

## Glory days are back for Canada's CEOs

By Hugh Mackenzie

Canada's economy has not yet emerged from the Great Recession triggered by the 2007-08 financial crash. Despite an anticipated return to balanced (or nearly balanced) federal budgets in 2015, Canadians can expect at least a few more years of sluggish growth and less than spectacular job creation. But one trend from before the recession has rebounded spectacularly: CEO pay.

The average corporate compensation in 2013 of Canada's top 100 highest paid CEOs was \$9,213,416. This is the second-highest it has been since 2005, when the Canadian Centre for Policy Alternatives first started monitoring the trend. The last time CEO salaries were this high was right before the crash in 2007, when they averaged \$10 million.

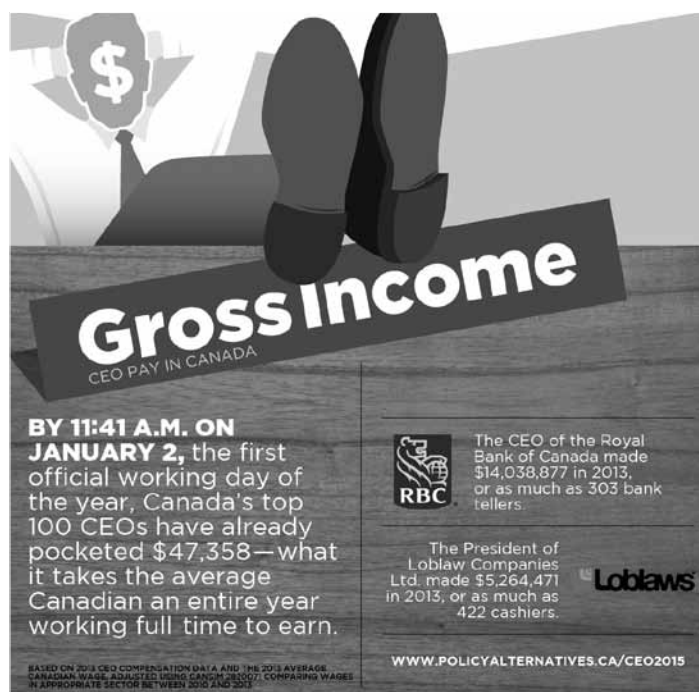
As in past years, my analysis for the CCPA is based on the 2013 earnings of CEOs at the 240 publicly listed Canadian corporations on the Toronto Stock Exchange (TSX) Index as reported in proxy circulars issued in 2014. They tell us that by 11:41 a.m. on January 2, 2013—the second paid day and first working day of the year—the average top CEO had earned as much money as the average Canadian worker would make all year.

Put another way, the total compensation of these 100 people (\$921 million) exceeds the reported budgetary deficits for 2013-14 of every province in Canada with the exception of Ontario and Quebec.

How does this stack up to past years? While changes in reporting requirements make it difficult to compare 2013 CEO pay with pre-2008 levels, trends for both CEOs and average workers since 2008—Canada's first recessionary year in the global economic meltdown—are still revealing.

In 2008, average reported compensation for the top 100 CEOs was \$7.35 million. In 2013, as noted, it was \$9.21 million, which is an increase of 25%. Over the same time period, the industrial composite average weekly wage in Canada reported by Statistics Canada increased by 12.3%. As a result, the average CEO's earnings surpassed those of the average Canadian worker earlier in the year in 2013 than they did in 2008—at 11:41 a.m. last year compared to 1:02 p.m. five years earlier.

Pay has become more equitable in Canada, but only if you are a CEO. In 2008, the lowest-paid CEO in the top 100 reported compensation of \$3.18 million. In 2013, that same position took home \$4.14 million, an above-average increase of 30%. The composition of executive earnings also changed slightly over this period. Bonus payments increased from 22% of pay in 2008 to 25% today, share grants from 26% to 27%, and stock options granted from 21% to 26% of total compensation.



**Gross Income**  
CEO PAY IN CANADA

BY 11:41 A.M. ON **JANUARY 2**, the first official working day of the year, Canada's top 100 CEOs have already pocketed \$47,358—what it takes the average Canadian an entire year working full time to earn.

The CEO of the Royal Bank of Canada made \$14,038,877 in 2013, or as much as 303 bank tellers.

The President of Loblaw Companies Ltd. made \$5,264,471 in 2013, or as much as 422 cashiers.

WWW.POLICYALTERNATIVES.CA/CEO2015

The growing importance of options in CEO pay actually pushes executive compensation even higher than reported in proxy circulars for two reasons: stock options are consistently undervalued in these reports; and when options are cashed in the income is taxed at 26%, or half the top marginal rate of 52%, as if they were capital gains. This tax subsidy for Canada's richest CEOs cost the public \$82 million in 2013 (for options granted) and \$413 million (for unexercised "in the money" options).

Canada's lowest-paid workers have not fared so well throughout the recession. The weighted average minimum wage in Canada increased by 13%, from \$9.02 in 2008 to \$10.20 in 2013, roughly reflecting the average wage increase overall. As a result, the average CEO had earned as much as the average minimum-wage employee in Canada by 1:47 p.m., January 1, 2013, compared to 2:21 p.m. in 2008.

Given the persistence of outrageous CEO pay, its contribution to income inequality and the drag this puts on economic performance, we need to assess the poor record of voluntary restraint and shareholder activism in reining in corporate compensation. It is time to consider simple tax measures (e.g., closing the stock options loophole) that provide a much more effective and popular approach to narrowing the income gap in Canada.

(Continued on page 21)

**CCPA Monitor**

**ISSN 1198-497X**

**CCPA Monitor** is published 10 times a year by the Canadian Centre for Policy Alternatives. The opinions expressed in the **CCPA Monitor** are those of the authors and do not necessarily reflect the views of the CCPA. Please send feedback to [monitor@policyalternatives.ca](mailto:monitor@policyalternatives.ca).

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Editorial

## Now is exactly the right time to regulate oil and gas

Late last year Prime Minister Harper declared that, given plummeting oil prices, now would be a “crazy” time to introduce regulations on the oil and gas sector.

This comes after promising nine years ago that the federal government would bring in new greenhouse gas (GHG) regulations on the oil and gas sector (but failing to do so), and after committing at the Copenhagen climate talks in 2009 that Canada would reduce its GHG emissions 17% by 2020, a target that Environment Canada now says the government has no plan to meet.

In fact, with the price of oil so low, now would be a terrific time to introduce new carbon reduction measures: a federal carbon tax, for example. The Ontario government is thinking about it, looking west, to British Columbia, for options.

When B.C. introduced its carbon tax in 2008, oil was at \$140 a barrel (ouch!). With the price per barrel now below \$50, consumers are well placed to handle a new tax, provided, of course, that we also introduce an offsetting carbon tax credit for low- and modest-income households. CCPA-BC economist Marc Lee models this out in a 2011 report, *Fair and Effective Carbon Pricing*, available on the CCPA website.

From a climate perspective, the downside of low oil prices is that consumers may be less inclined to change their behaviour by burning less gas. A carbon tax, provided it was high enough, could mitigate that.

The timing would also be ideal for governments who are panicked about what the drop in oil prices means for reduced public revenues, since oil royalties are linked to price, and a reduction in production activity reduces other tax revenues as well. Because a carbon tax is linked to the consumption of oil, which is unlikely to slow given the low price, a carbon tax could help buttress government revenues.

Most importantly, though, the drop in oil prices represents a welcome moment to rethink the path we are on. It’s a reminder that tying our economic fate to volatile commodity prices is always a rollercoaster. (Didn’t Albertans learn that lesson decades ago?)

Sound economic management ought to be about moving us away from such dependence. Certainly it isn’t about panicking and rolling over on climate commitments when the oil bubble starts to burst. We’ve been given a chance—a pause in the (black) gold rush—to move away from mindless fossil fuel expansion. That’s not crazy, that’s good sense.

Now is precisely when we should be capturing what income we can from this sector. A carbon tax and/or other taxes and royalties make it possible. Revenues generated can be used to expedite the transition towards a new low-carbon economy, and to fund green jobs and green infrastructure. Those taxation options, complemented by other regulatory measures to cap carbon emissions within a defined carbon budget, would further accelerate the transition.

— *Seth Klein, director, CCPA-BC*

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## HENNESSY'S INDEX

### Billionaires

**1** – There is one billionaire for every three million people in the world.

**2,325** – Number of billionaires in the world in 2014. That's a 7% increase since last year, and it represents an all-time record high. These people control nearly 4% of the world's wealth.

**US\$7.3 trillion (\$8.48 trillion)** – Combined worth of the world's billionaires in 2014, up 12% since last year. That's higher than the market capitalization of all the companies included in the Dow Jones Industrial Average.

**25** – Percentage of the world's billionaires living in the United States. It's the country with the most billionaires—571 of them.

**38** – Number of billionaires in Canada in 2014. That's one more billionaire than a year ago. Their combined wealth is US\$105 billion (\$121 billion).

**1** – Only one of the top 10 cities for North America's billionaires is in Canada: Toronto, where there are 10. Meanwhile, New York remains the top city for the world's billionaires. There are 103 of them in the Big Apple.

**63** – The average billionaire is 63 years old. Almost half of the world's billionaires are over the age of 65 and are looking at wealth preservation rather than more wealth accumulation.

**40** – Percentage of the world's male billionaires who got to where they are through the gift of inheritance or a combination of inheritance and their own activity. The rest are totally "self-made."

**Top 5** – The top five industries for male billionaires are finance, banking and investment; industrial conglomerates; real estate; manufacturing; and textiles, apparel and luxury goods.

**286** – Number of the world's billionaires who are women, which is 12.3% of all billionaires.

**79** – Percentage of women billionaires who got there through the gift of inheritance. Interestingly, 14.7% of women billionaires work in non-profit or social organizations.

**11** – Percentage of the world's male billionaires who are eligible. The vast majority are married. Meanwhile, 35% of the world's female billionaires are eligible.

**51.9** – Percentage of billionaires who engage in philanthropy.

**4,100** – The most bullish prediction of the number of billionaires in the world by 2020. That would represent a 78% increase over the number of billionaires today.

*Hennessy's Index is a monthly listing of numbers compiled by the CCPA's Trish Hennessy about Canada and its place in the world. This month's index was sourced from information on the website [billionairecensus.com](http://billionairecensus.com). For Hennessy's Indexes going back to February 2011, visit [www.policyalternatives.ca/index](http://www.policyalternatives.ca/index).*

## India and the RSS

Your article, “Modi and the criminalization of Indian politics” (September 2014), ridiculously calls Rashtriya Swayamsevak Sangh (RSS) “a fascist paramilitary organization formed in 1920 and based on Mussolini’s Black Brigades.” Not only this, the article represents the Hindu religion and community in a very poor light.

RSS is a peace-loving sociocultural organization and the largest NGO in the world. It is involved in thousands of activities securing and strengthening human rights in India. The organization is one of India’s frontrunners in helping millions of poor and downtrodden—a fountainhead of social service in Indian society.

**Atri Joshi**, New Delhi, India

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## Ed-itorial integrity

Having read Ed Finn’s “A dirge for democracy” (September 2014), I’m reminded how his contribution to my life is up there with major minds such as Ralph Nader and new visionary Naomi Klein. And Einstein.

Aside from the voices of Tom Mulcair and Elizabeth May, we are adrift, victims of a flood of willful apathy, while Stephen Harper continues to dismantle our democracy. He’s literally at large! How can it be?

How can we be at war with literally no conversation let alone debate? Democracy is about input from all parties. Harper has committed Canada to the war he wished he could have enjoyed when monsters Bush and Cheney duped America in concert with psychopath Tony Blair. They terrorized Iraq!

I ask: Who are the terrorists today? My fear, amongst many, is Ed Finn will someday go on permanent vacation. I hope the new CCPA stalwarts remember to recycle Finn’s writings, with his enormous archival body of truth, wisdom and grace.

**Mendelson Joe Hoper**, Elmdale, Ont.

Ed Finn should be thanked for his probity and editorial on North Shamerican fascism (“Fascism spreading in the U.S.,” November 2014). His 1989 warning about corporate takeover of government he ought not view as premature at all. If memory serves me, the grasping dense public gave a bland mincing Bay St. shyster a landslide victory in 1988 and since then has kept almost identical mendacious cat’s-paws in the PMO with the aid of a sold-out media and a corrupt electoral system.

Two thousand years ago there were no doubt a few perceptive Mediterranean observers who foresaw the horrors ahead of the empire’s collapse yet were helpless to prevent it. Now we face the ruin and loss not just of our precious lifestyles and possessions but, infinitely worse, of the very globe and priceless biosphere. Unfortunately hoping for a widespread wake-up won’t suffice.

**R.V. MacLeod**, Sirdar, B.C.

## Security and intelligence activities

Gar Pardy’s article, “Still waiting for proper oversight of security and intelligence activities” (December 2014–January 2015) is timely indeed. Also timely is a close look at just how much of a threat terrorism actually is. I was prompted to do just that after reading a comment by British Prime Minister David Cameron who, speaking about mass surveillance of communications, cautioned about keeping concerns about civil liberties “in proportion.”

In Cameron’s Great Britain, since “the world changed” on September 11, 2001, terrorists have killed fewer than 60 people. Each of those deaths is a tragedy in itself, but on a national scale the number is trivial, about five deaths per year. That is roughly equal to the number of Brits who die annually from bee stings.

The numbers in the U.S. are hardly more disturbing. Since 2000, deaths from homeland terrorism average 235 per year, including those of the World Trade Center bombing. For a nation of 314 million people, this too is trivial. Twice that many Americans die every year from falling out of bed. The only deaths in Canada from terrorism over the same period have been the two soldiers murdered at the end of 2014.

Clearly, the average citizen in Canada, the U.K. and U.S. has little to fear from terrorism, yet all three countries have invested massively in, and given unprecedented powers to, security institutions, including surveillance agencies such as Britain’s GCHQ, the U.S. NSA and our very own CSEC. This year, CSEC’s budget was increased from \$444 million to \$829 million, including part payment for its new headquarters, a \$1.2 billion spy palace.

With all due respect, Cameron has it quite wrong. It isn’t our concern about civil liberties we should be keeping in proportion, but rather our reaction to an essentially insignificant threat.

**Bill Longstaff**, Calgary, Alta.

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## The case for income splitting

The CCPA is, in principle, quite rightly opposed to tax cuts since they mostly benefit the rich and reduce the services the less fortunate rely on, thus increasing the out-of-control wealth disparity. Unfortunately, the CCPA makes the same argument for income splitting without truly examining the situation. We are measuring all activity from an economic perspective, which assumes that having more women in the work force is supposedly desirable. We are long past the

attitude that women have to stay barefoot in the kitchen. Women have proven that they are very capable and can greatly contribute in the workforce, but at the same time we have, to the detriment of society, totally devalued child rearing. If done well, child rearing is very demanding and more rewarding than most jobs.

One of the underlying reasons, of course, is that child rearing has no economic value. As a society we have decided that as long as we have some “quality” child care everything is fine. We don’t examine what this does for the quality of life for chronically sleep-deprived parents. Nor do we have any understanding of what really is involved in child rearing. As a society we have decided that, as one childless woman so succinctly stated, “Oh, children are just entertainment.” We are quite happy to have a whole generation of young people unable to find jobs, but expect parents to do double duty. I remember a study in *Psychology Today* that stated a society declines if the middle class can afford to have their children raised by servants wherein the most important value becomes for children to be safe and clean. Yes, we have enriched child care, which will never be as creative as what children will create by themselves in the right environment.

It is time that we see the economic value of bringing up the next generation. Our government missed a great opportunity to enable parents who desire to raise their own children to do so. By allowing families with children to really split their income it would have enabled one parent to either stay home or work part-time. I think this should be a choice available to parents, which would benefit society as a whole by freeing up jobs for young people. It might even reduce the high divorce rate by alleviating some of the stresses parenthood creates in families. It could have been made fair by including single parents, and becoming revenue neutral by increasing the marginal rate on the highest incomes instead of the lame effort to buy votes with a cheque close to the next election.

