Further progress stalled in the early 2000s with the whiter, maler prequel series *Enterprise*. Most recently, the action-packed reboot movies *Star Trek* (2009) and *Star Trek: Into Darkness* had many fans won-

dering if the franchise had sold out its social conscience.

Had fans not discussed the show's progressive vision at conventions, and in letters, fanzines and online, it's possible the franchise would not have evolved and endured as it has over the past 50 years. A new *Star Trek* TV series, coming in 2017, is a chance to get back on track.

To start, *Star Trek* needs LGBTQ characters. Although a few past episodes have addressed the themes of sexual orientation and gender identity, *Star Trek* has never had an openly gay, lesbian or trans main character. They haven't even shown two men or two women holding hands in the background! Many fans expect that new series showrunner Bryan Fuller, himself openly gay, will bring

*Star Trek* up to speed in this respect.

*Star Trek* also needs to do better at discussing mental health. Though *Star Trek* had counselors, the patients they treated (e.g., TNG's Barclay) and their conditions were often played for laughs. When the issue is handled seriously, as with Captain Janeway's depression, it is neatly wrapped up by the next episode. *Star Trek* has an opportunity to help fight stigma by more accurately and respectfully depicting what it's like to experience mental health issues.

If *Star Trek* can go more boldly than it has in the past, if it can reaffirm its core progressive values by better representing our society's diversity, there's no question that new generations of fans will be celebrating *Trek*'s 100<sup>th</sup> in 2066.

is encouraged that Bryan Fuller has taken the captain's chair as showrunner. Acclaimed for artistic, intelligent series like *Hannibal* and *Pushing Daisies*, Fuller earned his stripes as a writer on *Star Trek: Deep Space Nine* and *Voyager*.

"He is a push-the-envelope kind of guy," Nemecek says. "He is not afraid to take on issues and to tell great stories." Speaking of new frontiers, the franchise has never had a main character that is openly gay, lesbian, bisexual or transgender. So, there's one barrier Fuller can shatter at warp speed. "I'd love to see the show push back from capitalism and turn away from consumerism," Blackmore adds.

In a pop culture laden with zombies and dystopias, a little hope goes a long way. "Post-apocalyptic storytelling is dramatic, but it isn't giving anything for people to hold on to," Nemecek explains. "*Star Trek* offers a different kind of future. People can take hope that we will not only survive, but thrive...and go to the stars and meet others. Underlying everything is the idea that we don't just tolerate diversity, but we celebrate it."

*Star Trek*'s power is best expressed in the profound global reaction to the 2015 death of Leonard Nimoy, the actor who played Spock. The media almost treated it like the death of a great humanitarian; the outpouring of loss from fans was palpable. "It was like we lost Spock, too," Blackmore explains. "Leonard turned out to be a very thoughtful, good human being. It was a case of life mirroring art. The two became one."

Having appeared in two series, and even Abrams' movie reboot, Spock was the soul of the franchise. He embodied Roddenberry's call to our better selves. "He's sort of the better us, the person who we wish we could be—who is a rationalist, but at the same time has a human part of him that knows the right thing to do," Blackmore says. People somehow took comfort in "a living Spock." With luck, the new series can find another similarly transcending character.

*Star Trek* was born in a time when "we all worried that the human race wasn't going to make it," Nemecek says. "People worried about nuclear holocaust, or poisoning the planet, or

overpopulating it, racial strife...that we would just kill each other."

Sound familiar? On its 50<sup>th</sup> birthday, the franchise may again offer a safe point of entry into discussing vital issues. To properly re-launch, the series must again push buttons on gender, religion, race, politics and military action.

The key to Roddenberry's success was never preaching. Values were taught via homily and fairy tale. "*Star Trek* can get back to what it did first and best—serve as a beacon of hope for a better future in a dark time," Nemecek says. "And show the possibilities of technology and rationality over myth and fear."

No one puts it better than Roddenberry himself: "If we cannot learn to actually enjoy those small differences, to take a positive delight in those small differences between our own kind, here on this planet, then we do not deserve to go out into space and meet the diversity that is almost certainly out there." **M**

Christopher Schultz and Jonathan Weier

# Putting the past to use

The First World War, active/ist history and political partisanship

**DURING THE 2015** federal election, Winnipeg NDP candidate Matt Henderson posted a series of pictures of supporters holding up signs expressing their priorities and desires for the coming vote. In one of them two school-age girls, Marie and Dasa Silhova (pictured), hold a sign that reads: “History Matters: I stand with Matt.”

As a history teacher at St. John’s-Ravenscourt School in Winnipeg, Henderson has long advocated for the meaningful participation by historians in Canadian public policy and through active engagement with Canadian society more broadly. His run for office was a self-conscious act of public engagement—a political act—with repercussions well beyond the classroom. His campaign centred on the idea that to truly put today’s pressing social, economic and political concerns in context we need historical knowledge.

The Hendersons of this country are increasingly hard to come by. Historians have retreated from major public debates or else couched themselves in the cool detachment of objective fact-finding. Rare are the occasions when a historian recalls to us the forgotten potential of yesterday and why it might matter today; rarer still is the politician who adopts with fidelity the historical lens.

History and politics are due for realignment, but in a new—or rather, old—way. A third way combining a marked return to principles with an eschewing by practitioners, both political and historical, of the liber-

al-conservative binary that is too easily adopted in public discourse.

These, at least, are the observations of two Canadian historians. What follows are their reflections on a conference on history and its political implications, a disappointing election campaign, and a vision for the future of Canada’s political left and its (historical, and hopefully historically informed) allies in the future.

## Public versus active history

**H**istory is a political act. This is something historians in Canada

have known for a long time. But they are perhaps taking it more seriously today as their venerable practice is repeatedly disparaged and devalued through draconian budget cuts, a focus on STEM disciplines (science, technology, engineering and mathematics), and the priority on revenue generation among university administrations. Like in other academic disciplines, history’s desire to reinvigorate itself, to make itself relevant again, has become a central preoccupation of the practice.

We can see one avenue for this reinvigoration in the modest prolifera-



Marie and Dasa Silhova hold a sign during the 2015 federal election.

PHOTO COURTESY MATT HENDERSON



German prisoners at one of Canada's First World War internment camps.

tion of “public history” programs—a term that speaks volumes about the degree to which history has retreated from public discourse. These programs tend to be practical and job-oriented, focused on curating, museology, digital history and the like. A parallel movement in the discipline has seen emerging scholars using history as a means of shaping and providing deeper meaning to today’s politics. This practice, known as “active history,” has found an important home at ActiveHistory.ca, the website of a loose group of historians dedicated to making history relevant to today’s political landscape.

We come into this discussion as curators, editors and occasional contributors, along with Sarah Glassford and Nathan Smith, of a series of articles and essays hosted on ActiveHistory.ca called “Canada’s First World War.” From its outset, the series was explicitly political—not in the sense of addressing politics, specifically, but rather as a response to

prevailing ideologies where histories of war and conflict in Canada are concerned.

We were invited to help celebrate our series, which was positively received, at this past October’s ActiveHistory.ca conference, called “New Directions in Active History” and conveniently timed with a federal election looming. We accepted and made our way to Western University in London, Ontario, where historians—professional and amateur alike—gathered to answer the important question: What is active history? For us, being “active” historians is synonymous with being “activist” historians.

### Myths and whispers from time

The conference was enlightening and in many ways validated our feelings about histories of war and conflict in this country. As we told the gathering, our public understanding of the First World War has suffered

from being the subject of too many myths, too little context, and not enough harsh criticism. Our co-panellists, representing the Great War Centenary Association of Brantford, Brant County and Six Nations, agreed wholeheartedly with our assessment. They illustrated how a single region contained many competing interests, and how they had incorporated the resulting complex web into a high school curriculum to great success.