**Elisabeth Ecker**, Toronto, Ont.

*Response from the editor: Kate McInturff and David Macdonald address some of these concerns about parenting in Canada today, and the government’s income-splitting plan, in an article on page 10.*

## No Sino-Russian solution

Should we celebrate Asad Ismi’s new international economic order and global currency led by Russia and China (“BRICS and the SCO challenge U.S. global dominance,” November 2014)? It’s doubtful.

Certainly neither country inspires confidence by its internal affairs. Both are human rights pariahs run by parasitic kleptocrats. Russia is a corrupt oligarchy headed

by a direct descendent of the Soviet repressive apparatus. Election rigging; harassment, assault and even murder of journalists; arrest and unfair trial of protesters and human rights defenders; and an LGBTI community suppressed by homophobic laws are hallmarks of Putin’s rule. China is a dictatorship by serial appointment, a human rights bottom-feeder, and a society whose commitment to social justice is best measured by a Gini coefficient somewhere between 0.55 and 0.61 that puts it in the top two or three most unequal societies. The world leader in executions (more than all the rest of the world combined), China is known for the systematic use of torture, administrative detention and judicial murder for purposes of political repression.

Some direct evidence of what the people of the Global South might expect at the hands of Ismi’s “new order” can be gleaned from China’s recent record in Africa. Its vast productive system hungry for raw materials and new markets, China has become Africa’s largest trading partner over the past decade. It has a reputation for supporting corrupt governments from which it elicits support for resource exploitation through bribery, aid enticements and arms supply. On their behalf, it deploys its UN veto to ward off sanctions. China builds degradable infrastructure both to gain favour and to ease access to resources. It floods local markets with cheap or counterfeit goods, undermining local manufacturing.

Howard French is the knowledgeable author of *China’s Second Continent: How a Million Migrants Are Building a New Empire in Africa*. Through extensive interviews in a dozen sub-Saharan countries, he found, “mounting resentment over the way China was seen to be...despoiling the environment, dispossessing powerless landholders or flouting local laws, fuelling corruption, and, most of all, empowering awful governments.”

Ismi proffers Peter Koenig’s view that the U.S. dollar is a “currency of worldwide theft, abuse and exploitation.” Based on the evidence, a yuan/ruble replacement will be no better.

**Rick Gordon**, Vancouver, B.C.

## Correction

In the article on physician-assisted suicide in the December-January issue (“It’s time to reform the law”), it should have read that the Supreme Court of Canada, not the B.C. Supreme Court, ruled against Rodriguez. And the commentary “Public interest law and the commons,” also in the December-January issue, suggested incorrectly that Unifor opposes the Energy East pipeline (the union opposes the Keystone and Northern Gateway projects). The *Monitor* apologizes for the errors.



## B.C. needs a human rights commission

On December 10, International Human Rights Day, a new report by the **Poverty and Human Rights Centre** and **CCPA-BC** made the case for *Strengthening Human Rights: Why British Columbia Needs a Human Rights Commission*. B.C. is the only province without a commission, having scrapped it in 2002 and replaced it with a human rights tribunal.

The report, by **Gwen Brodsky** and **Shelagh Day**, discusses the role a commission would play in taking steps to prevent discrimination, educating the public, undertaking inquiries on broad systemic issues, developing guidelines and promoting human rights compliance. The authors argue a commission, unlike the current tribunal, would also bring B.C. into compliance with Canadian and international standards for human rights protection.

**Robin Loxton** of Disability Alliance BC, one of several groups backing the report, explained, "Many people with mental or physical disabilities face discrimination in their lives, especially in the areas of employment and tenancy. A new B.C. Human Rights Commission could make an important difference in addressing these challenges for our community."

## The case for pharmacare

On December 3, the **CCPA** and **Canadian Doctors for Medicare** released a report calling for the gradual implementation of a national pharmacare program that would significantly lower costs to taxpayers while improving health outcomes and access to care.

*Affordable Access to Medicines: A Prescription for Canada*, by **Dr. Monika Dutt**, reviews research detailing the financial and social impacts of national pharmacare plans abroad, as well as shifts in policy in Canada. It finds that implementing pharmacare for at least the 80 most commonly prescribed generic drugs would improve access and save governments almost a quarter of a billion dollars annually.



"Each year, one in 10 Canadian patients fails to take prescribed medication due to the associated costs, and almost one in four have failed to take prescribed medicine because of cost in the last five years," said Dutt. "Non-adherence to medications is the cause of 6.5% of all hospital admissions."

## Something brewing in Saskatchewan

The Saskatchewan government maintains its proposed privatization of the province's liquor retailing system will not result in diminished government revenues. A joint study by Alberta's **Parkland Institute** and the **Saskatchewan Office of the CCPA**, published on December 3, demonstrates that even with the existing mark-up and taxation regime in place, the government stands to lose millions under its preferred (privatized) scenario.

*A Profitable Brew: A Financial Analysis of the SLGA and Its Potential Privatization*, by **David Campanella**, challenges a number of the government's economic assumptions on private liquor sales. It notes the Saskatchewan Liquor and Gaming Authority currently provides exceptionally high returns to the provincial government while addressing social concerns of alcohol use, and avoiding spikes in retail liquor prices. In fact, argues Campanella, the Crown corporation would likely earn even higher profits by directly owning and operating new liquor stores in urban settings.

SLGA has already achieved superior financial results in comparison to the privatized systems of Alberta and British Columbia, says the report. For example, any financial gains Alberta initially accrued from freeing itself of managing retail stores in the 1990s quickly evaporated and reversed when the increased complexity, and need to appease the newly created private liquor industry, meant higher wholesaling costs, reduced mark-ups and lower gross profit margins for the public liquor agency.

## One in five Nova Scotia children live in poverty

Last year marked the 25th anniversary of a 1989 House of Commons promise to end poverty by the year 2000. Since 1999, the annual *Nova Scotia Poverty Report Card* has recorded changes in child poverty rates in the province to see how close (or far away) the province is to meeting that challenge. The 2014 report card, written by **Lesley Frank** and released by **CCPA-Nova Scotia** on November 24, finds that the child poverty rate is 22.7% higher today than it was in 1989; in 2012 (the most recent statistics available) there were 37,900 children living in poverty.

"The 2009 Nova Scotia Poverty Reduction Strategy set a benchmark of 16,000 children under 18, representing 8.7% of the population, by 2020," said **Christine Saulnier**, director of CCPA-NS, at the release of the report card. "The rightful target should be the elimination of child poverty, but, reaching this target would at least ensure that some 20,000 children would no longer live in poverty in Nova Scotia. However, governments need to do much more to achieve that goal. Child poverty is public policy-created and can be ended by public policy changes."

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# NAFTA, corporate power and growing income inequality

By Jordan Brennan

There is growing awareness in Canada of how unequal society is becoming. It is obvious in the gap between the compensation of Canada's highest-paid corporate executives and the average worker (see Hugh Mackenzie's cover story in this issue). The political pressure to do something to close this gap, for example by increasing taxes at the top of the income spectrum, is significant.

At the same time, Canadian politicians, media commentators and the general public remain committed to an ideology (neoliberalism) that has not lived up to many of its promises and is, in fact, partially responsible for historically extreme levels of income and wealth inequality.

Far from spawning an era of intensified competition, sustained export growth and high productivity, my new report, *Ascent of Giants*, reveals that the last quarter-century of trade and investment liberalization (TAIL), beginning with the Canada-U.S. Free Trade Agreement (CUFTA) in 1988, is marked by lackluster growth, underinvestment and weak employment results.

But beyond these traditional economic indicators, the most important and until now overlooked legacy of this period might be the scale and character of corporate merger activity, which has contributed to the expansion of very large firms and is a key ingredient in the sluggish GDP growth and heightened income inequality of recent times.

As the data in my report shows, the market power that comes with corporate amalgamation, concentration and expansion into foreign markets can also be linked to the runaway executive salaries of Canada's One Per Cent.

## Trade, growth and employment

The average Canadian tariff rate in 1988 was 2.9% and by 1996 it had fallen to a barely noticeable 0.9%. Trade surged from 51% of GDP in 1988 to a historic high of 83% of GDP in 2000, which fuelled enthusiasm for more, and ever more elaborate, free trade agreements (FTAs) by

TAIL advocates. But over the next decade this number dropped dramatically, and in 2012 trade represented 62% of GDP—lower than in 1994 when the North American Free Trade Agreement (NAFTA) came into effect.

During this time the export intensity of the Canadian political economy decreased even though Canadian corporate ownership abroad surged to a historic high. In 1988 Canadian exports amounted to 26% of GDP while the foreign operations of Canadian business accounted for 23% of total corporate income. By 2012 Canadian exports were only 30% of GDP, down from 44% in 2000, while the share of Canadian corporate income from foreign operations climbed to 30% in 2000 and peaked at 47% in 2010.

The rebalancing of corporate earnings from domestic to foreign markets had a noticeable impact on

growth and employment.

In the quarter-century to 1988 the rate of growth of business investment in fixed assets—a key driver of GDP growth—averaged 4.8%. Private sector employment grew at a rate of 2.4% and GDP per capita at 2.8%. All three rates were halved in the quarter-century

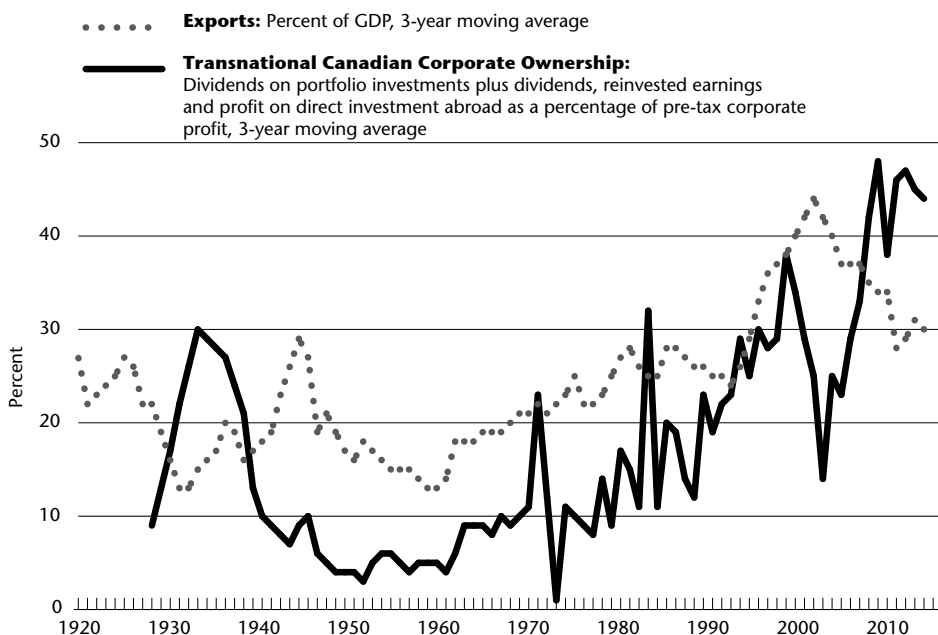
since 1988, falling to 2.4%, 1.3% and 1.2% respectively. What's more, the average unemployment rate increased from 7.1% to 8.1% between the two quarter-century periods, and that ignores the rise of precarious employment (e.g., poorly paid, part-time, intermittent or shift work).

## Mergers and acquisitions

If the TAIL regime has had an ambiguous effect on trade flows, it led to rapid and relentless restructuring in North American corporate ownership by opening the door to the two largest

**As corporate ownership centralizes and corporate assets concentrate, the gains from growth converge in the hands of the richest income group.**

### Exporting Commodities vs. Corporate Ownership Claims, 1920–2012



NOTE: Data for the transnationality index are interpolated between 1928, 1933, 1936 and 1938 (continuous thereafter). Series smoothed as 3-year moving averages. Source: GDP from Historical Statistics of Canada, Series F13 (1926-1960) and Cansim Tables 380-0016 (1961-1980) and 384-0037 (1981-2012); total pre-tax corporate profit from Historical Statistics of Canada, Series F3 (1926-1960) and Cansim Tables 380-0016 (1961-2011) and 384-0086 (2012); dividends on portfolio investment, and dividends, reinvested earnings and profit on direct investment abroad from Cansim Table 376-0012.

mergers and acquisitions (M&A) waves in Canadian history. Internationally, as we saw above in relation to export intensity, these merger waves have led to higher levels of Canadian corporate ownership abroad.

Domestically, heightened amalgamation activity has facilitated larger relative firm size and the attendant market power that greater size bestows. And because there is a tight and persistent relationship between corporate power and personal income inequality, the TAIL regime has also meant heightened Canadian income inequality.

In the 75 years between 1914 and 1988, for every dollar spent on expanding industrial capacity Canadian business spent an average of 23 cents on M&A. In the quarter-century since 1988, 93 cents was spent on corporate amalgamation for every dollar sunk into productive capacity—a four-fold increase. Because the bulk of amalgamation activity has involved foreign firms, not only has corporate amalgamation rapidly expanded in the TAIL era, it has globalized.

### Amalgamation and concentration

While small and large firms alike invest in fixed assets and increase employment, corporate amalgamation is a game initiated almost exclusively by large firms. This means that the effects of corporate amalgamation will be most clearly discernable on large firms. The fact that the globalization of Canadian business ownership closely tracks the relative size and performance of the largest Canadian-based firms supports this contention.

In the quarter-century to 1988 the stock of Canadian direct investment abroad (CDIA) averaged 8% of GDP and the equity market value of the largest 60 Canadian-based firms averaged 25% of GDP. In the quarter century since 1988 both metrics surged, with the stock of CDIA peaking at 40% of GDP in 2009 and the equity market value of the largest 60 firms peaking at 86% of GDP in 2007.

Corporate amalgamation fuels asset and profit concentration. In 1950 the largest 60 firms accounted for 29% of total corporate profit, which was little changed in 1993 (30%) on the eve of the NAFTA. Following the agreement Canada witnessed its two largest merger waves, and profit concentration doubled, peaking at 58% in 2011.

It's the same story with asset concentration. In the early 1960s the largest 60 firms held 27% of total corporate assets, rising to only 30% in the early 1990s. But by 2010 the largest 60 firms controlled 46% of all corporate assets.

### Drag on growth

The TAIL era redistribution of business investment away from growth-expanding industrial projects (fixed assets) and towards M&A has meant fewer corporate resources are deployed in building new structures and hiring more workers, which has put downward pressure on GDP growth. By concentrating corporate assets and centralizing income streams, amalgamation waves have also contributed to the stockpiling of cash (“dead money”) on corporate Canada's

balance sheet, which is another key ingredient in the stagnant GDP growth of recent decades.

Between 1950 and 1990 the income share of the largest 60 firms was effectively flat, averaging 2% of GDP. In the two decades to 2012 the income share of the largest 60 firms nearly tripled, soaring to a historic extreme of 5.7% of GDP in 2007. This pattern is closely shadowed by the hoarding of corporate cash. Between the early 1960s and the early 1990s the stockpile of corporate cash averaged 4% of assets but this nearly tripled (to 11%) between 1990 and 2012. So as the income position of the largest corporate units increased, corporate cash hoarding increased in step, which has slowed GDP growth.

### Concentration, market power and inequality

Mainstream economists have a hard time integrating power into their models but power is apparent in Canada's political economy: it is directly related to organizational size, and is

manifest in pricing discretion and the control over income that comes with being big. In postwar Canada the market power of the largest firms is positively associated with aggregate concentration (the latter measures the overall position of large firms in the political economy).

In the early 1950s the largest 60 firms represented approximately half the equity market value of the entire Toronto Stock Exchange (TSX). By the

late 1970s their relative value had fallen to just 14% of the TSX. By 1988, on the eve of the CUFTA, Canada's top 60 firms accounted for 21% of TSX value before soaring to a postwar high of 65% in 2008. This means, remarkably, that the remaining 4,000 firms on the TSX accounted for about a third (35%) of total equity market value.