We argued there is nothing fundamentally untrue or even necessarily morally wrong in presenting the First World War as an important point in Canadian national history. It was. It had a profound effect on Canada’s future trajectory, both from the traditional statehood perspective of Canada asserting itself internation-

ally, and from the progressive stance of the evolution of a more encompassing and compassionate welfare state. However, we added that the event had become mythologized to the point of oversimplification.

On the one hand, nationalists trumpet the patriotic fervour of a nation coming into its own, usually through bloody perseverance. This is where one encounters conservative myths about Canada “punching above its weight,” or being a “warrior nation.” The flipside of that coin is the more liberal stance, which speaks of the reluctant civilian-soldiers who persevered, in spite of the tragedy of warfare, to liberate the victims of tyranny and produce a more caring Canada in its aftermath. It was a steep “learning curve,” as the story goes, but our liberal ways triumphed over the rigid systems of our despotic enemies and our imperial allies.

Forgotten in both interpretations of the Great War is a landscape of tragedy it produced far from the Western Front, and of winding roads not taken. It is easy, for instance, to point to women’s suffrage as a progressive institution emerging from the war, until one realizes that the vote for women was introduced in order to gerrymander an election. So did (some) women get a foot in the door? Yes. Was it done in the name of equality? Absolutely not. At the time, the decision preserved the status quo interests of Borden’s Conservative, white, male government. This complexity is lost in mythologized versions of Canadian history.

The same can be said of the First World War role of black and Indigenous veterans, many of whom were left in abject poverty by the state they had served loyally. Black veterans, mostly descended from Loyalists of the previous century, suffered a particularly stinging ignominy. Indigenous vets were rewarded with the loss of their treaty rights and Indian status.

Very little of the official liberal-conservative narrative touches on the widespread vilification of pacifist minorities like the Doukhobors, Mennonites, Quakers and unaffiliated conscientious objectors.

Worse still, descendants of German and especially Austro-Hungarian settlers of Ukrainian descent were harassed, had their businesses shunned or vandalized, and were arrested and interned.

We have also largely forgotten that the First World War was a major catalyst for the 1919 Winnipeg General Strike, while inspiring the political activism of J.S. Woodsworth and other early leaders of the modern Canadian left. The general unrest in the wake of the war was essentially about civil liberties such as freedom of association, assembly and expression, as well as collective bargaining rights. These, the cornerstones of most democratic nations, are now enshrined in the Canadian Charter of Rights and Freedoms. When people write of veterans preserving our rights and freedoms they usually omit that it did not happen by fighting tyranny “over there.” It happened right here in Canada, after the war, as a result of concerted social struggle.

Politicians, including those on the left of the spectrum, rarely tell these histories. At the ActiveHistory.ca conference in October we argued the principles of social justice, equity and solidarity, which formed the basis for the political left, have been forgotten. To remember them we would need to delve deeply into our collective history, put Canada in a global context of imperialism and colonialism, and

**It is easy to point to women’s suffrage as a progressive institution emerging from the war, until one realizes that the vote for women was introduced in order to gerrymander an election.**

rediscover the values that informed the democratic socialism and political radicalism of the immediate post-war period.

The success of our series on the First World War, which has attracted nearly 40 contributions and an extensive readership, shows there is a hunger for these stories. Our “active” or “activist” history appears to have been embraced by many in our field of study in Canada and internationally. Adherents of the political left are evidently as tired as we are with the simplistic narratives of a progressive nation we call Canada.

Complexity and variety enriches Canadian history. At the October conference we learned that the split of the Thames River in southwestern Ontario was an important historical territory for the Indigenous Anishnabeg peoples. Some local representatives welcomed us, taught us their prayers for the health of the Earth, and provided very practical suggestions on how to be allies in a global environmental struggle. Alliance and solidarity were key themes of the conference.

Perhaps the most recurring theme was how to listen to the murmur of those quieter, historically forgotten or ignored voices, and to help amplify them in their own words. Some told stories of buried generational traumas; others of the greater constructions of race, gender and class. We were asked to listen well, and we did.

### History by majority

At the same time, the question inevitably arose: we may be listening, but is anybody else? Are we merely preaching to the choir? Have we already ceded too much of the public discourse to others such that they take extreme liberties with the messages and the media for transmitting them?

We faced that dilemma when, after conceiving our project for the war’s centennial, we proposed it to a major national newspaper. While the editors liked the idea of a series on the complexities of the First World War, there were concerns the public would find it too challenging—not in

the sense of writing style, but rather in content. They worried their audience would not be receptive to some of the materials we hoped to present.

The circular logic in that line of thinking bothered us. If a news agency takes its cues from the public on what it reports, is it not reinforcing and systematically narrowing the scope of what is publicly deemed to be important, thus creating a mutually reactionary system? We suggested to the October conference this is exactly what is happening. And so we were naturally surprised to find that several attendees, most of them from the museum sector, shared the news editors' ideas about historical knowledge.

Public consultation has become a central preoccupation of Canadian museums. Visitors are polled and re-polled on their opinions to inform the creation of exhibits, displays and even whole venues. This approach can yield results, especially when historian-curators are too cautious and the public craves more challenging materials. Catering to the majority also comes with severe limitations.

Many at the conference applauded these efforts of public history to connect with the public. As a compliment to the methodology, we applaud them as well. In that it shuns a meaningful commitment to the type of listening expected in the interests of a more global solidarity, we are less impressed. This is another form of populist history, highly susceptible to complaints of circularity and tautology.

More importantly, one has to ponder the end game of this approach to history. In the desperate effort to reinvigorate the lost prestige of the humanities and social sciences, the rush to create a clientele and a product of our civically oriented disciplines would devalue them further. If the Canadian Museum of History has the Casino du Lac Leamy as its greatest marketplace competitor then we are in the wrong "marketplace" entirely. We risk gambling away our past, and our future, by reducing history to popular entertainment.

Museums can be tools of ideology and were frequently created for

## We risk gambling away our past, and our future, by reducing history to popular entertainment.

imperialist purposes. They are also widely viewed as important components of the educational institutions of any country, alongside public libraries, community resources and public education. Our universities are currently drowning in this kind of marketplace doublespeak. Grants and scholarships are increasingly being given only to projects with an immediate, tangible—insert "financial"—impact. Student evaluations and other metrics only reinforce this quarterly mentality ripped from the business world.

Public history can be an important step in a process by which history becomes more accessible, more meaningful and more responsive to the needs of society at large. But it does not necessarily demand a re-examination of history in political terms, nor does it seek to insert history into political fora more broadly. This can lead us to the trap of "results-driven" ideologies that make our work as historians beholden to the status quo rather than an effort to challenge it.

### Finding deeper roots on the left

There are lessons to be learned from this debate about history for Canada's political left. We are being lulled by forces that have absolutely no sympathy for the historical principles that founded leftist movements. If "history matters," as both Henderson and ActiveHistory.ca would argue, then the political left needs to reimagine itself in terms of its past politics and work from there. It's not enough to appeal to populism in the sense of merely saying what people want to be told. Just because a cause is unpopular does not mean it should not be championed.

In relation to Canada's histories of war and conflict this means eschew-

ing both the warrior and peacekeeper myths of liberal-conservative interpretations. The Co-operative Commonwealth Federation (CCF), the precursor to the NDP, was founded on pacifist principles—not tough talk, ultimatums and interventionism. There is nothing inferior or flawed in this idea, but somehow we have let ourselves believe the former is partisan and the latter objective fact. In other words, that peace is too ideological while Liberal and Conservative narratives are more practical. It is time to embrace the fact they are all partisan positions.

The Vermont Senator Bernie Sanders has run a successful presidential campaign based on strong principles and a clear message about the values inherent in democratic socialism. Whether or not he becomes the Democratic Party's nominee for U.S. president, he has forced his party to reconnect with issues long ignored in national elections. In contrast, during the Canadian elections last year, the NDP presented voters with a convoluted platform designed to appeal to the centre rather than stake out a position on the left. It is instructive the strategy failed.

One of the most interesting aspects of the October 19 federal election is that Canadians expressed a clear desire for change. Yet they embraced a status-quo party led by a member of one of Canada's most politically and economically elite families. When faced with a choice between the Liberals and the NDP, those who wanted change chose the Liberals, to whom the NDP had ceded much left-of-centre territory. The NDP tried to insert itself into a Liberal narrative. Canadians voted for the real thing instead.

We do not raise this out of a preoccupation with winning elections. That would be the very definition of results-driven ideology. Winning comes in time, but only after a long and challenging effort to create a new narrative, to show that the system as it exists is not working for most people. Nobody does long and challenging like historians. In the classroom and on the street, it's time for Canada's active historians to step up. **M**

Jennie-Laure Sully

# Canada, Haiti and the Pygmalion complex

“**WHY DID YOU** take my independence from me? Why did I give it up? I’m a slave now, for all my fine clothes.”

I often recall those two questions, their sad assessment, when I think back to some of the women I met in Port-au-Prince, Haiti during an international health conference in October 2012. It’s not that anyone spoke them directly while I was in the country (I was on the organizing committee for the conference). As a matter of fact, they are from the final act of George Bernard Shaw’s classic play *Pygmalion*, spoken by Eliza, the flower girl turned elite socialite of early-20<sup>th</sup> century London. It’s the parallels between Eliza’s situation and that of modern

Haiti that continue to disturb me today.

In *Pygmalion*, Eliza’s fate is sealed when Higgins and Pickering, two distinguished members of London’s smug upper class, make a bet they can take the girl out of the gutter and transform her into a duchess. Whether or not their intentions are good, the two men are undeniably prejudiced toward the poverty-stricken pupil, who has no say in the matter of her own transformation. Eliza becomes an obsessive project for her self-proclaimed mentors, who are “always talking, teaching, dressing and inventing” her anew. Another character, Higgins’ mother, perfectly describes their role in Eliza’s life when she compares the men to “two big babies playing with their live doll.”

When people in a position of power set out to help less fortunate people from a different culture, class or race, are they not a bit like Higgins and Pickering, playing with their favourite toys?

On January 31 and February 1, 2003, Canadian, U.S. and French government officials sat down in Ottawa to discuss the future of Haiti. No Haitian representatives were present. It was a bit like a high-stakes game of Risk, with the outcome that, in 2004, 530 real Canadian soldiers would be sent to help overthrow Haiti’s democratically elected government, led at

Canadian soldiers discuss a civil-military co-operation project with school leaders in Port-au-Prince, Haiti, September 2013.

MCPL MARC-ANDRE GAUDREAU, CANADIAN FORCES



the time by Jean-Bertrand Aristide. In the decade that followed, Canada has been involved in Haiti in a variety of ways that have, to some extent, obscured the coup, but whose effectiveness—and legitimacy—can be challenged in their own right.

In 2005, Canada spent \$22.5 million to establish the country's post-coup electoral infrastructure; there have been consistent reports of fraud in every election since then. Two successive Haitian deputy justice ministers were ex-employees of the Canadian International Development Agency (CIDA) and they remained on the Canadian government payroll while in office. Canadian money was also used to fund police training and build prisons, like the high-security Croix-des-Bouquet's facility from which hundreds of prisoners escaped in 2014 (only a dozen were re-incarcerated). More recently, news of Canada's involvement in Haiti has focused on several Quebec police officers caught engaging in sexual activities with Haitian women, against UN rules, while on mission in the country.

Following the 2010 earthquake in Haiti, writer and community activist Jean St-Vil, also known as Jafrikayiti, was one of the early voices critical of the role played by non-governmental organizations (NGOs) and their workers in the lives of third-world people, Haitians in particular. St-Vil was invited to speak at Concordia University on September 18, 2010, during another conference I had helped organize. The topic was "Helping Haiti: With Whom, With What and How?" The Haitian born St-Vil pleased anti-interventionists in the room, and shocked those who had come for answers about where to donate their time or money, by stating that NGOs were part of the problem, not part of the solution, in Haiti.

The other speakers at the 2010 conference were from the *diaspora*: the sons and daughters of Haitians born abroad or who left Haiti at a young age to live *lotbòdlo* (overseas). There was Alberto Syllion, one of the first black men hired as a firefighter by Montreal's fire department, Ricardo Lamour, an artist who was, at the time, working for the Montre-

al-based Centre for International Studies and Co-operation (CECI), and Dominique Anglade, the daughter of Haitian-born feminist Mireille Neptune and ex-Haitian political advisor George Anglade, who both lost their lives in the 2010 earthquake while vacationing in Haiti.

Also at Concordia that September evening was Johanne St-Onge, who you could describe as a professional foreign aid worker. In Haiti she would have been referred to as *blan*, a word that means *white* but is also used ironically to designate a know-it-all. St-Onge was a human resources consultant who had been to Haiti to train Haitian government officials in HR best practices. She and St. Vil ended up arguing about the history of slavery in Haiti—St-Onge said the activist's remarks about the atrocities committed by European slave owners were not "nuanced" enough.

Elaborating on her comment in a subsequent letter to St. Vil, which she shared with conference organizers, St-Onge insisted she was just trying to understand his point of view. Her tone was dismissive, as if she, the outside expert, should naturally have a better grasp of Haiti's past and current reality than a person who studied its history and lived in the country. St-Onge's attitude was not especially startling at the time, nor would it be today. It is the common viewpoint of many foreigners who appear on a mission to teach Haitians how to be, or not to be, Haitian. The Higgins and Pickerings of Shaw's *Pygmalion* need not always be male.

Nearly six years later, much has changed for the *diasporas* at the Concordia conference. Despite experiencing difficulties at first, Syllion has been to Haiti a few times and got involved in a project to help build an elementary school in Debussy, a small town near Port-au-Prince. Raising money remains a challenge. Lamour resigned from CECI to focus on his social and artistic projects. He grew disillusioned with the international aid system and expressed it in his songs. He also got involved in awareness campaigns and university conferences with the notable participation of Quebec author Alain De-

neault, whose books have denounced Canadian companies involved in offshore tax havens and controversial mining practices in Africa.

Dominique Anglade was elected to the National Assembly in 2015 and appointed Minister of Economy, Science and Innovation by Premier Philippe Couillard. Kanpe, the NGO she founded in 2010, is well known in Montreal for the Haitian-style carnival it organizes each February. However, one of its other main activities, the promotion of microcredit, has come under fire for several years for its ineffectiveness at alleviating poverty or improving lives in developing countries.

In Haiti, we hear about the stranglehold that banks and NGOs have on so-called micro-entrepreneurs stuck repaying loans with interest rates as high as 50%. While microcredit can be acquired for less, it is not uncommon for interest rates to reach 75% or even 100%. In Latin America and South Africa, the microfinance sector has generated an economic crisis comparable to the 2007–08 subprime crisis in the United States in terms of race-based exploitation and a widening of the inequality gap. St-Vil was invited back to Montreal in November 2015 by IRIS, the socioeconomic research institute I work for in Quebec, to speak about the concept of dispossession in general and to describe how the Haitian people are being dispossessed of their livelihoods, culture and resources.

As 2015 ended and 2016 began, I had come to the conclusion that aid from outsiders is frequently laced with prejudices, weakening rather than uplifting those it is intended to help. Having been involved in several conferences and Haiti-related projects (with mixed results), I don't have a simple answer to the question of how someone who genuinely wants to help the Haitian people should go about it. I am certain it requires acknowledging the many failures of humanitarianism in general, and a critical stance toward the impact of foreign NGO workers specifically.