The market power of the largest firms followed a similar pattern. In the early 1950s the markup (profit as a percentage of revenue) amongst the largest 60 firms hovered around 8% and trended downward for four decades. In 1993, on the eve of the NAFTA, the markup was less than 3% but surged to a postwar high of 12% in 2007.

The windfall is not being shared equally between the owners of corporate equity and the labourers who help produce it. As corporate power increases, as it did in the decades since 1990, owners tended to win at the expense of workers. This relationship is reaffirmed in the contrast of asset concentration and the top income share.

As corporate ownership centralizes and corporate assets concentrate, the gains from growth converge in the hands of the richest income group. And because the TAIL era is associated with larger relative firm size and increased market power, the TAIL regime has indirectly served to exacerbate Canadian income inequality.

The linkages between corporate concentration and personal income inequality, then, run as follows: amalgamation increases concentration; increased concentration translates into less competition; less competition translates into enlarged earnings margins, greater profits and increased cash flows; the resulting increase in cash flow has the potential to translate into higher executive salaries and dividends; and it is the very high executive



salaries that are playing a key role in driving Canadian income inequality.

### There is an alternative

There is nothing inevitable about these developments. Over the past generation the Canadian political economy has been deliberately reconfigured to make conditions more favourable for business, which effectively means more favourable for big business.

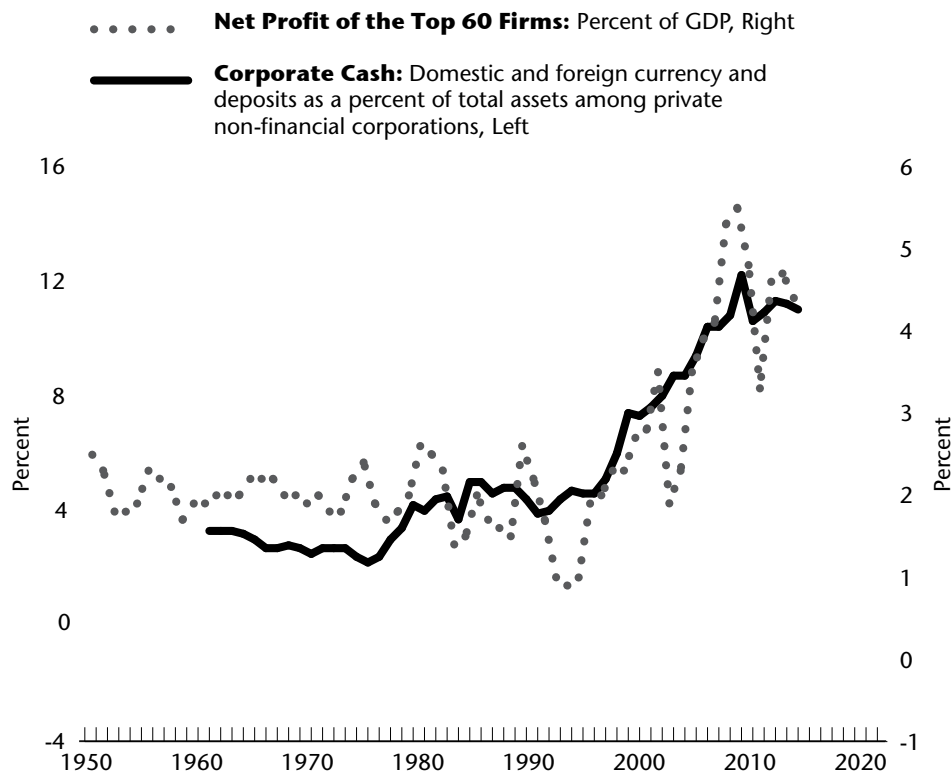
The advertised intention of neoliberal policy, including trade and investment liberalization (e.g., CUFTA, NAFTA), was to incentivize business investment in growth-expanding industrial projects. Everyone would win from such a change, so it was argued, insofar as it would lead to more rapid GDP growth and higher per capita income. The data shows this has not happened.

Though the resulting stagnant growth in the TAIL era may be socially detrimental, it is not necessarily detrimental from the standpoint of large firms, which have seen an enormous redistribution of income, wealth and power in their favour.

Conventional economic thinking finds it puzzling that the past generation has seen business affluence amidst social stagnation; booming returns to capital in the context of sluggish GDP growth. From a heterodox viewpoint there is nothing strange about it. Corporate concentration and the associated increase in income inequality imply a moderate degree of GDP stagnation.

The 19th century British philosopher John Stuart Mill once remarked, “it is owing to a quality of the human mind, the source of everything respectable in man either as an intellectual or as a moral

## Income Share of Dominant Capital and Corporate Hoarding, 1950–2013



NOTE: Top 60 firms are ranked annually by equity market capitalization. Source: GDP from Historical Statistics of Canada, Series F13 (1950-1960) and Cansim Tables 380-0016 (1961-1980) and 384-0037 (1981-2012); common shares outstanding, closing share price and net profit from Compustat through WRDS; total corporate assets and corporate cash from Cansim Tables 378-0054 (1961-1989) and 378-0121 (1990-2012).

being... that his errors are corrigible.” The capacity for moral, intellectual and cultural growth is rooted in our ability to detect mistakes and take corrective action. If this is true, then there are practical implications for public policy, a domain of human activity that must perpetually concern itself with the success or failure of legislative action.

If the course of action taken during the TAIL era, including Canada’s continued pursuit of ever larger

and more numerous NAFTA-like agreements, has led to the poor outcomes described above, an alternative set of state policies could have better results. A trade and investment regime that actually promoted domestic investment and Canadian exports, and which fostered inclusive, wage-led growth, would alter the distribution of income, wealth and power.

A strategic trade and managed investment regime could produce an alternative set of outcomes should Canadians collectively decide to move in a different policy direction. To get to that point, however, Canadians will need a clearer understanding of the consequences of current policy in the TAIL era—to correct our errors, as Mill might have put it.

Jordan Brennan works as an economist for Unifor, Canada’s largest private-sector union. He is the author of the CCPA study, *Ascent of Giants: NAFTA, Corporate Power and the Growing Income Gap, from which this summary is taken.*

### Worth Quoting

“To give working families a fair shot, we’ll still need more employers to see beyond next quarter’s earnings and recognize that investing in their workforce is in their company’s long-term interest. We still need laws that strengthen rather than weaken unions, and give American workers a voice. But things like child care and sick leave and equal pay; things like lower mortgage premiums and a higher minimum wage — these ideas will make a meaningful difference in the lives of millions of families. That is a fact. And that’s what all of us—Republicans and Democrats alike—were sent here to do.”

—U.S. President Obama in his January 20 State of the Union address.



## BEHIND THE NUMBERS

### Parenting: Policies for the way we live now

By Kate McInturff and David Macdonald

Talk to the parents of young children and you can see the stress. Colic, late nights, ear infections—those things haven't changed in millennia. But some of the things that keep parents up at night today are different.

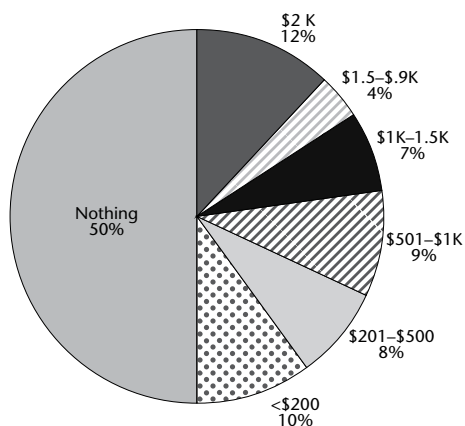
The majority of parents are *working* parents. Given the option, both parents are choosing to stay home with their newborn children and both are back at work well before their children start kindergarten. Canada needs policies that can keep up with these changes—policies that help everyone balance work and family life better. And we need them now, because parents are stretched to the breaking point.

### Women in the workforce

One of the most significant changes in the lives of Canadians over the past three decades has been the increase in women's participation in paid work. Thirty years ago, less than half of women between the ages of 25 and 54 worked full time. Today, two-thirds of those women are putting in 35 hours a week or more. These women entering the workforce are not replacing men (as evident from the relatively stable levels of male employment during the same period). The result is a net gain to the economy, and to the economic security of women and their families.

The death of the Canadian family has also been greatly exaggerated. While men and women in Canada are likely to wait a couple of extra years before they get married, the share of Canadians who live as couples has not changed significantly over the past two decades. Canadians are having children a couple of years later too. But birth rates have not declined in correlation with the rise in women's participation in paid work. Rather, birth rates have risen and fallen and risen again over the past 30 years, from 1.65 children per family then to 1.61 today.

### Projected gain from income-splitting for families w/kids under 18 (2015)



Something else that *hasn't* changed much is who takes care of children and the household. While increased participation in paid work has made a positive contribution to the economic security of women and their families, it has created a time deficit for many working mothers.

Women's hours of unpaid work have not declined in proportion to the increase in their hours of paid work. Twenty years ago, women in Canada performed 64% of unpaid housework and 75% of unpaid child care work, for an average of 4.2 hours per day. Today they perform 60% of unpaid housework and 68% of unpaid child care work, for a total of 3.9 hours per day. Stack that time on top of eight hours in the office and another hour (or three, depending on the city) in traffic, and you get one tired, burnt-out parent.

This isn't inevitable and it isn't simply a matter of choice. Governments have a range of policy options available to them that can support or undermine parents in the choices that they've made; address the distinct pressures that men and women face in work and family life or increase them; and either make choices more equally available or else widen the gap between families in Canada.

### Child care

There are currently 1.7 million families in Canada with children under the age of six. Nearly a million of those families are made up of two working parents. With just over half a million regulated child care spaces in Canada, it means there are 400,000 children out there in households with two working parents with no child care space available to them.

If you can find a child care spot, it is going to cost up to a third of Mom's income. If you have two children or more, the cost is obviously much higher. Full-day kindergarten, family networks, and unregulated care are helping to fill the gap. But there is no question that a shortfall exists. Just ask an expectant parent—chances are that they've already put their names on the waiting list at their local child care centre.

So what happens when there are enough child care spaces to go around at a price parents can afford?

Quebec has an answer. The Quebec program currently offers child care to all families at a flat rate of \$7 per day (though this rate is being reconsidered by the province). Since the introduction

**Half of all families in Canada with children under 18 will receive no benefit from income splitting. Of that 50% who do gain, 18% will receive roughly a dollar a day.**

of Quebec's child care program in 1997, the number of women going to work has increased significantly, and at a faster rate than the rest of Canada—even holding steady during the recession. At the same time birth rates have also increased in Quebec, now exceeding those of the rest of the country.

Affordable and widely available child care is perhaps the most important policy instrument that governments have to ensure that no one has to leave work or give up on being a parent if they don't want to.

### Parental leave

Once they decide to have children, expectant parents have another choice to make: who stays out of work and for how long? That choice can be broadened or constrained depending on the kind

of parental leave governments put in place.

Most of the folks who take parental leave in Canada today are women. Because women are three times as likely as men to work part time, they are less likely to have worked enough hours to qualify for paid parental leave as it stands in Canada. However, their lower employment incomes also mean a smaller economic loss to two-parent households if Mom takes time out of work rather than Dad. The result is that mothers tend to take leave, whether paid or not.

When there is a lower employment threshold to qualify for parental leave, more women take that leave. This is evident across industrialized countries and in the difference between Quebec and the rest of Canada. Quebec's parental insurance program has that lower threshold and currently 97% of mothers in Quebec qualify for some form of paid leave, compared to 83% of mothers in the rest of Canada. That extra support means that women who were working part time or who were in school prior to having a child aren't penalized for those choices.

There is an important caveat to the positive impact of parental leave for women. Periods of leave that extend beyond six months are strongly correlated with a lifetime decrease in incomes and employment—the so called “motherhood penalty.” However, when parental leave is accompanied by affordable and available child care, that penalty appears to be offset.

Fathers have a different set of concerns when it comes to parental leave. The experiences of a number of European countries and Quebec demonstrate that when governments offer “use it or lose it” paid paternity leave fathers take it. Lots of fathers. Five years after Quebec introduced paternity leave, 76% of fathers in the province were taking time off to raise their children, compared to 26% of fathers in the rest of the country. They were also taking longer periods of leave in Quebec, averaging 5.6 weeks compared to 2.4 weeks nationally.

It turns out the fathers love their babies too. And that time deficit? Well, two sets of hands go a lot further than one when there's a new baby in the house.

## Birth and taxes

This year, the federal government will implement a new joint taxation policy that will allow married and common-law couples with children under the age of 18 to transfer up to \$50,000 in earned income from one spouse to the other, for a maximum tax benefit of \$2,000 per year. The result is that the higher-earning spouse will pay taxes at a lower rate. There is no benefit to couples that earn similar amounts, and single parents do not benefit by definition. It is also important to note that the income transfer only happens on paper—no actual money changes hands.

One of the aims of the new federal income splitting policy is to support parents who choose to stay out of the work force and care for young children. However, the benefits of income splitting are highly concentrated among high-income families (whose earnings already allow for this choice).

Half of all families in Canada with children under 18 will receive no benefit from income splitting. Of that 50% who do gain, 18% will receive roughly a dollar a day from income splitting. (See chart on page 10.)

The small or non-existent benefit to low- and middle-income families and single parents means that the families whose choices are most constrained by economic conditions will not see a sufficient benefit to allow them to forgo further hours of earned income in order to spend more time with young children. The result is greater inequality between families.

There are tax policies that enable families whose choices are most constrained to invest in the well-being of their children. Direct income transfers that are tied to family income levels (like the Canada Child Tax Benefit) appear to have a positive impact on family well-being, widening options for the parents who have the fewest choices available to them. These income transfers are most effective where low-income parents are not penalized for seeking increased work; that is, where the benefits aren't clawed back at a low threshold.

## The way we live now

At a minimum, our economic policies should be directed at making sure everyone has the means to provide for their basic economic security. That means understanding the different economic realities that men and women face and the economic policies that can best address those realities. It means designing policies that will help level the playing field for men and women, so that they are in a position to make their own choices about how best to balance work and family life.

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*Kate McInturff is a senior researcher at the CCPA and the director of its initiative on gender equality and public policy, Making Women Count. David Macdonald is a senior economist with the CCPA. They are the authors of a new report on family policies, which you can find at [www.policyalternatives.ca](http://www.policyalternatives.ca).*

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## CETA: A bad trade for women

By Amy Wood

In September, for the second time in less than a year, the federal government triumphantly announced the conclusion of a Canada–European Union Comprehensive Economic and Trade Agreement (CETA). Putting aside generous projections of CETA's economic potential, I wondered if the government knows how the agreement will affect Canadian men and women? The answer is “no.”

The CETA negotiations were a gender-blind process. The Department of Foreign Affairs, Trade and Development's (DFATD) annual performance reports in the last four years have not mentioned gender-based analysis (GBA) or gender. So it is not surprising that the development of CETA did not include such considerations.

Although DFATD has a (frequently criticized) consultative process involving a range of stakeholders, there is no systematic consideration of a gender perspective in trade agreements. This is interesting given that Canada promotes gender equality in development initiatives abroad.

Were women consulted in the process of negotiating CETA? No. Here's what happened:

- The House of Commons standing committee on international trade (CIIT) produced two reports on CETA, neither of which mentioned gender.

- There was no discussion in Parliament of the effect CETA will have on women, or if the agreement will impact women and men differently.
- 19% of the 109 witnesses who presented to the CIIT on the Canada–EU deal were female, and no witness (of the 109) mentioned gender in their statements.

These factors prevented gender or women’s issues from being addressed in the CETA negotiations. Even if more women were included in the CIIT hearings or the actual negotiations, it is unlikely that this would increase representation of gender issues in Canada’s trade agenda, unless GBA was also integrated into DFATD’s *ex ante* assessments of trade agreements.

Why does this matter?

The Canada–EU CETA, when combined with cuts to public services and other regressive socio-economic policies, will mean that Canada’s gender gap could widen. These changes need to be considered together because CETA will further undermine the public sector. This is important because women rely more on public services, face less employment discrimination in the public sector, and are paid comparatively more in the public sector than in the private sector.

Here’s how it breaks down:

- Although most industries will see job losses, the few sectors

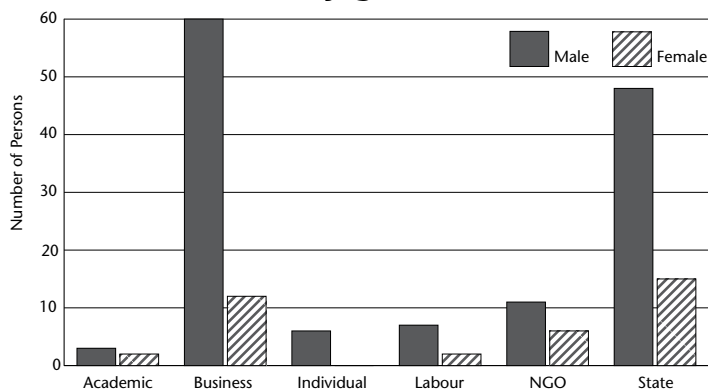
## 97% oppose investor rights in EU deal

On January 13, the European Commission released the results of its online consultation on the inclusion of an investor-state dispute settlement (ISDS) provision in the planned EU–U.S. Transatlantic Trade and Investment Partnership (TTIP). Of more than 150,000 submissions received by the commission, more than 97% either opposed the idea or had strong reservations about the agreement in general.

ISDS is increasingly controversial in Europe, with labour unions, environmental organizations, civil society groups and the general public aware of how corporations use trade and investment agreements to seek compensation from governments when public policies have the effect, intended or otherwise, of lowering the value of an investment. As Scott Sinclair, the CCPA’s senior trade researcher, explores in a new report (see [www.policyalternatives.ca](http://www.policyalternatives.ca)), Canada has been sued more times than any other NAFTA country under that agreement’s ISDS process. Targets of corporate lawsuits have included Ontario’s Green Energy Act, a ban on fracking in Quebec, and two court decisions invalidating the patents of a U.S. pharmaceutical company.

“The European Commission can no longer be in any doubt as to the strength of public feeling against this transfer of power to big business... The TTIP negotiations should be abandoned rather than risk an end to our national democracy,” said John Hilary, executive director of the U.K.-based NGO War on Want, one of dozens of European groups also opposing ISDS in the recently concluded Canada–EU Comprehensive Economic and Trade Agreement (CETA).

## CIIT witnesses by gender and sector




that will see growth (e.g., natural resources and agriculture) are male-dominated. Women’s participation makes up 4% of these sectors and has changed little over the last ten years.

- CETA will not reduce the pay gap between men and women because whatever modest job creation there is will be in the private sector where the wage gap is consistently greater. Natural resources, agriculture and related productions operations—the bulk of CETA’s projected job creation—have the largest gap between public and private wages: women make on average \$11,000 more per year in the public sector in these industries than they do in the private sector.
- CETA will facilitate the liberalization of public services, as explained by Ellen Gould in the recent CCPA report, *Making Sense of the CETA*. Continued deregulation and privatization in health care, education and other social services will be locked in by CETA’s “ratchet clause,” which also makes expanding public services, or creating new services like pharmacare or national child care, vulnerable to trade and investment disputes. The resultant cuts to social services would force women into the private sector where there is less protection, greater risk of discrimination, and comparatively lower pay.
- CETA’s patent rule changes are predicted to increase costs for prescription drugs by at least \$850 million annually. Women consume more prescription drugs than men, and these drugs will be \$110 million per year more expensive should CETA come into effect.

CETA is a bad deal economically for Canada, notably for how it will worsen existing inequalities between men and women, reduce access to resources that will disproportionately affect women, and constrain growth in public sectors such as public health care and education that hire more people (and more women) annually than the limited industries—oil and gas, resources, some agricultural exports—that would benefit most from the deal.

These are just a few of the reasons why the federal government should, in future and from now on, include a gender perspective in assessments of Canada’s trade and investment agreements. Effective consultation mechanisms, the implementation of GBA, and post-ratification monitoring mechanisms will ensure trade is more equitable for all Canadians.

Amy Wood is a research assistant with the CCPA’s *Making Women Count* project. Her research interests include international trade and gender equality. 



## Ontario audit throws cold water on federal-provincial love affair with P3s

By Toby Sanger

In her annual report in December, Ontario's auditor general (AGO), Bonnie Lysyk, exposed the extraordinary waste and financial sham pervasive in public-private partnerships (P3s)—projects her office estimates to have cost the province \$8 billion more than if they had been publicly financed and operated. That is the equivalent of \$1,600 per Ontario household, or close to what the provincial deficit will be this year.

Earlier audits in Nova Scotia, New Brunswick, Quebec, British Columbia, and at the federal level have likewise uncovered examples of P3s being more expensive than the public alternative. What makes this AGO report significant is how it finds systemic problems with Ontario's entire P3 program and methodology—problems that naturally apply across Canada, since most provinces have P3 agencies that function in a very similar way to Infrastructure Ontario.

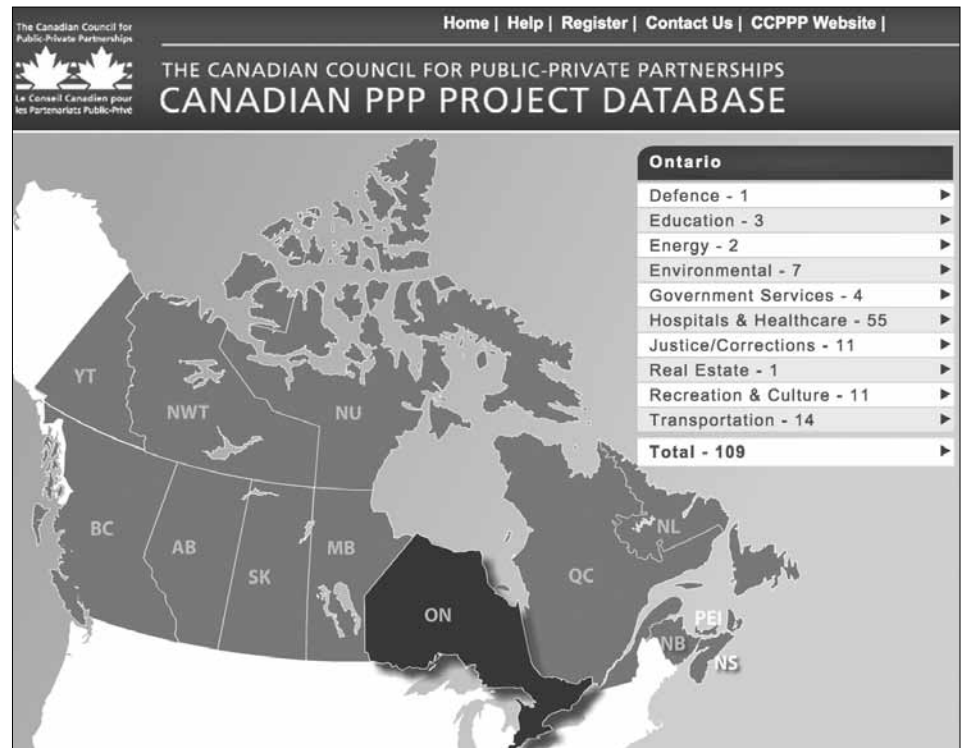
The report is even more important given the Harper government's support for public-private partnerships, both for federal projects, and by forcing municipalities and First Nations to engage in P3s as a condition of receiving federal infrastructure funding.

### More for less

Independent economists, labour organizations and the CCPA have been saying for decades that P3s cost more and deliver less. But because the financial details behind P3 projects in Canada have been kept secret, we haven't always been able to definitively prove it with their numbers. The AGO report confirms not only that we have been right; accountability for P3s and the P3 agencies is even worse than some of us imagined.

In addition to its calculation that Infrastructure Ontario-backed P3s cost an estimated \$8 billion more than traditional publicly-financed projects would have, the AGO report finds the following:

- Every single one of Infrastructure Ontario's 75 P3s was justified on



Screen capture from the Canadian Council for Public-Private Partnerships website.

the basis that they transferred large amounts of risk to the private sector, *but there was absolutely no evidence or empirical data* provided to support these claims in the crucial value-for-money assessments (VFM);

- Specific “risks” included many billions of dollars’ worth of double counting and other inappropriate calculations, while the consulting firms preparing the business cases and VFM assessments showed a clear bias in favour of P3s and against the public sector;
- Estimates of the cost of public procurement also involved additional fictitious charges so the actual benefits of public procurement are likely to be even more than \$8 billion;
- Initial cost estimates for P3 projects tend to be highly inflated, which made it easy for the projects to come in on or under budget;
- There is very little competition among the large P3 contactors, five of which got over 80% of all Infrastructure Ontario projects, while just two of

facility management companies took a majority of P3 projects with a maintenance component;

- Monitoring and reporting of P3s is poor and deficiencies take a long time to get addressed. The average time taken to resolve minor deficiencies was 13 months, more than three times the maximum time allowed, with some still in dispute after three years;
- Infrastructure Ontario was unable to provide the AGO signed conflict of interest declarations or disclosures of relationships for those evaluating submissions for a number of projects. This should be especially concerning given that prominent people in the industry (and no doubt other officials) have shifted back and forth between the private sector and P3 agencies; and
- These P3 projects have created an estimated \$28.5 billion in liabilities and commitments still outstanding to private corporations—a cost Ontarians will have to pay back in



the future. Other P3 projects in Ontario would bring total liabilities to over \$30 billion owing to P3 consortiums and financiers, the equivalent of \$6,000 per household.

Even more disturbingly, the AGO revealed that Infrastructure Ontario was planning to change its methodology *to make it even more biased* towards P3s, and to exaggerate the cost of projects funded and operated by the public sector.

### Taking all the risk

In reality, the risks incurred by P3s are rarely transferred to the private sector because the ultimate responsibility for delivering a project or service rests with the government or another public entity. All P3s in Canada are structured as Special Purpose Vehicles (SPVs). This means the larger companies behind P3 projects can walk away at any time, risking only the equity they have put into the project, which is typically 10-15% of the initial cost. Meanwhile the amount of “risk” that is assumed transferred to the firm averages about 50% of this base project cost.

Infrastructure Ontario has been paying the big P3 companies that unsuccessfully bid on P3 projects up to \$2 million per bid to cover some of their costs. In other words, the firms bear little risk even at the bidding stage, and the losers get a generous consolation prize! The process creates a cosy fraternity of lucratively-paid P3 companies and consultants getting wealthy at the public’s expense.

Little of this money trickles down. Construction associations have been critical of P3s because most of their smaller and medium-sized businesses don’t benefit much. Some architects and engineers say P3s sacrifice good design in public buildings and facilities for the sake of private profit.

In summary, massive levels of creative accounting and

## What are P3s?

A public-private partnership (P3) could be anything that involves the public and private sector. But in this case the term refers to a capital project funded by the public sector that involves significant private finance, and often involves private maintenance and operation of the facility over many years. P3s go by other names or acronyms, such as Private Financing Initiatives (PFIs) in the U.K., and Alternative Financing and Procurement (AFP) in Ontario.

Under a P3 the government or public entity enters into a legal agreement to pay the private consortium significant fees, at least annually, and usually for a number of decades. In some cases fees charged to the public (e.g., road or bridge tolls) can make up a substantial amount of the revenue received by the P3. But in Canada almost all current P3s are guaranteed payments directly from the government, so there is very little risk to the companies involved.

P3s are being used in Canada to build hospitals, roads, bridges, court houses, other government buildings, airports, public transit, public housing, water treatment, schools, recreational facilities, solid waste, energy and many other public facilities. There are over 220 P3s currently in operation, under construction or being planned, with over \$70 billion spent by Canadian governments so far on P3s.

## Canada’s \$4.2 billion “spy palace”

One little-known example of a federal government P3 is the “spy palace” the Harper government built in an Ottawa suburb for Canada’s electronic eavesdropping agency, Communications Security Establishment Canada (CSEC). The official budget for this luxurious, high-secrecy building was \$880 million but the real construction costs were more than \$1.2 billion. On top of that, the P3 developers have been given a \$3 billion 30-year contract to maintain the building, bringing the total costs to an eye-popping \$4.2 billion—the most expensive contract for a single federal building ever. As OpenMedia points, that amount of money could have built 30 new rural hospitals or 60 schools.

double counting are being used to justify expensive P3s and the privatization of public services to the benefit of a few wealthy P3 and finance companies, high-priced lawyers and consultants. The rest of us will be paying the price for these projects for decades to come—a cost hidden by politicians, government officials and their friends in the industry who are complicit in this massive P3 scam.

### More systemic problems

As damning as the AGO report is, it does not highlight other fundamental and systemic problems with P3s in Canada.

For example, Canadian P3 agencies are conflicted in their objectives, with most charged with promoting *and* assessing P3 projects. This is a perversion of public policy and responsible governance. Just as we generally don’t let students mark themselves, or have one team control the referee, those that review and assess the viability of P3s should not be the same people promoting the P3 model for new public infrastructure. A recent report from the B.C. Ministry of Finance identified this as a problem, and it appears that the province will be taking responsibility for the initial assessment of P3s away from its P3 agency, Partnerships British Columbia.

In addition, there is considerable movement of key personnel between P3 agencies and the P3 industry, giving rise to (often undeclared) conflicts of interest. The consultants and accounting firms that prepare the business cases and assessments for the P3 agencies generate considerable income from P3s, and are active members and supporters of the industry lobby group, the Canadian Council for Public-Private Partnerships. As the AGO report stated, these groups do not hesitate from creative accounting to make the P3 case look stronger than it is.

Another fundamental problem with P3s in Canada is that there is no transparency in the details or real costs of projects, and very little accountability. The business cases, value-for-money assessments and assumptions on risk transfer are kept secret, along with the costs our politicians commit us to paying private P3 operators for decades to come. When business cases are released, they are in very summary form or heavily censored.

The excuse for secrecy—a specious one—is business confidentiality. After the Ontario audit, we should assume this is a cover for poor accounting and bias designed to boost the P3 case and undermine traditional public sector procurement

for infrastructure projects.

## A bad foundation

Canada's approach to P3s is largely based on the U.K.'s Private Finance Initiative (PFI), a model that is responsible for built-up liabilities equivalent to over £300 billion (C\$500 billion, or \$30,000 per family in the U.K.). This growing P3 debt bomb has put local hospitals in financial difficulty and contributed to steep cuts in funding for basic public services.

The record on PFIs in the U.K. has been so bad that even the pro-privatization Conservative government agreed to reform the process, increasing transparency and restricting use of P3s for operating public infrastructure and services. In the wake of major P3 fiascos in France, governments in that country have also started to scale back their use of P3s, and to bring many private operations back into public hands.

Unfortunately, Canadian governments are moving in the opposite direction, increasing the use of P3s for operations and maintenance, pushing them in all different sectors, and reducing the transparency and accountability associated with P3s. We now have one of the largest P3 markets in the world, which will naturally translate into the largest P3 liabilities in the world. But the real costs are being kept hidden, and they will continue to squeeze funding for public services for decades to come.

## So what can we do?

As Canadian governments are cutting funding for public services, and squeezing wages and benefits, it's a travesty that they also continue to squander public funds on expensive P3s while deceiving the public about their true cost and liabilities. A lot of profit is being made by the P3 industry. Many people are getting wealthy at the public's expense. So there are powerful political interests keeping the P3 charade going.

The response of the Ontario government to December's AGO report was very defensive, and already the P3 industry is spinning its response to downplay any problems and to further promote P3s. But there are things we can do to reverse this dangerous tendency towards privatization and private pilfering of public accounts.