In 2012, writer and historian Teju Cole coined the term White Savior Industrial Complex in a series



of tweets that went viral, sparking debate about the harms of western sentimentality in foreign interventions. “[T]here is much more to doing good work than ‘making a difference,’” he wrote in a subsequent article for *The Atlantic*. “There is the principle of first do no harm. There is the idea that those who are being helped ought to be consulted over the matters that concern them.” Haitian filmmaker Raoul Peck’s 2013 movie *Assistance Mortelle* (*Mortal Assistance* in English) is an indictment of post-earthquake humanitarian interventions in Haiti. Novelist and political activist Arundhati Roy warned, in 2004, against the “NGO-ization of resistance” and its interference with the self-reliance capacity of social movements in formerly colonized countries.

The nature of Canadian foreign aid in Haiti has been highly controversial since the 2004 coup against Aristide. But another important shift occurred when the previous Conservative government appointed Julian Fantino to helm CIDA. The former Ontario police chief disregarded legislation from 2008 stipulating that the fundamental goal of foreign aid was poverty reduction. Instead, under Fantino’s watch, aid would be unapologetically crafted for the promotion of Canadian private economic interests abroad.

When, in 2013, CIDA completely disappeared into the Department of Foreign Affairs and International Trade (now Global Affairs Canada), Fantino described the move as being part of the government’s “approach to maximizing Canadians’ development investment by leveraging private sector dollars and expertise.” Criticism that Canadian taxpayer dollars would now be garnishing the bottom lines of private mining companies fell on deaf ears. Many in the international development sector would have pushed a sigh of relief when the Conservatives were removed from power in the fall election. Still, despite a change in style from Prime Minister Trudeau, the legacy of the Harper government appears to live on.

The new Liberal government announced recently its intention of taking over the UN’s MINUSTAH mission in Haiti from current lead country Brazil. The possibility of a renewed Canadian engagement, which could involve 2,000 Canadian soldiers being deployed to Haiti, triggered a protest letter from Montrealers of Haitian origin who view MINUSTAH as an occupying force. The protest letter points out that the UN has been implicated in the spread of cholera in 2010, an epidemic that has killed thousands, and that MINUSTAH faces allegations of rapes and murders.

To be interested in taking command of a military organization with such a questionable track record, the Trudeau government must be quite confident in its transformative influence. But will a Canadian-led MINUSTAH one day be facing disgruntled Haitians, like *Pygmalion*’s Eliza, asking why Canada took their country’s independence away?

Haiti has been in a deep economic and political crisis since elections held in August and October of 2015 were contested and cancelled due to massive fraud. At time of writing, a presidential run-off vote originally scheduled for December 27 had yet to occur due to allegations of ballot tampering and other irregularities. Progressive voices in Haiti are calling for an audit of the whole electoral process, asking whether the role of Canada or any other country is fundamentally anti-democratic.

Before going forward with any new MINUSTAH mission, we should consider auditing the entirety of Canadian involvement in Haiti. Canadians who genuinely want to help Haitians should heed the words, Eliza-like in their own way, of Aboriginal activist Lila Watson: “If you have come to help me, you are wasting your time. If you have come because your liberation is bound up with mine, then let us work together.” **M**

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Lucy Sharratt

# Trade agenda contradicts “science-based” regulation of GMOs

**P**RIOR TO THE federal election, Agriculture and Agri-Food Canada was working hard to finalize a radical new policy that would have skipped safety assessments for some of the genetically modified organisms (GMOs) we eat. The file now sits uncertainly with the new federal government, whose decision could have significant impacts on public health and trade policy.

Currently, the safety of every GM food we eat is assessed (however inadequately) by Health Canada. Agriculture and Agri-Food Canada has proposed that, for small levels of GM contamination in cross-border food shipments, government regulators should accept, without review, the approval decisions of select countries. While the new government is advocating for global adoption of this approach, it has yet to pronounce on the status of a domestic change in policy.

This policy is called “low-level presence” (LLP) because it would allow a small amount of GM contamination in our food system from GM foods not yet approved by Health Canada. For a regulatory system that Canada insists is “science-based,” the shift to relying on the scientific assessments of other nations is a bold departure.

Canada argues that LLP is a trade issue, not a safety issue. Canada’s grain trade is either unwilling or unable to effectively and consistently segregate GM from non-GM grains. Non-GM grain shipments can become contaminated with trace amounts of dust or other remnants from the GM corn, canola and soy we export. Such shipments are often quarantined at foreign ports and turned away because so many of our trading partners have not yet approved the GM crops that Canadian farmers grow.

Canada wants to to remove this economic risk. Under LLP, the safety of shipments containing trace amounts of GM product would be assumed by Health Canada rather than assessed. But to make this case persuasively on the international stage, the government may ask us to accept the policy here first.

There is a far better solution to this problem than accepting GM contamination via LLP. If, as the agriculture minister says, “Global demand is growing for the quality, consistency and value of Canadian agriculture products,” the answer is to eliminate the risk of GM contamination rather than pressing all nations to accept it. An LLP policy would legalize, normalize and expand GM contamination. Why not focus efforts on protecting trade through enhanced segregation of GM and non-GM crops and/or by simply ensuring export market approvals before new GM crops are introduced?

“Differences in regulatory approaches to biotechnology in key export markets can result in situations where a genetically modified crop approved as safe in Canada is not ap-

proved in another market,” explained the minister recently. “Despite the absence of safety issues, zero-tolerance for LLP by importing countries can lead to unnecessary trade disruptions.” Though this may be the position of department officials, the fact is other countries still rely on their own governmental science evaluators to make this decision.

Pledges to continue global discussions on LLP are included in the Canada–European Union Comprehensive Economic and Trade Agreement (CETA) as well as the Trans-Pacific Partnership (TPP). This is a long-term strategy to pave the way for global trade in GM grains, like a future GM wheat, but it ignores the immediate economic peril of new GM crop approvals. For example, if GM alfalfa is commercially released in Canada this year it will put Canadian alfalfa seed and product exporters at immediate risk.

Low-level presence is a trade-driven proposal that would change how Health Canada determines GM food safety. It has wide-ranging and serious implications for the future of GM crops, the international reputation of Canada’s agri-food industry, our future ability to segregate GM and non-GM crops, and, arguably, the confidence the public has in government food safety regulation.

For two decades, the biotechnology industry and the Canadian government have asked the public to trust federal regulation of GM foods. Now we may be asked to accept an absence of that safety assessment. If the new government presses forward with a domestic LLP policy, we will know even less about where GM foods are on grocery store shelves, and less about how they got there. **M**

**Why not focus efforts on protecting trade through enhanced segregation of GM and non-GM crops?**



Asad Ismi

## Latin American revolution under attack

**T**HE LATIN AMERICAN revolution seemed unstoppable until recently. From El Salvador and Nicaragua in the north to Argentina in the south, leftists elected since 1998 have implemented the greatest redistribution of wealth in the region's history, providing millions of jobs, free medical care and education, land reform and public subsidies, thereby lifting tens of millions of people out of poverty. Now, in Venezuela and Argentina, a resurgent right is using economic hardship to foment resentment and secure legislative victories.

In November 2015, after 12 years under a popular leftist government, voters in Argentina chose Mauricio Macri, right-wing former mayor of Buenos Aires, as their new president. A month later, Venezuelan vot-

ers handed 109 of 167 legislative seats to the centre-right Democratic Unity Roundtable (*Mesa de la Unidad Democrática*, or MUD)—the first time since 1999 that the United Socialists (*Partido Socialista Unido de Venezuela*, or PSUV) have not held the national assembly.

### Venezuela's angry opposition

Several factors converged to bring about the change in Venezuela. Foremost were the crash of oil prices, a campaign of economic sabotage by local business elites (including price speculation and the hoarding of key consumer items to create scarcity) and a media war carried out by the political opposition in league with Washington. MUD picked up 2.4 million more votes in the December

Unions and social organizations in Argentina marched around the congress building in Buenos Aires on March 29 to protest layoffs and demand a higher minimum wage.

EPA/DAVID FERNANDEZ

election than in 2010, while about two million PSUV supporters chose not to vote in protest of the government's handling of the food shortages.