For example, auditors general in


## In her own words – the AGO on P3s

- [W]e noted that the tangible costs [of 74 infrastructure projects approved as P3s] were estimated to be nearly \$8 billion higher than they were estimated to be if the projects were contracted out and managed by the public sector. However, this \$8-billion difference was more than offset by Infrastructure Ontario's estimate of the cost of the risks associated with the public sector directly contracting out and managing the construction and, in some cases, the maintenance of these 74 facilities. In essence, Infrastructure Ontario estimated that the risk of having the projects not being delivered on time and on budget were about five times higher if the public sector directly managed these projects versus having the private sector manage the projects.
- [T]here is no empirical data supporting the key assumptions used by Infrastructure Ontario to assign costs to specific risks. Instead, the agency relies on the professional judgment and experience of external advisers to make these cost assignments, making them difficult to verify. In this regard, we noted that often the delivery of projects by the public sector was cast in a negative light, resulting in significant differences in the assumptions used to value risks between the public sector delivering projects and the [Alternative Financing and Procurement, or P3] approach.
- In some cases, a risk cost that the project's VFM (value-for-money) assessment assumed would be transferred to the private sector contractor was not actually transferred, according to the project agreement... Two of the risks that Infrastructure Ontario included in its VFM assessments [representing \$6 billion] were inappropriate.
- The assessments are accompanied by a letter from an accounting firm that acknowledges that the assessment was prepared in accordance with Infrastructure Ontario's methodology. However, all letters contain a disclaimer by the firm that it has not audited or attempted to independently verify the accuracy or completeness of the information used in the calculation of the VFM.
- In our discussions with the external advisors, they confirmed that the probabilities and cost impacts are not based on any empirical data that supports the valuation of the risks, but rather on their professional judgement and experience.
- Based on our audit work and review of the AFP (P3) model, achieving value for money under public-sector project delivery would be possible if contracts for public-sector projects had strong provisions to manage risk and provide incentives for contractors to complete projects on time and on budget, and if there is a willingness and ability on the part of the public sector to manage the contractor relationship and enforce the provisions when needed. Total costs for these projects could be lower than under an AFP, and no risk premium would need to be paid.

other jurisdictions can be urged to review provincial P3 programs, agencies and projects as extensively as the Ontario auditor general did last year. Governments and public bodies could declare moratoria on further P3s, pending thorough reform and public review of the funding and procurement model. At the same time, Canadian legislation governing P3s needs to be fixed since it is among the worst in the world. Only Manitoba has laws on the books requiring accountability for P3s. It isn't perfect and should be stronger, but it's better than nothing.

Finally, we should loudly insist on

full public transparency and disclosure of all un-redacted financial details, including VFM assessments, associated with existing and new P3 projects. This lack of accountability is one of the most frustrating (and unnecessary) elements of the P3 model. Until we can see for ourselves whether there is any value for money in this system, any and all P3s, and the politicians that introduce them, will—and should—be under a cloud of suspicion.

*Toby Sanger is an economist with the Canadian Union of Public Employees and a blogger at the Progressive Economics Forum.* 

## Beyond freedom of speech for white men

By Nora Loreto

Last year, the Values Charter plunged Quebec into a bitter identity debate. Presented by the Parti Québécois, the Charter sought to make Quebec a more secular state. Not by removing the hundreds of saints' names that grace the province's map but, in part, by policing how people dress.

It was supposed to forbid employees of the public and parapublic sectors from wearing religious symbols at work. This meant that any Muslim woman who wore a hijab would be forced to choose between employment or devotion. But it wasn't racist legislation, promised MNA Bernard Drainville. They would also target kippa-wearing Jews and the oh-so popular huge crucifix that many devout Catholics still like to rock.

You know the rest of the story: the PQ called an election over this issue to win a majority, lost, and delivered power back to the bloodthirsty (in the killing-of-social-programs sense) hands of the Liberals. The debate was a classic example of the state trying to limit the freedom of expression of a minority of its citizens. A minority of its minority citizens, to be precise.

While many Quebecers opposed the Values Charter, it was rarely discussed as a matter of freedom of expression. Xenophobic. Racist. Sexist. Divisive. But what right to free expression do Hijabis have in Drainville's Quebec?

The idea to ban religious garb was influenced by debates that have raged in France. In 2011, the French government banned women from covering their faces in public. France, a country with a brutal colonial relationship to many predominantly Muslim countries, chose Muslim women as its target in a state version of *What Not to Wear*.

The ban remains controversial. Eight per cent of French citizens are Muslim and while a majority of that population would never wear the niqab, the message it sends is that women who do are religious extremists. Last October, the Bastille Opera refused to play because a niqabi sat in the second row.

The face-cover ban should be controversial. Every defender of free expression in the Western world should have mounted fierce opposition to the ban as it encroaches on women's right to free expression.

But the fight for free speech waged by most Canadian pundits isn't a fight that includes women. It's one of the few struggles that white men with access to both power and privilege can wage, demanding even more privilege, without criticism. There is no universal access to free speech and free expression in an unequal society.

When a gunman murdered 14 people for political reasons in Montreal in 1989, it was condemned not as an attack on free speech but as a horrifying example of violence against women. When gunmen murdered 12 people for political reasons in Paris this January, there was a global cry condemning the attack for being a vicious affront to free speech.

Free speech can only be protected or removed by the state. Terrorist elements, assassins, gunmen or gunwomen

can attack people for their political expression, but it's the state that has a responsibility to protect these people from reprisal. The writers and offices of *Charlie Hebdo* were given such protections. The French author Michel Houellebecq has just been placed under police guard, fearing that his next book, *Soumission*, about the near-future election of an Islamic Party in France, will make him a target, too.

So what state protections have there been for Muslim women who believe their faith demands they cover their faces? Why is their freedom of expression less important? Where's the global outrage over the fact that pro-Palestinian protests have been banned by the state of France? If violence against women is a tool meant to silence them (either through fear or murder), why do Western states consistently fail to keep women safe?


In the wake of the murder at the *Charlie Hebdo* offices, many pundits have reduced freedom of speech to fighting for the privileged to mock the oppressed. The greatest free speech advocates in Canada, the ones who rush to spew odes to freedom across whichever opinions sections, so often "forget" to condemn attacks on freedom of speech when they happen to non-white, non-male people.

Imagine Ezra Levant condemning Harper's political audit of many progressive organizations, including the CCPA and PEN Canada (whose primary goal is to fight for free expression). Imagine every single Canadian newspaper running editorials demanding justice for Indigenous women, based on the premise that the violence waged against them is an attack on their free speech and expression. Imagine journalists collectively demanding that the state not only protect but ensure stable funding mechanisms, free of political interference, to help the news industry engage in investigative reporting or hire more journalists.

But no, these free speech defenders only appear when 12 people, 11 of whom were men, are murdered, focusing solely on some inflammatory cartoons about Islam. The defenders demand that people change their Twitter avatars to the inflammatory comics. They reduce free speech to the right to publish (and republish in "solidarity") a drawing of the Prophet Muhammad's anus.

Freedom of speech must be defended, and equal access to freedom of speech is not a struggle that exists in isolation. It includes the freedom for everybody to choose their own clothing. It includes the freedom to live without fear that your partner will murder you in your home. But we need to move beyond the freedom for members of the privileged class to debase, mock or insult the oppressed, and towards fighting for all people to have equal and protected access to these freedoms.

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Nora Loreto is a writer, musician and activist based in Quebec City, the author of *From Demonized to Organized*, *Building the New Union Movement*, and an editor at *rabble.ca*, where this column first appeared. 

## The Scottish referendum

By Bill Blaikie

At first thought, the September 18 referendum in Scotland on whether the country should remain a part of the United Kingdom or seek independence may seem an unlikely subject for a reflection on faith and politics. However, even a cursory look at pre-referendum Internet discussions reveals a lively debate within the Scottish Christian community, even if the official church positions were neutral and process-oriented in terms of encouraging dialogue and respect for opposing views. At the risk of simplifying things, it seems there were at least two camps.

One camp was worried about the future of the church in an independent Scotland. The concern, expressed by Scots like the Rev. John Ross, former moderator of the Free Church of Scotland, was that secularization would be accelerated by independence, and that the special place of the “Kirk” in Scottish life would be further and faster eroded in the context of such a secular and increasingly pluralistic country. These people came down on the “No” side. Their view was no doubt strengthened by the fact that the Scottish Secular Society came out for the “Yes” side.

Other Scottish Christians were more concerned about Scottish society than the Scottish church. They believed an independent Scotland had the promise of more fully living up to the biblical demands for justice and equality. Though some symbols of Christian dominance could be threatened, they reasoned, it was only a symbolic and ceremonial dominance in any case; the United Kingdom was also an increasingly secular and pluralistic place. If this was the case, then instead of choosing between a secular Scotland and a secular Britain, the real choice was between a more just Scotland and a less just Britain, as a Rev. Gordon Matheson from the Isle of Skye is reported to have observed.

Indeed, there was even an organized group called Christians for Independence, which collected



(Photo: Nintian Reiz)

pledges of support for the “Yes” campaign from the former moderator of the Church of Scotland and 40 other members of the clergy. For many of those favouring independence, their long-expressed opposition to nuclear weapons, and to the location in Scotland of the British Trident nuclear deterrent, was a decisive issue. Among those favouring independence was the Rev. Peter McDonald, leader of the widely respected Iona Community.

Yet among Christians whose first concern was for justice, there were still divisions, just as there were on the political left. As some were enamoured of the possibility of building a model post-industrial social democracy in Scotland, others worried about the future prospects for justice and equality in the United Kingdom as a whole if the egalitarian Scottish leaven was removed from the British parliamentary loaf.


To the extent that the desire for independence was nurtured in part by a rejection of Margaret Thatcher’s U.K., it was also difficult for some to abandon their non-Scottish brothers and sisters to an even more difficult struggle to escape her legacy. It may have been this sentiment, combined with promises of constitutional reform delivered most prominently by former Labour prime minister Gordon Brown, that resulted in many progressives ultimately voting “No.” Nevertheless, it was Labour strongholds in places like Glasgow where support for independence was highest, and where a higher turnout could have changed the result.

Immediate post-referendum activity within the church community was focused on pleas for unity, and worship services designed to foster it. At the same time, the new political environment proved more interesting than many expected. The Labour Party seems to be paying a heavy price for its alliance with Tory Prime Minister David Cameron on the question of independence, an alliance that some argue unintentionally reinforced the view held by many in Scotland that there isn’t, in the end, much difference between the two parties.

Post-referendum polls showed the Scottish National Party (SNP) gaining so much support there is talk of replacing Labour as the main Scottish party in the British House of Commons next election. Membership in the SNP tripled in the first seven weeks after the referendum, as the party “brazenly steals the clothes of Old Labour,” in the words of one journalist.

Whatever may happen, we can see in the Scottish example that referendums have consequences beyond the ultimate decision rendered. They create strange bedfellows, and break down brand loyalties. Though there are many differences, this is arguably part of what happened to the federal NDP in Western Canada following the 1992 referendum on the Charlottetown Accord, when many traditional New Democrats, having sided with Reform on the referendum, decided to vote for the new party in the 1993 election.

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*A United Church Minister, the Hon. Bill Blaikie, PC., has a bachelor’s degree in religious studies and philosophy from the University of Winnipeg and a master of divinity degree from Emmanuel College, Toronto School of Theology. He was a Member of Parliament from 1979 to 2008, during which time he served in a number of capacities, including parliamentary leader of the NDP, deputy speaker, and dean of the House of Commons. He was Manitoba’s minister of conservation from 2009 to 2011.* 



## Leave the patchwork for the quilts

By Adrienne Silnicki, Joel Lexchin, Julie White and Keith Newman for the Canadian Health Coalition

The Canadian Health Coalition (CHC) was founded in 1979 as a public advocacy organization dedicated to the preservation and improvement of medicare. It brings together organizations representing nurses, health care workers, seniors, churches, trade unions, anti-poverty groups and women, as well as affiliated coalitions in nine provinces and two territories. The CHC has supported a universal public pharmacare plan since its inception, because prescription drugs are an essential part of health care and should be provided, like doctors and hospitals, to all Canadians as part of our public health care system.

### The problems

Currently, prescription drugs are provided in a partial and unfair manner, to the detriment of our health and at enormous cost. With prescription drugs left out of our national medicare plan, we have a patchwork of provincial and territorial plans that cover less than half the population. Sometimes these plans cover only seniors, those on social assistance, and certain illnesses. In a few cases, people pay for drugs based on an income assessment.

More than half the population is outside any public arrangement and must rely on private insurance, usually through a wide variety of workplace plans. Commonly workers contribute to the cost of these private plans, by paying towards the insurance premiums and by paying co-pays at the pharmacy counter. Since these plans are attached to the workplace, they are unreliable; if you change jobs, get laid off or retire, your drug plan usually disappears. The federal government pays a mere 2% of total drug costs, covering only specific groups such as the military, veterans and First Nations.

This patchwork approach means that access to prescription drugs varies widely. What you pay depends on where you live and where you work, not medical need. Many people have inadequate drug coverage or none at all. In 2013, a poll by EKOS found that over a five-year period, 23% of Canadians were unable to afford a prescribed drug, rising to 49% for those with incomes of \$20,000 or less.

This chaotic and unfair drug coverage comes at a high price. Among the 32 nations of the Organization for Economic Co-operation and Development, Canada spends more per capita on drugs than all except the United States.

In other countries, national public drug plans negotiate reduced prices with pharmaceutical companies with the strength that comes from bulk purchasing for the whole population. When our limited public plans have tried to negotiate reduced prices or rebates, drug companies have shifted costs by charging more for drugs provided under private insurance plans. These plans are not large enough to negotiate reduced prices, so the burden of high prices is just shifted from public plans to employers and workers.

We also waste money in Canada on private for-profit insurance plans, because a remarkable 23% of their cost is

for administration and profits compared to just 1.8% for the administration of public drug plans. In 2012, prescription drugs from all sources cost \$27.7 billion. It is reliably estimated that a national pharmacare plan to cover all Canadians would reduce our current expenditures by a massive 41%, saving \$11.4 billion.

Our patchwork approach is also not as safe as it should be. Through Health Canada, the federal government is responsible for reviewing the safety of new drugs and approving their sale and use. This process is not independent of the pharmaceutical companies, which pay half the cost of the drug approval process, undermining its independence.

The *Canadian Medical Association Journal* has stated that Health Canada is biased towards approving drugs too quickly and without adequate proof of safety. Company-financed research trials for new drugs have been found to be biased in favour of the product that the company makes. This research is not made available to either the public or to medical professionals and researchers, further limiting the opportunity to independently assess the relative effectiveness and safety of drugs.

Once on the market, drug companies sell their drugs by influencing doctors to prescribe them. It is estimated that drug companies spend \$60,000 per doctor per year on drug promotion. This involves sales representatives visiting doctors' offices, providing wall charts, pens and free samples, plus paying for doctors to attend conferences and give papers. It also involves advertising drugs in medical journals and to the public at large.

Nothing about this process is objective. Indeed, studies have found that pharmaceutical company sales reps fail to provide information to doctors about the side effects of drugs, and that doctors are indeed influenced by sales reps in what they prescribe.

### The solutions

The CHC supports a pharmacare plan for Canada that is public, national and universal, and that would cover all drug costs. In other words, the plan should mirror the current provision of care by doctors and hospitals under medicare. Our principles are that prescription drugs should be provided in a manner that is fair, cost-effective and safe.

**Fairness:** Pharmacare should be fair and equal for all Canadians, regardless of where they live or work, their income, age, or type of illness. This means that the federal government needs to fund a significant portion of this expansion of health care in order to ensure equal services across the country, as it does now for doctors and hospitals. We know that charging individuals for drugs means that a significant number of patients cannot afford to obtain their prescriptions. As a result, their health is compromised, leading to more visits to doctors and admissions to hospitals.

**Cost-effectiveness:** A national and universal system would

**A national pharmacare plan to cover all Canadians would reduce our current expenditures by a massive 41%, saving \$11.4 billion.**



allow us to negotiate drug prices for the whole population and so join the large majority of developed countries that benefit from lower prices. Research has demonstrated that pharmaceutical companies are adept at shifting costs from one part of the current patchwork to another in order to maintain overall high prices and profits. Only a national plan would effectively control costs. The federal government is responsible for approving new drugs, patent protection, setting the prices of new brand name drugs, and drug advertising. Current policies in these areas significantly increase the cost of drugs, but it is the provincial governments that pay for the resulting high prices. If the federal government shouldered a more reasonable proportion of the costs than the current negligible 2%, it would create an incentive for cost-effectiveness in its dealings with pharmaceutical companies. **Safety:** We need improved federal government policies to ensure the safety of prescription drugs across the country. This means an approval process that is independent from the influence of phar-

maceutical companies and that analyses new drugs in relation to effectiveness over existing drugs. It means transparency in sharing the research results of drug trials so that they can be assessed by experts in the field. We also need to get independent information to doctors concerning drug safety and effectiveness, and a more robust national database for adverse drug reactions.

### Making the right changes

There is increasing recognition that Canada's prescription drug policies are a national failure and that reform is long overdue. This has led to a renewed interest in appropriate policy changes among some federal and provincial politicians. The vast majority of the population agrees that change is necessary. In 2013, asked whether prescription drugs should be covered in a national public plan (as doctors and hospital are), 78% of Canadians said yes. And 86% of respondents to the same EKOS poll supported the concept of negotiating for lower drug prices with


pharmaceutical companies.


In today's environment, where cost concerns often trump good social policy and necessary reforms, some would argue that we cannot afford full coverage in a new nationwide drug plan. While such a plan offers huge savings, there would be initial costs to establishing the structures required to implement it, particularly at the federal level where the current contribution to drug costs is negligible.

In this context we should understand what a country of Canada's wealth is able to afford. Canada is an oddity on the international scene, because it is the only country with a national public health care plan that fails to include prescription drugs. Canada is one of only three OECD countries that cover less than half the population with public drug plans (the other two being the United States and Mexico).

Let's consider the 29 OECD countries that are already providing a national public drug plan. The list includes the U.K., France, Germany, Switzerland and Australia, but also many countries that are far less wealthy than Canada, including South Korea, Slovenia and Turkey. The main reason that other OECD countries are able to provide better drug coverage is that their public plans allow them to control expenditures on prescription drugs much better than we do. Between 2000 and 2010 the annual average growth in per capita prescription drug expenditures in Canada was 4%—nearly double the OECD average.

"Canadians pay more for their medications when compared to countries that offer a public and universal plan," said Marc-André Gagnon, a pharmaceutical and health policy expert at Carleton University, in a 2014 paper. "Canadians' access to medications is not as good as in other countries, and the annual cost increase makes the Canadian regime unsustainable in the long run."

By implementing a national public drug plan, we can reap the benefits of reduced drug prices and better health while saving \$11.4 billion that governments, employers and individuals are now paying for overpriced drugs. There is no reason for further delay. 



## CCPA TELEPHONE TOWN HALL

**WHEN /** March 4, 7:15–8:15 PM ET

**WHERE /** We will call you!

**WHAT /** Executive Director Bruce Campbell hosts a discussion with senior CCPA economists David Macdonald and Armine Yalnizyan followed by questions from town hall participants

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The Canadian Centre for Policy Alternatives will host its second Telephone Town Hall on March 4 between 7:15 and 8:15 p.m. Eastern (Ontario-Quebec) time. Last year's event was a huge success, with over 4,000 participants. We look forward to welcoming even more of you to the discussion this time.

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All you have to do is answer the phone when we call you on March 4 shortly after 7:00 p.m. Eastern (Ontario-Quebec) time, so please remember to adjust that according to your time zone. In the coming weeks we will provide more information about how you can join us. We look forward to spending some time with you on March 4!

# What will it take to address Canada's privacy deficit?

By Steve Anderson and David Christopher

Six months ago, we argued in this publication that Canadians face a stark privacy deficit, created by a perfect storm of spy agency surveillance, privacy-undermining legislation and lax privacy safeguards at government departments. Sadly, the situation has deteriorated.

New federal surveillance legislation (Bill C-13) came into effect. The Supreme Court of Canada ruled albeit narrowly that police don't require a warrant to search the cellphones of people they arrest. The private tax information of hundreds of high-profile Canadians was leaked by the Canada Revenue Agency to the CBC. And the government is building a comprehensive new system to collect and analyze what Canadians are saying on Facebook.

The good news is the trend toward weaker privacy protections is not unstoppable and that it's clear Canadians want it reversed. According to a Forum Research poll, 79% of us expect our personal information to remain "private and confidential" once it is posted online.

As it turns out, there is a great deal that can be done to tackle our privacy deficit. OpenMedia.ca has spent the past few months collecting ideas from Canadians, privacy experts and organizations working in this field. We're still sifting through a vast amount of input, but it's already clear a number of key issues need to be addressed in any future pro-privacy legislation.

## 1. Stronger warrant requirements

Government authorities have long been expected to obtain a search warrant to access sensitive personal information. This requirement balances the needs of law enforcement with the privacy protections rooted in Section 8 of the Charter of Rights and Freedoms. However a number of recent developments have undermined this important principle, including lower warrant thresholds in Bill C-13, the Supreme Court's recent cell phone privacy ruling in *R. v. Fearon*, and the government's Bill C-44, which makes Canadians living overseas vulnerable to surveillance. Future privacy legislation

should require a warrant for government authorities to monitor the personal information of Canadians at home or overseas. Police and other agencies should be required to demonstrate clear evidence that they have reason to believe a crime is soon to be, or has been, committed in order to obtain a warrant. This common-sense step would be in line with the Supreme Court's unanimous decision in *R. v. Spencer* and would significantly strengthen privacy protections for Canadians.

## 2. End the mass collection of metadata

Thanks to Edward Snowden, we've learned that the Five Eyes alliance, of which Communications Security Establishment Canada (CSEC) is a key partner, collects metadata on a mass scale. As the former Ontario privacy commissioner Ann Cavoukian has warned, "metadata can actually be more revealing than accessing the content of our communications." The BC Civil Liberties Association is disputing the constitutionality of this type of warrantless, indiscriminate surveillance in front of the B.C. Supreme Court, which will make its determination in due course. In the meantime, there is nothing to stop the current or a future government from legislating to prevent agencies like CSEC from obtaining metadata on Canadians without a warrant or court order.

## 3. Oversight and review of spy agencies

The Snowden revelations have also focused attention on the lack of effective oversight and review mechanisms to hold spy agencies accountable to Parliament. "There is a retired judge who does an audit of CSEC once a year but the report goes to the Minister of Defence," notes cybersurveillance expert Ron Deibert, "so we have little idea what they do." Liberal MP Joyce Murray recently proposed a private member's bill that would give MPs stronger powers of oversight and review over CSEC's activities. The legislation would have improved CSEC's public reporting obligations had it not been defeated by the government. Meanwhile former Conservative senator Hugh Segal proposed legislation calling

for Parliament to establish a committee to oversee and compel information from CSEC and other security agencies, which would bring Canada into line with its global counterparts.

## 4. Tightening voluntary disclosure rules


There has been a lot of recent focus on the issue of telecom providers "voluntarily" disclosing personal information about their customers to governments and other entities. In a landmark win for privacy, the Supreme Court unanimously ruled in June that law enforcement agents need a warrant to request this information. However, as University of Ottawa professor and privacy expert Michael Geist warns, the government's Bill S-4 could see personal information disclosed, without any oversight, to third parties, including U.S.-style copyright troll firms, without consent and without notifying the customer. Future pro-privacy legislation should close this loophole.

## 5. Accountability for privacy breaches

Privacy breaches at government departments have become worryingly commonplace. There have been a string of incidents affecting over 725,000 Canadians including high-profile figures like Margaret Atwood and Jean Chretien. New safeguards should require government agents at all levels to document all activities, decisions, and processes that may impact on the privacy of Canadians.

These proposals should form the core ingredients of any future legislation that purports to safeguard the digital privacy of Canadians. This is a practical agenda, but given the power of entrenched security bureaucracies, it will require significant political will to implement. That said, it's an election year, and decision-makers in all parties have a clear incentive to take a strong pro-privacy stance.

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*Steve Anderson is the executive director and David Christopher the communications manager with OpenMedia.ca, a community-based organization that safeguards the possibilities of the open Internet.* 

(Glory Days, continued from page 1)

## Does extraordinary executive pay make sense?

Governments and citizens around the world continue to focus attention on the astronomical salaries pocketed by CEOs. Especially in the United States, there has been particularly strong public and political outrage at the payment of enormous bonuses to the banking executives (and their high-flying employees) who oversaw the wiping out of billions of dollars in shareholder value since the crash of 2007-08.

For years, citizens have been told CEO pay is a reward for good performance. That claim has sounded more than a little hollow in the wake of the past recession. Two leading Canadian business thinkers, Roger Martin and Henry Mintzberg, have been weighing in heavily on the issue.

An analysis by Martin, former dean of the University of Toronto's Rotman School of Management, proposes that compensating CEOs based on stock prices (e.g., through share grants or stock options) rewards them for something they cannot influence or control. This is all the more strange, he reasons, because stock markets are "expectations markets," in that the price of a company's shares is based not on the performance of the company in the past but on what investors expect the performance of the company to be in the future.

Using a football analogy, Martin likens paying a CEO based on share prices to paying a football quarterback based on whether or not his team beats the betting points spread. Not only does the points spread (the expectations market) have nothing to do with the quarterback's performance on the field, in football it is illegal for a quarterback to participate in that market. Using the same logic, Martin argues that CEOs should receive bonuses based on how their companies perform, the business plans they set and profits they generate, rather than on how the bets placed by investors influence the value of their shares. He concludes:

*If we are to emerge from this mess, executives must switch their focus entirely to the real market and completely ignore the expectations market. This entails building skills and experience in building real products, developing real consumers and earning real profits... While these proposals might seem draconian, they are absolutely necessary to save corporations from themselves.*

Mintzberg, the renowned Canadian business thinker, starts from the same premise as Martin—that compensation should match performance—but goes much further in a November 2009 *Wall Street Journal* article arguing that corporate leaders should not be paid bonuses at all. He explains:

*This may sound extreme. But when you look at the way the compensation game is played—and the assumptions that are made by those who want to reform it—you can come to no other conclusion. The system simply can't be fixed. Executive bonuses—especially in the form of stock and option grants—represent the most prominent form of legal corruption that has been undermining our large corporations and bringing down the global economy. Get rid of them and we will all be better off for it.*

Despite the recession, the public outrage, the criticism of political leaders and the devastating analyses of key business thinkers, the practice of compensating Canadian CEOs has not changed perceptibly since the global economic meltdown.

The standard response to concerns about excessive executive compensation is that it is a discussion best left to corporate boards whose directors should see the benefit of reining in salaries. But the evidence to 2014 suggests this approach isn't working. Even the advent of advisory votes ("Say on Pay") by shareholders has had little if any noticeable impact on compensation decisions by corporate boards, suggesting the will for reform simply isn't there, despite the public utterances of several high-profile investors.

This leaves those who believe that the corporate sector can manage its own compensation with two options. The first is voluntary restraint on the part of North American CEOs. The second would be regulatory changes to corporate governance that would have the effect of taking executive compensation decisions away from corporate boards and their self-reinforcing advisors. Failure to act in one of these directions could spark a hard political response, according to Martin in a more recent article for the *Harvard Business Review*.

*The trend [towards higher compensation] cannot proceed unabated in the United States without provoking a political reaction. Top executives, private equity managers, and pension funds can avoid such a reaction by showing the leadership of which they are fully capable and modifying their behavior to create a better mix of rewards for capital, labour, and talent.*

While Martin is correct to point to the significance of the growing gap between CEO and average compensation there is very little evidence of the leadership, restraint or self-discipline he says are necessary to avoid political intervention. The public reaction to soaring executive bonuses in the lead-up to the financial crisis, coupled with the emergence of executive greed as a common theme in popular culture, has had no identifiable impact on compensation trends. While there has been the odd example of self-restraint (e.g., Canadian bank CEOs who voluntarily gave up stock options or other bonus payments in 2008), they have been the exception rather than the rule.

## A way forward for Canada

It is increasingly clear that shareholders, working through their corporate boards of directors, are having a limited impact on decisions related to corporate compensation. There are good reasons why this type of voluntary restraint cannot adequately address the problem of runaway CEO pay.

In the first place, nearly everyone involved in determining compensation is "in the club," or in the same community of interest. That includes independent consultants who can only advise on what CEOs are paid, not what they should be paid. Compensation decisions for CEOs, and for that matter other high flyers in the corporate world, are, in other words, based on a circular logic. The club also includes fearful corporate

**Table 1: Canada's Top 10 CEOs**

Rank	Name	Company	Base Salary	Bonus	Shares	Options	Pensions	Other	Total
1	Gerald W. Schwartz	Onex Corporation	1,339,611	25,178,068	-	61,399,347	-	-	87,917,026
2	Nadir Mohamed	Rogers Communications Inc.	1,130,769	1,500,000	2,520,440	2,520,044	1,856,084	17,242,636	26,769,973
3	Michael M. Wilson	Agrium Inc.	1,507,200	1,975,012	2,977,075	2,785,916	1,020,076	13,553,461	23,818,740
4	Donald J. Walker	Magna International Inc.	334,903	9,734,850	6,489,900	2,810,195	-	187,752	19,557,600
5	Steven K. Hudson (partial year)	Element Financial Corp.	660,000	4,728,394	5,250,258	8,226,376	-	-	18,865,028
6	JR Shaw (Exec. Chair)	Shaw Communications Inc.	1,500,000	10,140,700	-	-	5,603,000	136,832	17,380,532
7	Robert Dépatie (partial year)	Quebecor Inc.	1,200,000	3,906,447	-	8,820,000	894,700	-	14,821,147
8	Gordon M. Nixon	Royal Bank of Canada	1,500,000	2,932,000	6,600,000	1,650,000	1,312,000	44,877	14,038,877
9	Doug Suttles	Encana Corporation	562,830	969,403	7,129,178	4,127,419	40,023	945,242	13,774,095
10	Paul Colborne	Surge Energy Inc.	-	450,000	1,744,400	11,473,616	-	7,925	13,675,941

boards. But those who do want to act face even further constraints.

To begin with, boards of directors are totally dependent on the CEO they hire. Indeed, hiring someone to run your company is probably the most important decision the board gets to make, and there is a lot of pressure to get the right person.

In the process, corporate boards find themselves in what game theorists call a prisoner's dilemma. Every corporation would be better off if they all paid their CEOs less. But if one—and only one—takes that plunge, the corporation becomes a less attractive place to work than all others. And because everyone is prepared to assume that executives are motivated only by money, that corporation's choice of CEOs will be much more limited.

The crux of the dilemma is that boards fear that by stepping outside the norm of excessive compensation they undermine their ability to hire the best people.

In theory, company shareholders, through "Say on Pay" provisions in corporate charters, are supposed to be able to send messages up the chain of command about executive compensation. Directors are supposed to ignore these messages at their peril. The fundamental problem is that "Say on Pay" votes happen remotely, once a year, while boards of directors meet in person several times annually. The limited intervention means shareholders can say they are unhappy with executive compensation; it does not mean they can actually do anything about it.

Improving on this system, by making shareholder votes on compensation binding, would require changes to Canada's corporate governance system, with its reliance on the expertise and time commitment of corporate boards. It is a very unlikely prospect. That leaves government as the only actor left to inject sanity into an irrational compensation system. Government can do this through one

of two approaches: regulation or the tax system.

There are two major problems with a regulatory approach. First, it would be next to impossible to separate legitimate, carefully thought-out (e.g., performance-based) rewards to CEOs from other payments. This heavy-handed approach would also inevitably generate a storm of outrage from the business sector, ultimately threatening the acting government's political viability. Finally, any regulatory regime would simply kick off an elaborate game of evasion and entrapment between the regulated and the regulators.

The tax approach makes a lot more sense. If we, as a society, have concluded that excessive pay is unacceptable, we should be able to claw back a greater portion of it.

The benefit to corporations is that they could still pay their senior executives whatever they wanted. Executives would still have that all-important measuring stick indicating



what they are “worth.” The public will have made a clear statement of its view on excessive compensation practices. The impact of excessive pay on income inequality will be moderated. And the public will benefit from the public services that can be funded with this newly generated fiscal capacity.