"These voters are upset by the way the government of Nicolás Maduro has handled the economy," says Antonio Garcia, an analyst of Venezuelan and Latin American politics who recently stepped down as Venezuela's ambassador to the European Union. "Maduro failed to effectively explain to the people how the economic

sabotage against Venezuela negatively impacts them and failed to implement measures to effectively confront this economic war. The public had the perception that the Maduro government was not doing enough to counter this attack and I believe that perception did more harm to the PSUV than the economic situation itself.”

Garcia points out that the economic problem in Venezuela is not very different from what is happening in other Latin American countries, though it is felt more acutely. The Venezuelan economy, and the Bolivarian Revolution of Hugo Chávez generally, were propped up for 15 years by high oil prices. The rout in the price of oil and other commodities has constrained state efforts to redistribute national wealth and expand equalizing social services. In Venezuela, oil revenues—which account for 95% of export earnings and 25% of GDP—have been cut by 60% in the past few years, leading to inflation of 140%, soaring food prices and currency destabilization.

According to Venezuelan-Canadian sociologist Maria Páez Victor, the fall in the price of oil “has been a godsend to the U.S. attempts to destabilize Venezuela politically and economically, which have been ongoing since 2002.” These include U.S. involvement in a military coup and economic sanctions imposed by U.S. President Obama on state-owned oil company PDVSA based on the premise that Venezuela presented an “unusual and extraordinary threat” to the United States.

As I’ve written previously in the *Monitor* (April 2015), the U.S. has given anti-PSUV opposition groups more than \$100 million since 2002 to undermine and overthrow the Maduro/Chávez governments. Most of Venezuela’s privately owned news media are also hostile to the PSUV, and their attacks on the government are widely quoted by the international capitalist press. During the December election, the media blamed only the government for the economic crisis, mocking the possibility of a planned emergency, and repeatedly predicting the implosion of the country.

But winning one election does not mean the opposition can derail the profound progressive transformation of Venezuela that the PSUV has carried out. Páez Victor points to a survey carried out in January by the non-partisan polling company Hinterlaces, which showed 79% approval of the socialist economic policies of the government. The MUD opposition is made up of 20 parties that are united on only one issue: the removal of Maduro from office before his term ends in 2019. It is an unlikely prospect.

While the coalition decried a supreme court decision in February to grant Maduro emergency powers to handle the economic crisis, it has no positive solutions of its own. Even the notoriously anti-Chávez *New York Times* was still, in March, calling for co-operation between the government and opposition rather than a complicated and potentially violent confrontation the latter cannot win.

### **A slick new president in Argentina**

The fall in commodity prices has also affected political fortunes in Argentina where a new president is making good with Wall Street’s vul-

**Since taking office, Macri has moved aggressively to the right, ruling by decree rather than run his policy through the left-dominated legislature.**

ture capitalists, pulling out of Bolivarian Revolution projects like teleSUR, and inviting the International Monetary Fund to audit the public books for the first time in a decade.

From 2003 to 2015, under the leftist governments of Cristina Fernández de Kirchner and her husband Néstor Kirchner, the Argentine economy grew by an amazing 78%, creating one of the biggest increases in living standards in Latin America. Wealth redistribution programs reduced poverty by 70% and extreme poverty by 80%. Unemployment fell from 17.2% to 6.9%.

Since 2012, however, growth has slowed to an annual average of 1.1%, inflation has been high and the fall in commodity prices, notably for cash crop soybean, has driven the country into recession. More than a third of Argentine exports are agricultural products including grains and beef.

With approval ratings above 50%—despite blurry allegations of corruption from opponents—Fernandez remained popular into October 2015, but she was constitutionally barred from running for another term. Her chosen replacement, Daniel Scioli, ran a lacklustre campaign that failed to capitalize on her reputation or emphasize the Kirchners’ impressive combined record. During the election, Macri took advantage of this situation by positioning himself as a moderate who, if elected, would continue some of Kirchner’s progressive policies, even promising “zero poverty.” He won by only 3% of the vote.

Since taking office, Macri has moved aggressively to the right, ruling by decree rather than run his policy through the left-dominated legislature. The president has devalued the national currency, the peso, by 40% (to increase exports, but with upward pressure on inflation), liberalized the financial sector by removing capital controls, lifted restrictions on imports, eliminated taxes on mining, ended subsidies for electricity, laid off thousands of civil servants, and pledged to finally pay US\$4.6 billion (\$6.02 billion) owed to U.S. hedge funds that gamed Argentina’s 2001 bankruptcy for private gain.

For his efforts to reconnect Argentina to the neoliberal global order—Wall Street in particular—Macri got a special visit by Obama in March after the U.S. president's official trip to Cuba. "Argentina is re-assuming its traditional leadership role in the region and around the world," Obama said, referring to Macri endearingly as "a man in a hurry." IMF Managing Director Christine Lagarde is likewise "encouraged" by the new president. The IMF will issue a series of further economic reform proposals after it concludes its audit of Argentina's books. It is the standard "shock doctrine" at work.

"Macri is a disaster for the economy, but he is even worse for human rights," says Argentinian-Canadian Antonio Savone, who was imprisoned and tortured by the vicious military dictatorship that ruled Argentina from 1976 to 1983. The dictatorship killed 30,000 Argentines in a targeted assault on the left. In 2015, Savone returned to Argentina to testify against the military officers who tortured him, and appeared as a witness in the case of Rosa del Carmen Gomez, who was raped repeatedly by officers for months in front of Savone as they shared the same prison cell.

As part of a reconciliation project, the Kirchner governments have imprisoned hundreds of military officers for murder and torture, includ-

## Macri's shock treatment is going to fail "because Argentines are now much better organized than they were in 2001."

ing those in Savone's and Carmen Gomez's cases, in a determined effort to bring justice to a traumatized society. But Macri has dismissed the importance of continuing these trials, insisting that Argentina deal with "21<sup>st</sup> century" human rights issues instead.

According to Savone, the new president has moved to enforce a level of repression in Argentina that "has not been seen for 13 years." This includes suppressing demonstrations with tear gas and rubber bullets, and jailing Milagro Sala, a prominent social

activist, on charges of fraud—an act that was criticized by Pope Francis in February.

Sala is the leader of the Túpac Amaru organization in the poor province of Jujuy. The organization, which is made up of 70,000 mostly Indigenous members, operates schools, health clinics and textile factories for the poor and has built entire neighbourhoods with subsidies from the Kirchner government. "What Sala has done is amazing," says Savone. "Her arrest shows that Macri is set on attacking social movements."

Macri's shock treatment is going to fail, Savone concludes, "because Argentines are now much better organized than they were in 2001." On February 24, tens of thousands of public sector workers launched the first national strike against the new president with massive protests against layoffs and spiralling inflation. The workers blocked the streets in front of the Argentine legislature in Buenos Aires and the police refused to face them despite the new powers that Macri has given security forces to suppress demonstrations.