Even without taking the step of raising taxes for well-compensated CEOs, Canada would benefit by ending the public subsidy inherent in the tax loophole that allows executives to pay half the income tax rate on the proceeds from cashing in stock options. As already mentioned, this subsidy in the 2013 stock options held by the highest-paid 100 CEOs was worth more than half a billion dollars—money that could go toward addressing Canada’s 1989 commitment to end child poverty, for example.

Economists will dispute the value of corporate taxes and higher taxes on CEO compensation to government revenues. But the equalizing effect of these taxes, the need to close the growing income gap between Canada’s top earners and the rest of us, is valuable in its own right.

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## Monitored

Before the CCPA started issuing reports each January on CEO pay, the *Monitor* was keeping tabs on income inequality at some of the country’s wealthiest corporations: the banks. In our February 1995 issue, we took the profits and CEO pay packages (including bonuses) of the Big Five, and showed the latter as a factor of the average pay of a bank employee.

The income divide was widest at the Royal Bank of Canada, where the CEO (salary and bonuses of \$2.6 million, or about \$3.6 million in 2013 dollars) earned 88.5 times what his average employee took home. The most equitable situation was at the Bank of Nova Scotia, where the CEO’s pay of \$787,000 (\$1.1 billion in 2013 dollars) was only 25.3 times the average worker’s.

Flip through this year’s CCPA report on CEO pay by Hugh Mackenzie, *Glory Days* (see cover story), and we find RBC still on top of the Big Five pecking order. CEO Gordon Nixon made over \$14 million in 2013, more than three-and-a-half times what his 1994 counterpart made (adjusted for inflation). Meanwhile, workers in the finance and insurance sector made an average of \$57,872 in 2013, roughly 1.4 times what they would have made in 1994 (\$30,000, or \$41,931 in 2013 dollars).

Put another way, RBC’s top-earning employee (the boss) made just over 243 times the average bank worker’s salary in 2013. And as Mackenzie points out, Nixon’s pay was 303 times what the average bank teller earns in a year.

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*“...a legacy gift to the CCPA also constitutes a precious gift to our children and grandchildren.” —Ed Finn*





## A socialist takes stock

By Stephen Lewis

The following is an abridged version of the 2014 Symons Lecture delivered by human rights activist, professor, and former politician and UN ambassador Stephen Lewis at an awards ceremony in Charlottetown on November 21. The Symons Lecture is a national platform for an eminent Canadian to discuss the current state and future prospects of Confederation. Held each fall to mark the 1864 meetings of the Fathers of Confederation on Prince Edward Island, it provides an opportunity to reflect upon Canada and its future.

**A**lmost sixty years ago, 1955 to be exact, my father, David Lewis, delivered a public lecture titled, “A Socialist Takes Stock.” In his memory, I thought I’d give this lecture the same title. I suspect he’d be pleased.

Almost at the end of his lecture, my father wrote, and I quote:

*The modern democratic socialist should proclaim his aims loudly and passionately. The equality of men and women is the socialist watchword; the moral struggle against injustice and inequality is the socialist’s duty; to be a strong and powerful voice for common men and women against the abuse and oppression of the privileged minority is the socialist’s function; and to forge an ever finer and higher standard of values and a richer pattern of life and behavior is the socialist’s dream.*

I love those words. They’re not some exercise in philosophic romanticism. They’re a credo worth embracing, and for me, they stand as a set of principles that should guide political life. Let me cast them, then, in the real world of political discourse, if I may.

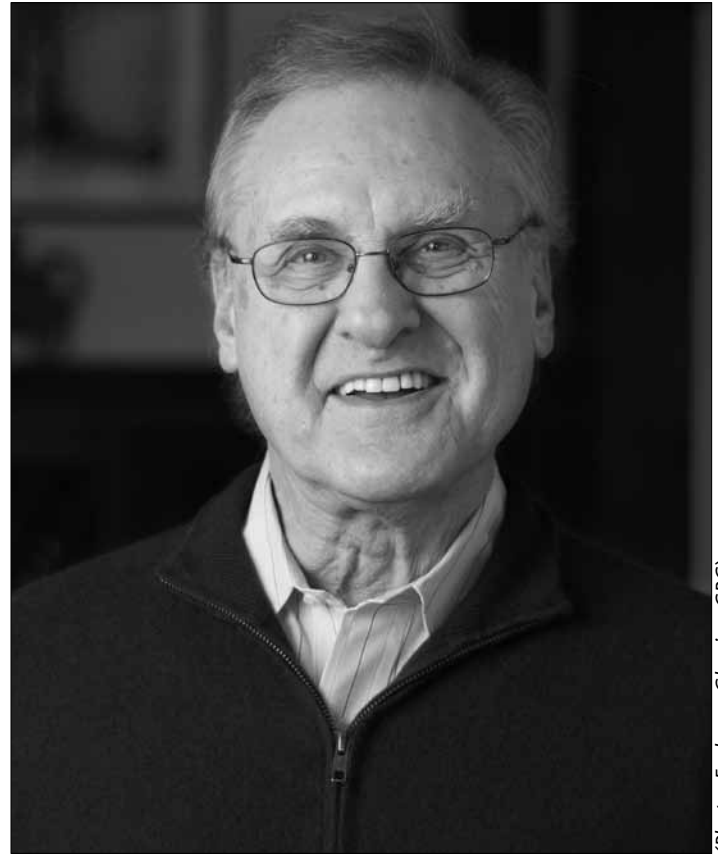
Those principles, and the objectives they reflect, can never be achieved in a spirit of mindless atavistic hostility. I’m not suggesting that political bonhomie is necessary to get things done; you can have deep ideological rifts across the floor of the House of Commons, and still manage to effect good, positive social change. But a vital requirement is respect: vitriolic nastiness in debate does not breed respect, nor does adolescent partisanship, nor do pieces of legislation of encyclopedic length that hide contentious issues, nor does the sudden emergence of frenzied TV attack ads, nor does the spectre of a Prime Minister’s Office exercising authoritarian control.

A legislature that functions with respect accomplishes a great deal. It has a name; it’s called parliamentary democracy.

These are not mere musings: I have had first-hand experience. I sat in the Ontario Legislature for more than fifteen years. For the great majority of that time, William Davis was the Conservative premier.

I’m not going to gild the lily unduly because I know that it embarrasses him, and frankly, unsettles me. I’ve never particularly liked showering praise on Tories, but this is an exception.

William Davis was about as honourable and decent a premier as one could face. When I look back, I recall acts of personal and political kindness bestowed by Premier Davis



(Photo: Farhang Gharjar, CBC)

that were truly exceptional. I remember on one occasion his giving me a private warning about a problem in my own caucus, simply to make sure that I wasn’t taken by surprise. I also remember, after the NDP launched a heated attack on asbestos exposure, his sending me a note across the legislative floor, indicating that he would announce the closure of a particularly dangerous asbestos mining and milling facility in Northern Ontario, thereby saving lives. It was particularly gracious because it gave me time to prepare a response. And while these are but incidental examples, they were part of a pattern. Tom Symons knows whereof I speak... He knew Bill Davis well.

To be sure, there were, inevitably, splenetic political exchanges: William Davis wasn’t given to angelic perfection, and I was given to hyperbole. The two were bound to clash. But whatever the heat of debate, we respected each other, and that sense of respect suffused the exchange. After the rhetoric was over, we remained good friends. Indeed, we remain friends to this day.

You see, the behavior of the leader of the government, the tone that is set, the messages that go out, mean everything.

And if the government leader is contemptuous of Parliament and the parliamentary processes, then the discourse grinds down into ad hominem abuse. It’s such a sad loss. The spirit of debate becomes coarse, surly, inflammatory. It also has the corollary of degrading political life, of bolstering the cynicism about politics that crushes the enthusiasm of young voters.

Too often, that’s the definition of the federal House of Commons. How the devil does one accomplish great things in that atmosphere?

I’m not asking for a miracle. It just doesn’t have to be that way. I remember when my dad was in the House of Commons, with Pierre Trudeau as Prime Minister and Bob

Stanfield as Leader of the Opposition. The level of debate was often awesome: they disagreed profoundly, but again there was an aura of respect and, I might add, good fun. My dad could stand in Parliament and say that there but for the grace of Pierre Elliott Trudeau goes God, and no one would take it amiss.

Is it too much to ask that a full-fledged effort be made to restore civilized parliamentary sensibilities? What's happening to this country? I can't believe that the so-called Fathers of Confederation would have approved.

## Suppression of dissent

That leads me to the second point I want to make: it involves the willful suppression of dissent.

I must admit that it wasn't until I had the privilege of working internationally over the last 30 years that I really learned to value what we call civil society. Before then, I was a shade too cavalier about NGOs.

All of that changed when I went to the United Nations, and subsequently worked for UNICEF and then turned to HIV/AIDS in Africa.

Anyone who has studied the pandemic will know that the great breakthroughs came as a result of the pressure from civil society. From drug research to the rollout of treatment, civil society has been behind the advocacy that has made it possible to save countless lives.

Take South Africa as the prime example. The Treatment Action Campaign (known everywhere as TAC) forced an obdurate and denialist government to retreat and eventually to abandon its lunatic stand. South Africa has more than six million people living with the virus, hence finally to break the barriers to treatment is a magnificent accomplishment. It was achieved by a countrywide grassroots campaign focused on protests, rallies, demonstrations and legal interventions when all else failed. They couldn't be stopped. TAC emerged as the most powerful NGO on the continent.

And if you need more evidence of an empowered civil society, just look at Doctors Without Borders and its work on Ebola. Here you have an NGO that has superseded the World Health Organization. Everywhere we turn,

it doesn't matter the issue, from child soldiers to child marriage to female genital mutilation to international sexual trafficking, the greatest advances are orchestrated not by governments but by the force and intelligence of civil society. It is impossible to overstate the power of civil society.

But in Canada, of all perversities, civil society is anathema.

Any group or organization that disagrees with the government pays a price.

In most instances it's the withdrawal of funding. Sometimes it's mindless excoriation, and sometimes it's a brazen use of the power of the state to shut people up, as has happened with so many of

the federal government's scientists who now can't give an interview without a junior communications specialist from the PMO standing by their side.

I can't begin to list all of the civil society organizations that have had their government funding slashed or altogether removed. Many of them address international issues—in particular, if you dare to disagree with the government's support for Israel in the Israeli-Palestinian conflict, then your financial days are numbered—but it extends far beyond that. The cuts in funding to women's groups are spectacularly egregious. It's truly unsettling that at a moment when Canadians—and incidentally, much of the world—are preoccupied with the entire panoply of women's rights, necessarily focused on sexual violence, our government sees activist women's organizations as expendable, or worse, as foes to be crushed.

I must emphasize when taking stock of what's happening in Canada, that we're not only demonizing civil society, we're losing the tremendous intellectual and analytic contribution that civil society is capable of making to public policy.

Is the word "demonizing" extreme? I think not. Just turn your minds back to the use of the word "radical," employed by cabinet ministers when attributing a "radical ideological agenda" to environmental groups who oppose government policy on the tar sands and

pipeline expansion. Make no mistake about it: the phrase "radical ideological agenda" was laden with malice and threat. It was but one brief step to accusations of eco-terrorism. And those accusations are now a matter of public record.

What in the world is happening to this country? David Suzuki and a radical ideological agenda? Just two years ago he was a Symons lecturer for heaven's sake. Have you allowed these hallowed halls to be infiltrated by trem-

ors of terrorism? And what about the Chief Justice of the Supreme Court of Canada? Is she also concealing a subversive agenda, given the allegation of improper judicial behavior hurled at

**Make no mistake about it: the phrase "radical ideological agenda" was laden with malice and threat. It was but one brief step to accusations of eco-terrorism. And those accusations are now a matter of public record.**

her by the Prime Minister no less?

It amounts to the slow, inexorable whittling away at democratic norms. And there is no shame. No shame whatsoever. There is a radical ideological agenda gripping this country, but it's not the environmentalists or the other targeted groups committed to the quest for social justice; it's the political leadership.

And it gets worse. Honestly, I sometimes feel as though we're channelling Richard Nixon's enemies list. Mind you, his phantasms were driven by paranoia; ours are driven by malevolence.

How else to describe the use of the Canada Revenue Agency as an arm of government to harass and intimidate those with whom the government disagrees? It's called victimization by audit.

I must admit that I've rarely seen anything so pernicious. Nor so blatant. Left-wing progressive groups, from the Suzuki Foundation to the Canadian Centre for Policy Alternatives, are under the audit microscope, while outfits like the Fraser Institute and the C.D. Howe Institute bask in splendid immunity. The Canada Revenue Agency claims absolute independence in the choice of those whom they audit. They should have Pinocchio as their mascot. They're not telling the truth, and because they can't be challenged, they get away with it. It doesn't require a cabinet minister to say "these are the radical ideologues

you should go after." Any fool in the CRA can discern whom the targets should be. So far as I'm concerned, it's a complete corruption of financial integrity in the way in which the government operates and treats its citizens.

Sometimes it descends to the level of *reductio ad absurdum*. Do you remember the attack on Oxfam's charter? The CRA said that "preventing poverty" was not acceptable, whereas "relieving poverty could be described as charitable." God forbid that you should want to prevent poverty, a goal that is shared by the World Bank, the agencies of the United Nations, a majority of powerful governments and a virtual consortium of NGOs.

You can tell, I suspect, that I'm agitated about the direction our country is taking. That direction leads me to the next subject: the way First Nations are treated.

## Treatment of First Nations

Back on September 18 and 19 last year, I had the privilege of being an "Honorable Witness" at the hearings of the Truth and Reconciliation Commission in Vancouver. I sat immobilized in the audience, emotionally levelled by the proceedings.

Two of the three members of the commission sat on the raised dais at the front of the auditorium as witnesses came forward to testify. I want to speak of two of them. The first was a woman in her early seventies, surrounded by a support group of family and friends. She spoke softly but clearly into the microphone with only a smattering of notes; when she choked up, her sister hugged her gently, encouraging her to continue.

The woman had been taken to a residential school in British Columbia at the age of five. Her mother had outfitted her in a new white dress with colourful ribbons in her hair. As soon as the young girl entered the auditorium of the school, the nuns brusquely stripped her of her dress, replacing it with a rough, shapeless garment. She then lined up with scores of other girls, and when she reached the head of the line, the nuns cut off her hair at the nape of her neck. She had had long flowing locks that reached to her waist. Her mother and grandmother had told her that her hair was a matter of great beauty and pride.

It's hard to imagine anything more frightening and devastating for a child. But more there was. It became clear, in the subsequent remarks, submerged in tears, that years—literally years—of physical violence and rape had followed.

The next witness was a man of similar age, also joined by a clearly devoted support group. I shall extract but one sentence from his testimony. He said, shame etched in every word, "I was eleven years old when they pulled my pants down."

I'm no sweet innocent. I've encountered a lot of horrific stuff in my life. But I have to admit I was stunned by the revelations that flowed from the testimony. I kept asking myself, how could this happen in Canada, my country, when so many people knew exactly what was going on? I realize that residential schools have been endlessly discussed and analyzed, but it is an awful truth that the residential school inheritance remains unresolved to this day.

Sure, there was an apology. But an apology is ultimately gratuitous, ultimately self-serving and devious if it's not accompanied by root and branch educational reform. And as things currently stand, and as [former Liberal prime

minister] Paul Martin eloquently pointed out [in his 2013 Symons Lecture], the shortfall in educational expenditure per capita for Aboriginal students is 20 to 30 per cent compared to non-Aboriginal students in Canada. It dooms great numbers of Aboriginal kids to a flawed and fractured educational experience: unqualified teachers, crummy facilities, dilapidated buildings, no libraries, gymnasiums or computer labs. It was ever thus.

Yes, there is a parliamentary bill waiting in the wings. But First Nations leadership is split on its utility. In absolutely indicative fashion, the government will not compromise.