"The people of Argentina have had 13 years of successful leftist government backed by powerful labour unions and they are not going to let some millionaire turn their country back into a fiefdom for the rich," says Savone. **M**

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## The good news page

Compiled by  
Elaine Hughes

### Renewables beat coal, gas for investment

United Nations Environment Program (UNEP) research shows that, in 2015, a record \$286 billion was invested in clean energy: solar was up 12% (to \$161 billion), wind 4% (to \$110 billion), and biomass increased, too. Meanwhile, global investment in coal-burning and gas-fired power generation fell to less than half what went into renewables. "This is the direction of travel that we need to see to have a chance of escaping the worst impacts of climate change," said Catherine Mitchell, professor of energy policy at the University of Exeter. / *Guardian U.K.*

### U.S. returns Cambodian statue

A 10<sup>th</sup> century sandstone Khmer statue, stolen during Cambodia's civil war in the 1970s and, until recently, on display at the Denver Museum of Art, was returned to Cambodia during a ceremony in Phnom Penh in March. A spokesperson said the museum acquired the statue, a Torso of Rama,

in 1986 from the Doris Wiener Gallery in New York City. After learning about its origin, museum officials volunteered to give it back. / *Associated Press*

### Zero-waste grocer to open in Vancouver

Zero Waste Market plans to open Canada's first plastic- and packaging-free store in Vancouver this fall, offering 300 to 400 different bulk products including meat, cheese, yogurt and edible liquids like syrups, oils and vinegars, plus a wide variety of home-grown brands. Customers are encouraged to bring their own reusable bags or containers and, whenever possible, products from local producers are delivered in reusable vessels. / *The Georgia Straight*

### Second life for clear-cut forest

Research carried out over the last two years on 800 recovering hectares of Peru's Manu Biosphere Reserve (a UNESCO World Heritage site) has discovered high levels of biodiversity compared to neighbouring, undisturbed old-growth forests. The international study credits ideal circumstances (in this case bans on hunting and logging) for the presence of 570 species in the Manu reserve—87% of what you would expect to find in the area. The team said regenerating second-growth forests absorbed about 11% more carbon than old-growth areas, which have reached maximum carbon sequestration. "We can't stop [at] protecting

old growth. That's not going to be enough," said Robin Chazdon, an ecology professor at the University of Connecticut, who is advising Brazil on how to revitalize its decimated Atlantic Forest. / *Scientific American*

### Ex-cons excelling in cuisine

A high-end French restaurant in Cleveland, Ohio is giving ex-offenders a break. Not only does Edwin's hire mostly ex-convicts, but owner Brandon Chrostowski runs an associated non-profit program offering 40-50 hours a week of culinary training in wine education and food preparation. Of its 114 graduates so far, 90% found employment. "To have a second chance is to have a new life. And if you're ready to work hard, you can change the stars," said Chrostowski, who avoided 10 years in jail when he was younger thanks to a lenient judge. / *Good News Network*

### Colombia, rebels talk peace

Hoping to end 50 years of political violence in Colombia, during which 200,000 people have been killed, the Colombian government will soon begin peace negotiations with both the National Liberation Army (ELN) and larger Revolutionary Armed Forces of Colombia (FARC). "The talks between the ELN and the government, coupled with an imminent peace deal with the FARC, bring hope that more than half a century of conflict in Co-

lombia might soon be over," said Erika Guevara-Rosas of Amnesty International. / *Associated Press*

### Iran bans circus animal acts

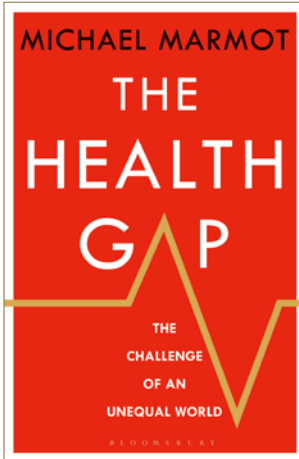
In 2014, Animal Rights Watch launched a "No to Circus" campaign against wild animal acts that has been credited with several governments and private circus companies banning the practice. Ringling Brothers says it will retire all of its circus elephants starting in May 2016 and SeaWorld announced last month it would phase-out Orca shows from all its U.S. parks. Iran is the most recent country to ban wild animal acts in circuses, joining Peru, Bolivia, Greece, the Netherlands, Columbia, Slovenia, Paraguay and Cyprus. / *Good News Network*

### Urban birds liking colourful condos

Since 2007, Copenhagen's Thomas Dambo has built more than 3,500 colourful bird dwellings in cities from Beirut to Berlin. Dambo's Happy City Birds project installs the homes, built of scrap wood, in trees, on lampposts and against the sides of buildings. As natural settings dwindle, Audubon notes that urban birds have grown to depend on human-built dwellings; some species, such as bluebirds and chimney swifts, prefer them to natural roosts. "The birdhouses on the street remind us that we live in a world with other species," Dambo said. "We have to make room for them." / *The Atlantic City Lab*

Reviewed by John Millar

# Inequality and “the organization of misery”



## THE HEALTH GAP: THE CHALLENGE OF AN UNEQUAL WORLD

MICHAEL MARMOT

Bloomsbury Press (November 2015), 400 pages, \$34

**I**N HIS RECENT book Sir Michael Marmot explores the wealth of evidence he and others have accumulated over more than 30 years to illuminate health inequities and the socioeconomic determinants of health (SDOH). Marmot defines the former as systemic health inequalities that are avoidable by reasonable means (preventable) and therefore unjust, since they are “caused by the inequitable distribution of money, resources and power.” This “social injustice is killing people on a grand scale,” he writes. It is time to “rise up... against the organization of misery.”

Marmot’s evidence review begins with his own seminal work, the famous Whitehall study, which established that observed gradients in health status were caused by gradients in income, power (control), stress and the cohesiveness of social relationships, but not to any great degree by genetics. Relatively low income,

lack of education, unfavourable living and working conditions, and disempowerment (lack of control) are the underlying “causes of the causes” of disease and early death.

From Chapters 4–7, Marmot reviews the evidence for action in some of the key SDOH categories, including early childhood development (ECD), education, work life and old age. In the first, ECD, the socioeconomic gradient affects parenting capacity and performance, leading to a gradient in children’s social, cognitive, emotional and physical development, which in turn leads to mental and physical inequities in adulthood. Poor ECD may lead to poor school performance and thus to poor jobs, less money, worse living conditions as an adult and, subsequently, worse health.

Disadvantaged parents are less empowered and motivated, and have a lower capacity to provide good parenting. While genetics do exert an influence on children’s health, these socioeconomic determinants are far stronger (i.e., nurture trumps nature). Universal, subsidized, high-quality early childhood development programs are key to addressing ECD inequities.

The second category, education, is linked with female empowerment. Empowerment leads to better health and has a more powerful effect than income in explaining health inequities. Marmot concludes that “improving education will take [investments in] good schools [and teachers]...but we also need to reduce poverty and socioeconomic inequality and improve the family and community context in which children’s education takes place.”

With respect to employment, Marmot explains how working conditions can damage health in three

ways: through physical and chemical hazards; imbalances in how demanding a job is and levels of control, rewards and job insecurity; and, of course, low pay. Unemployment is bad for health too, particularly mental health. Suicide rates are higher among the unemployed. These potential impacts can be mitigated by social policies including employment insurance, labour market and family support programs, and health care

Here Marmot draws on economists Thomas Piketty and Joseph Stiglitz, alongside others, to get to the “big picture”—the policies needed to reduce health inequities and support his mission to create fairer societies everywhere. Broadly, his conclusions are twofold: capitalism often leads to inequities of social exclusion and poor health; and neoliberalism, by stifling economic growth, causes poorer health.

Piketty’s work is presented to illustrate how income and wealth inequities are likely to continue to worsen because of the concentration of capital and inherited wealth. Stiglitz is referenced for his position that growing inequality and concentration of wealth in a small, elite population—the infamous One Per Cent—is bad for the economy and actually slows economic growth because the money is not being shared and spent.

The key question, according to Marmot, is this: “What kind of capitalism do we want?” The Nordic model is presented as possibly our best option. In the Scandinavian countries, better and more equitable health status (and happier people) result from progressive policies such as equitable access to ECD, public education and health care, and income redistribution policies that produce lower poverty rates. In contrast, the U.S. is presented as a

poor model of capitalism with some of the worst health outcomes (despite the highest per capita health care expenditures) among the developed countries because of high poverty rates, large income and wealth inequities, and a poor social safety net.

Marmot challenges austerity generally, pointing out how Iceland made a better recovery after refusing to implement International Monetary Fund reforms during the 2008–11 crisis. Iceland did not see the adverse health effects experienced in Greece, Ireland and other countries that implemented austerity according to IMF dictates. “It is not too melodramatic to say that policies of austerity are leading people to take their own lives, and also to kill each other,” he writes.

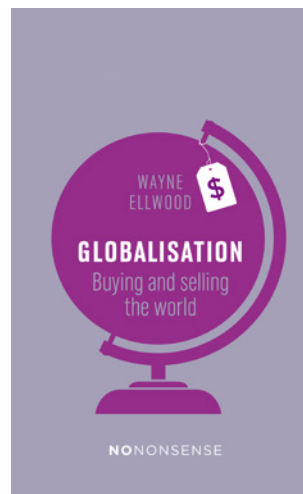
To summarize Marmot’s findings, income and wealth inequities are unjust, likely to cause social unrest and political instability, are bad for the economy, and cause poor health and health inequities for all of us, rich and poor alike. A chapter on resilient communities is interesting but does not present much in the way of practical steps for taking local action. Environmental issues are touched upon, but unfortunately, as Marmot acknowledges, climate change and its associated health inequities were beyond his expertise and have not been discussed.

Marmot concludes by promoting his idea of a global social movement to reduce health inequities that will require the combined efforts of governments at all levels, knowledge brokers (academics and professionals) and civil society. A shift in focus from economic growth to improved health, reduced health inequities and more equitably shared prosperity will be needed. Stiglitz, Tony Atkinson and Robert Reich have laid out blueprints for such a transition.

Marmot’s book has provided the evidence and political analysis to support advocacy and action in British Columbia and Canada more broadly. *The Health Gap* is a superb resource and should be foundational reading for all who have an interest in improving health, reducing inequalities and pursuing social justice. **M**

Reviewed by Frank Bayerl

## Remember globalization?



### GLOBALIZATION: BUYING AND SELLING THE WORLD

WAYNE ELLWOOD

Between the Lines (2015), 167 pages, \$13.95

**W**E HEAR LESS about globalization today than we did a decade or more ago—at least the term is not so frequently used—but it remains the subtext behind some of the hottest debates of our time, such as free trade and income disparities. Donald Trump’s Republican campaign for the presidency has tapped into a deep well of anger and disappointment in the U.S. that so-called free trade agreements have not improved the lot of working class voters who have instead seen their jobs outsourced and wages stagnate. Suddenly, all the assumptions underlying the decades-long push toward globalization and freer trade are up for questioning. Even establishment figures such as Jared Bernstein, former economic adviser to U.S. Vice-President Joe Biden, has called expanded trade “a double-edged sword.”

These assumptions, which Wayne Ellwood summarizes in this crisply

written fourth edition to his *No Nonsense Guide to Globalization*, include the belief that economic growth is the measure of human development and that the expansion of trade will lead to a more equal, peaceful and less parochial world. Left out of the picture was the impact the corporate free-market model and its relentless drive for profits would have on human rights, cultural distinctiveness, economic independence and political sovereignty. As Ellwood points out, the theory of comparative advantage, developed by British economist David Ricardo in 1817, was for a long time the basis of the free trade/globalization movement. But its two main principles do not apply in today’s economic world order: 1) that trade between two countries must be balanced so that one does not become indebted to or dependent on the other; and 2) that investment capital must be anchored locally and not allowed to flow from a high-wage to a low-wage country.

Ellwood traces the origins of our current global trading regime to Bretton Woods. The conference, organized by the Allied powers in the immediate aftermath of the Second World War, established three key bodies to govern international economic relations: the International Monetary Fund (IMF), the World Bank, and the General Agreement on Tariffs and Trade (later the World Trade Organization, or WTO). All three institutions had a strong bias in favour of the industrialized nations, competition and corporate enterprise. The IMF was intended to promote balanced trade and the World Bank to make low-interest loans for infrastructure. Both have since become notorious for the structural adjustment measures they imposed on developing nations as a condition of receiving international assistance—loans that proved very difficult to pay off



when IMF- and World Bank-mandated reforms threw recipient countries into economic chaos. These measures typically involve devaluing the national currency and cutting government spending, privatizing state-owned enterprises, cutting social services and food subsidies, and reducing trade barriers—in other words, a full-blown neoliberal agenda. “Decades of structural adjustment failed to solve the debt crisis, caused untold suffering for millions of people and led to widening gaps between rich and poor,” Ellwood comments.

Turning from trade to the financial sector, the dismantling of barriers to the flow of international capital has resulted in a massive increase in speculation and profit-seeking such that less than 5% of currency trading today is linked to actual trade. John Maynard Keynes warned against just such a situation when he wrote, in 1936, that “[s]peculators may do no harm as bubbles on a steady stream of enterprise. But the position is serious when enterprise becomes the bubble on a whirlpool of speculation.” The loss of a nation’s ability to control capital flows undermines its ability to shape social policy and puts economic development at the mercy of foreign investors. Former U.S. trade representative Mickey Kantor described the standard practice of rich country lenders in unusually blunt terms: “when countries seek help from the IMF, Europe and America should use the IMF as a battering ram to gain advantage.”

Ellwood explores other ramifications of the advance of globalization such as the environmental damage caused by rapid growth in trade (and the increased manufacturing and transportation it promotes) and the consequent depletion of natural resources as extraction industries expand. After all, a finite Earth cannot sustain the endless growth that is the engine of free trade. Some former prophets of globalization have turned into its sharpest critics for this and other reasons. Among them is Joseph Stiglitz, a former chief economist of the World Bank who now says things like this: “the net effect of the policies set by the Washington

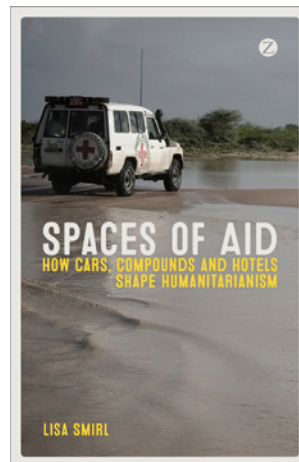
Consensus has all too often been to benefit the few at the expense of the many, the well-off at the expense of the poor. Commercial interests and values have superseded concerns for the environment, democracy, human rights and social justice.” Jeffrey Sachs, a former IMF adviser, has similarly disavowed his faith in deregulated markets and capitalist “shock therapy.”

What, then, is the alternative to the current globalization model? Ellwood looks to the World Social Forum for possible answers (the 2016 gathering takes place in Montreal this August). It is not so much an anti-globalization movement as a pro-people’s movement, he says; a network of networks focusing on social and economic justice, and a counterweight to the World Economic Forum of political and business elites held each year in Davos, Switzerland. The Occupy movement was another response to globalization’s failures, as are the Podemos party in Spain and the election of Syriza in Greece. The popularity of the issue of income inequality, highlighted daily by Bernie Sanders in his Democratic campaign for the presidency, owes much of its resonance to these earlier movements.

Ellwood’s diagnosis of globalization is not all bad. He recognizes that livelihoods in China and India have benefited from economic growth, though neither country has yet fully adopted what we might call the western neoliberal model. He concludes by suggesting some measures to rectify globalization’s errors and spread its benefits more widely, such as replacing the Bretton Woods institutions with new, decentralized bodies less focused on narrow market goals, instituting a tax on financial speculation, closing tax havens—all the more pertinent after the Panama Papers leak (see the Index in this issue)—and breaking up the big banks. The book can be recommended to the general reader as a well-balanced primer on why we should question the wisdom of Canada signing highly questionable “next generation” free trade deals with the European Union and Asia-Pacific nations. **M**

Review by Jonathan M. Sears

## A radical rethinking of humanitarian assistance



### SPACES OF AID: HOW CARS, COMPOUNDS AND HOTELS SHAPE HUMANITARIANISM

LISA SMIRL

Zed Books (2015), 256 pages, \$37.95

**ISA SMIRL'S 2010** PhD dissertation at the University of Cambridge was “lightly edited” after her untimely death in February 2013 by colleagues who are committed to the legacy of her life and work. The forward to *Spaces of Aid* illustrates this commitment. Mark Duffield, a renowned scholar of global governance, development and security from the University of Bristol, stresses Smirl’s pioneering spirit and “full command” of the spatial dimensions and built environments of humanitarian aid, which point toward an “ignored and essentially subversive field of research.” Smirl’s groundbreaking work informs studies on interactions among local and external actors in humanitarian in-

terventions and peace operations, as well as peacebuilding, risk management, post-crisis reconstruction and human rights. See, for example, the *Journal of Intervention and Statebuilding's* 2015 special issue on "Everyday Life in the Peacekeeping Economy" (Vol. 9 No. 3), and a website dedicated to Smirl's research and methods ([spacesofaid.wordpress.com](http://spacesofaid.wordpress.com)).

*Monitor* readers interested in understanding humanitarian interventions and advocating for their improvement will find *Spaces of Aid* rich and stimulating. A 250-reference bibliography and 700-entry index suggest the range of material marshalled here: from Italian and Slovenian philosophers Giorgio Agamben and Slavoj Žižek to Finnish architect Alvar Aalto to former Indonesian president Susilo Bambang Yudhoyono. Indeed, *Spaces of Aid* is deeply learned, methodologically innovative, theoretically masterful and empirically detailed. Careful and pertinent critiques of international development and international relations are set forth through concepts such as "the field," the experiences of aid workers and the environment of the "humanitarian enclave." Instructive, if challenging for non-specialists, are the discussions of architecture, design theory and large-scale construction projects that frame the accounts of post-tsunami Aceh, Indonesia (Chapter 4), and Louisiana post-Hurricane Katrina (Chapter 5).

*Spaces of Aid* presents a deceptively simple claim: spaces shape practices. In other words, Smirl guides scholars, practitioners and policy-makers to the spatial considerations and material culture that impact aid work. Crucial here is theorizing how "the material" matters. With a nuanced approach to a wide range of social theory and philosophy, Smirl transcends any narrow, reductionist materialism. Things such as vehicles and accommodations are not merely tools for aid work; they also delimit possibilities of practice, thought and relationships between structures and human agency. Smirl's three core elements of analysis are the humanitarian imaginary, auxiliary space and

lived project space, which combine to separate humanitarian workers from the milieus and viewpoints of their intended beneficiaries.

Aid workers are often "in-between" places during travel, or are based at a distance from the target communities. Such separation is spatial, but it also reflects the ways of understanding of aid workers. These epistemologies produce a relatively abstracted grasp of the problems and possibilities in a post-crisis locale. In Aceh and Louisiana, interventions latched onto single-family houses as the obvious practical response, and thus other problems were largely invisible to interveners external to affected communities. If the aid workers' understanding and experience forms the humanitarian imaginary, then lived project space is the actual experience of intended beneficiaries.

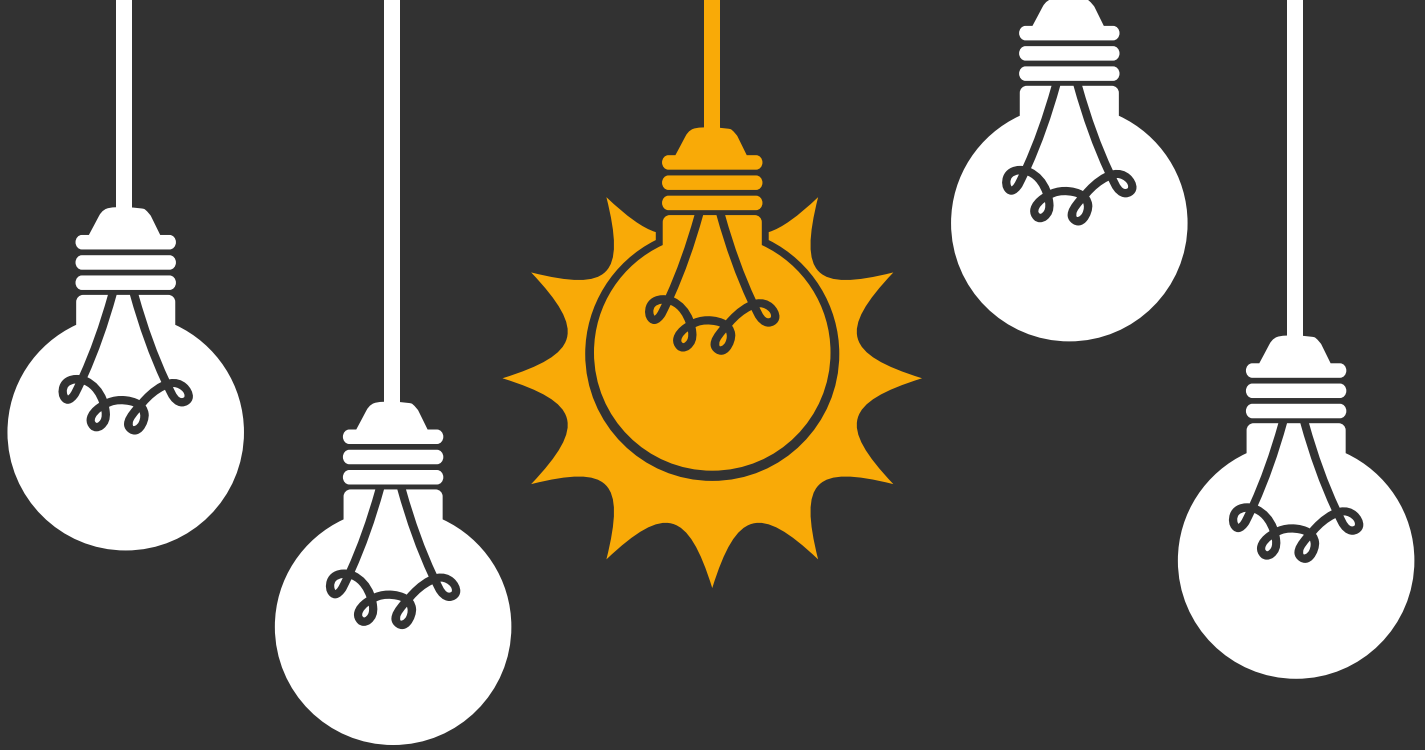
Between divergent epistemologies lives a disconnect that profoundly

**While high-profile attacks play an important role in triggering or ramping up risk perceptions, the subsequent retreat behind walls fuels rather than quells fears of insecurity.**

undermines humanitarian endeavours. In Aceh, aid workers viewed houses as a gift to be given, received and appreciated. The recipients, on the other hand, understood the houses as commodities to be accumulated, leveraged and exchanged as part of larger negotiations and economies. For Smirl, the lived reality of the intended beneficiaries does not penetrate very much the interveners' reality. The resulting inefficiencies and frustrations are only part of the story. Also glimpsed is the possibility of doing aid differently if the perspectives of interveners and beneficiaries *might* come into greater alignment.

Possibly most contentious is Chapter 2 (Exploring the Humanitarian Enclave), which interrogates a number of security-related aspects of humanitarian work. Contrary to conventional wisdom, Smirl sees increasing "compoundization" of intervention arising from perceptions of insecurity rather than demonstrable risks to international aid workers. While high-profile attacks play an important role in triggering or ramping up risk perceptions, the subsequent retreat behind walls fuels rather than quells fears of insecurity. Even with events since 2010 in view, *Spaces of Aid* still instructs us. Fear is increasingly built into the culture and environments of aid work, and interventions shift from building relationships and acceptance for their activities to separating and securing the spaces of aid work.

From the outset, Smirl "challenges...the ability of the aid worker to assist the beneficiary," and "calls into question...that it is possible to 'do no harm.'" In conclusion, she insists, "humanitarianism is fundamentally flawed in its conception." Thus, "an urgent and fundamental rethink about the objectives and possibilities of humanitarian assistance is required," toward "a radical reconfiguration of the way in which aid is delivered." Not explicitly very confident about change, *Spaces of Aid* ultimately insists it is possible (and necessary) to do humanitarianism differently. If spaces shape practices, then changed spaces can foster different practices, lives and relationships. **M**



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