It's not the only area where the government holds fast despite the clamour of Aboriginal voices. For me, the worst example is the refusal to establish a commission of inquiry into the 1,181 murdered and missing Aboriginal women.

Every organized Aboriginal group in the country has asked for an inquiry, as have all the provincial and territorial premiers. Most important, the Native Women's Association of Canada has pleaded for an inquiry: it takes consummate political arrogance to refuse, but dogmatic refusal there has been.

Even in the face of renewed horror, and renewed calls for an inquiry, has obduracy ruled the day. You will recall the words of the prime minister on the death of Tina Fontaine: "We should not view this as a sociological phenomenon. We should view it as a crime. It is a crime against innocent people and should be addressed as such." The premier of Ontario called the remark outrageous.

If the RCMP had chronicled 1,181 murdered and missing non-Aboriginal women, do you think the same language about a sociological phenomenon would have been employed? Not a chance. It's selective language for selected groups.

So what are we left with? A request for a roundtable as a desperate effort to get the federal politicians to participate. That was agreed upon two months ago, here in Charlottetown, with Premier Ghiz indicating that at least it would mean a discussion would be underway, and the wishes of Aboriginal leaders marginally acknowledged. The roundtable is now scheduled for February and we will see soon enough what, if anything, it yields.

However, the demand for an inquiry is not off the table. Should things change in the next federal campaign, there is no doubt in my mind that an inquiry will take place.

Let me be clear. The refusal to hold an inquiry, the refusal to deal urgently with such a continuum of tragedy—just look at Rinelle Harper—the refusal to recognize the singular vulnerability of Aboriginal peoples in Canada, the refusal to respond to a maelstrom of physical and sexual violence... It all runs counter to all the current priorities of the international community. It is as though Canada had decided, like some mindless national curmudgeon, to be a permanent outlier on issues of minority rights and women's rights.

It does us damage. It does us shame.

Please don't think for a moment that the world is unaware. It's very aware. The world has a legion of diplomatic representation in Canada and the diplomats report back to their capitals. More, special rapporteurs appointed by the UN

Human Rights Council write scathing reports about the situation on reserves, and those reports are widely read.

And talking of reading, go back and re-read [the Symons Lecture of] Paul Martin. The conditions for First Nations in this country are far too often appalling; the health and welfare indicators on reserve are scandalous. You can't write off Attawapiskat. You can't dismiss the Idle No More movement. There is a crescendo of Aboriginal resentment growing.

Paul Martin is a restrained and moderate man. When he looks at what's happening, he invokes the word paternalism. I'm neither restrained nor moderate. When I think back to my political experience with the struggles of Treaty 9 and Treaty 3 in Ontario; when I recall my post-political days helping to represent the Council for Yukon Indians in their land claims negotiations with the federal government, when I view the contemporary landscape for First Nations in Canada, the word paternalism does not come to mind.

For me, the applicable word is racism.

It's a terrible mistake to devalue the strength of the Aboriginal community. The fetishism around resource development and pipelines of the present government is going to have to depend heavily on Aboriginal partnership. If that partnership is resisted, the government is in severe trouble and, as it turns out, that trouble, on other fronts, may be increasing with every passing day.

It leads me to my next issue: climate change.

## Ignoring the forecasts

Allow me, once again, to speak personally about another little-known episode from the past.

As I was about to leave the role of UN ambassador, prime minister Mulroney asked me to be involved in one last departing event. (Well, he didn't really ask; he just told me what I'd be doing.) He appointed me to chair the first major international conference on climate change, titled "The Changing Atmosphere: Implications for Global Security." It was held in Toronto at the end of June 1988, and was addressed by an astonishing group of scientists and politicians ranging from Dr. James Hansen, of the NASA Goddard Institute

for Space Studies, who came directly to the conference after testifying before a Senate sub-committee in the United States, through to Gro Harlem Brundtland, the prime minister of Norway, who had just completed her landmark World Commission on Environment and Development.

The conference was extraordinary. There were 300 in attendance from 46 countries and international organizations. The discussions were knowledgeable and intense.

Fascinatingly, the targets that were set back in 1988, and never reached, are in many instances the same targets we are internationally renegotiating today.

When the conference was over, I was instructed to draft a conference statement. I did so, along with a close colleague from the Department of External Affairs. Allow me to read an extract from the opening two paragraphs:

*Humanity is conducting an unintended, uncontrolled, globally pervasive experiment whose ultimate consequences could be second only to a global nuclear war. The Earth's atmosphere is being changed at an unprecedented rate... these changes represent a major threat to international security and are already having harmful consequences over many parts of the globe. Far-reaching impacts will be caused by global warming and sea-level rise, which are becoming increasingly evident as a result of continued growth in atmospheric concentrations of carbon dioxide and other greenhouse gases. The best predictions available indicate potentially severe economic and social dislocation for present and future generations... It is imperative to act now.*

That was more than 25 years ago. As you know, we haven't acted. The words crafted back then could well have been used in the most recent and final report of the Intergovernmental Panel on Climate Change.

I shall not review the evidence of what our reliance on fossil fuels is doing to the planet. Surely everyone is familiar with the actual and looming consequences. It's incomparably depressing. I teach this material at university, and I am persuaded that we're heading for an apocalyptic event before 2050 that will eclipse every tsunami, every hurricane, every explosive climatic onslaught we have thus far known.

The inescapable need to shift, urgently and dramatically, away from coal, oil and natural gas to renewable sources of energy seems to be recognized by virtually every country on the planet, save Canada. We are religiously devoted to the tar sands regardless of the consequences.

This is a massive mistake in public policy for five reasons.

First, there is a resurgent climate movement underscored by the United States-China agreement, by the extraordinary response to Naomi Klein's new book, *This Changes Everything*, by the massive divestment campaign underway and by the 400,000 people on the streets at the end of September when the United Nations held its climate summit.

Second, and already referred to, is the resurgent Indigenous rights movement in Canada, affirmed most recently by the Supreme Court itself. The pipeline multinationals can no longer get away with unilateral trampling over Indigenous lands.

Third, there is the unprecedented over-supply of oil in the United States. As President Obama has just said in response to the Keystone XL pipeline controversy, Canadian oil from the tar sands is not destined for the United States; it's just using the U.S. as a conduit to markets in Asia. The shale gas generated from fracking now renders the tar sands redundant.

Fourth, renewables, whether wind, solar, biomass or nuclear, are now ready for prime time. Germany's economy is powered 25% by renewables and growing. China is aiming at 20% of energy supply from renewables by 2031. It may well be

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that at the point the tar sands are ready for increased production, the oil will no longer be wanted, even by Asia.

Fifth, the drastic drop in price makes all further tar sands development problematic. In the last number of months, expansion plans have been cancelled by Shell Oil, the French company Total (\$11 billion) and Norway's Statoil (\$2 billion). They also cite limited pipeline capacity, and they know that it's only a matter of time before a carbon tax is levied.

But when all is said and done, there is a paramount reason to jettison the existing love affair with the tar sands. We simply cannot compromise life on this planet. We have no right to endanger succeeding generations. And that's what the tar sands development will do; that's what bitumen extraction will mean. No matter what the soothing rationalizations, increased production from the tar sands means increased carbon into the atmosphere, and that means we are contributing to a planetary meltdown. It may not come until 2100. But on the present trajectory, it *will* come, and that means that we consciously put our grandchildren and great grandchildren in mortal peril.

Who in the world wants to do that? How can we continue to allow Canada—with the possible exception of Australia—to be seen as the worst carbon culprit among all western nations? When international negotiators speak of the possibility of an international climate change treaty in Paris in December of next year, they have a caveat: the caveat is Canada. Will we ever sign a treaty?

So what is the answer to all of this? Well, I do have an answer, an unpopular answer. I want to emphasize that this is a personal conviction; it has nothing to do with current NDP policy on the tar sands.

I'm waiting for the day, hyperventilating for the day, when some Canadian politician has the courage to say: LEAVE IT IN THE GROUND.

That isn't meant to be irresponsible. It's not meant to be done overnight. It's meant to be phased in over a given limited period of time, with a herculean commitment to finding alternative employment in negotiations with the local unions. But as important, coincident with the phase-out, would come an equally herculean commitment to the development of renewable energy. If Germany can do it, so can Canada.

We have significantly higher annual levels of sunshine, and an astronomic wind power potential. Do you know that 33% of Denmark's energy needs are now derived from wind power? We haven't begun to explore the renewable energy possibilities, not to mention the exponential growth in employment that will accompany development of renewables.

But for the moment, the profits from the tar sands trump the prospects for the planet.

Would that it were otherwise. And that brings me to my final point.

## Canada's deteriorated reputation

Canada's position on the world stage is in free-fall. People should not assume that obsessive devotion to a militaristic

culture and a sharp crack at Vladimir Putin constitutes international kudos. It may win a few points here and there among like-minded western states, but everyone understands that it's meant for domestic consumption on the eve of an election year.

We lost our run for the UN Security Council: that was almost beyond belief. We were humiliated by Portugal. I could understand that in soccer, but this was multilateralism. The defeat reflected the adverse way in which we're viewed by so many countries. Our position on climate change speaks directly to that perception; our obsession with trade agreements is not seen in a flattering light by developing countries; our freeze in foreign aid is bewildering to many. There was a time when CIDA was the pride of international development assistance, now it's an object of ridicule; our abrupt severing of aid to a number of African countries won no plaudits; our relatively paltry response to Ebola has not

gone unnoticed; our reluctant embrace of family planning and refusal to deal with abortion prompts legitimate questions; our thoroughly nasty treatment of refugees, our ugly response to asylum seekers (that raises flags about human rights in many forums); our partisanship on the Middle East (obviously that's a problem).

Yes, there is some admirable support for maternal and child health. But even there it's terribly difficult to figure out

exactly what's going on. Everything lacks transparency.

Is it an ephemeral dream to think that Canada could be a voice among nations, counselling hope and principle and resources and policies that embraced the public good? Is it an ephemeral dream to think that Canada might provide peacekeepers once again instead of bombs for ISIS? We're almost silent at the UN; we're almost nowhere to be found. How many people in this room can tell me the name of the Canadian ambassador? I won't embarrass you by asking for a show of hands. It's not his fault. He maintains a low profile because he's only allowed a low profile.

I'm happily in my dotage. I turned 77 this month. I'm not running for public office; my views and my convictions blessedly count for little.

But somewhere in my soul, I cherish the possibility of a return to a vibrant democracy, where equality is the watchword, where people of different ideological conviction have respect for each other, where policy is debated rather than demeaned, where the great issues of the day are given thoughtful consideration, where Canada's place on the world stage is seen as principled and laudatory, where human rights for all is the emblem of a decent civilized society.

The Fathers and Mothers of Confederation would approve.

Is it too much to ask? I'll let you know after the next federal election.

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*Stephen Lewis's speech was recorded in full and can be watched on the website of the Confederation Centre for the Arts at the following link: [www.confederationcentre.com/en/symons-lecture-read-more.php?symons\\_lecture=14](http://www.confederationcentre.com/en/symons-lecture-read-more.php?symons_lecture=14). *



# The Good News Page

Compiled by Elaine Hughes

## Feed the world – with organics

Organic farming is much more productive than previously thought, according to a new analysis of agricultural studies that challenges the conventional “biased” view that pesticide-free agriculture cannot feed the world. The study says that organic yields were only 19.2% lower, on average, than those from conventional crops and that this gap could be reduced to just 8% if the pesticide-free crops were rotated more frequently. Furthermore, in some crops—especially leguminous plants such as beans, peas and lentils—there were no significant differences in yields, the researchers from the University of California, Berkeley found.

—*The Independent (U.K.)*

## Green roofs soak it up

Copenhagen, the capital of Denmark, was named Europe’s greenest capital in 2014. It’s partly due to the ubiquitous bike paths and the ambitious renewable energy goals, but...it is also due to the many green roofs the city is installing to soak up excess rain and cool the capital... “In the future due to climate change, we will expect there will come higher temperatures in our city. But that’s only one aspect of the initiatives about green roofs in the city because another very important aspect is that we know...that we will have more intensive rains and more rain in general and, due to that, we know that green roofs and green areas can absorb, infiltrate, evaporate and delay the rainwater,” said Dorthe Rømø, a consultant to Copenhagen’s department of planning and climate adaptation.

—*Living On Earth*

## Aging albatross expecting again

Wisdom, the Laysan albatross, is 63 years old...and she’s about to become a new mom! Back in November, Wisdom was spotted at her annual nesting site in the Midway Atoll National Wildlife Refuge and Battle of Midway National Memorial, canoodling with her long-time mate (albatrosses are fiercely monogamous). “It was great to have her back,” says refuge manager Dan Clark. Soon it was clear why Wisdom had returned. On Wednesday (December 17), Clark and his refuge staff were astonished to discover that she was sitting on a pearly white egg.

—*Audubon magazine*

## Charitable donations on the up

For the third year in a row, Canadians have been more philanthropic than the year previous. According to the most recent BMO charitable giving poll, 84% of Canadians made a charitable donation in the past 12 months with the average gift being \$624—an increase of 8% from 2013.

—*Truro Daily*

## Albertan gives up the farm

Southern Alberta will soon be sporting a brand new provincial park near Hanna (about 150km northeast of Calgary) named Antelope Hill thanks to a generous donation from retired farmer Gottlob Schmidt, 90, who has lived in the area for more than 80 years. The area of the park is home to rare native grasslands, aspen groves, wetlands as well as a variety of wildlife. Once Antelope Hill opens to the public, the park will be used for low-impact recreation, such as hiking, and will not permit hunting, camping or vehicle use at Schmidt’s request.

—*The Canadian Press*

## Goats take care of holiday leftovers

Rather than putting the trees out on the curb, Ottawa-area residents can take them to the Constance Creek Wildlife Refuge, where a dozen or so goats will feast on them. “They have a lot of flavour,” says Lynne Rowe, founder of the non-profit refuge, where goats are already chowing down on conifers donated by a Canadian Tire store.

—*CTV News*

Towson University has recruited a herd of new groundskeepers to put the bite on a pesky weed problem on the suburban campus. Hauled in from a Harford County farm (northeast of Baltimore, Maryland), 18 goats began munching away Sunday (November 23) on a patch of English ivy covering the forest floor in the school’s Glen Arboretum.

—*Baltimore Sun*

## Caffeine buzz

Regardless if the coffee is organic or not, wastewater from coffee processing plants has been cited as a major source of river pollution in Latin America... Farmers and processing plants would traditionally dump their coffee wastewater straight into streams without any treatment. The organic matter in the effluent encourages bacterial growth that pulls oxygen out of streams and lakes, suffocating fish and other marine life... Water savings (from two pilot projects in Nicaragua) are achieved by recycling water up to three times through the mill before the discharge is sent to a septic tank where the large solids are filtered out and the remaining fluid passes on to a bio-digester. There, the effluent mixes with manure, and bacteria breaks down the organic matter from the coffee, producing methane gas that is captured and stored for use later. Filters in the digester isolate the physical waste from the water, which can be sent to a retention pond after lime and other bases are added to it to reduce its acidity. At this point, the wastewater’s pH and organic concentration levels are safe enough to release back into the environment.

—*The Tico Times*

# Will 2015 tilt the balance for proportional representation?

By Murray MacAdam

In the face of declining voter turnout and widespread cynicism about politics, can electoral reform revive Canada's flagging democracy?

Advocates for proportional representation (PR) certainly hope so. Led by a citizens campaign for electoral reform called Fair Vote Canada, they are stepping up efforts to make the 2015 federal election "the last unfair election in Canada."

More than 45,000 Canadians have signed a petition calling for a fairly elected Parliament where the share of seats held by each party closely reflects the popular vote. Fair Vote is also urging the House of Commons to undertake a public consultation to amend the Canada Elections Act to accommodate some form of proportional representation.

The unfairness of the current first-past-the-post system is painfully clear. It leads to what's been aptly called a "democratic deficit." Only 39% of Canadians voted Conservative in the 2011 federal election yet the party took a majority of seats in the House of Commons. In the last few decades, only one majority government in Canada at the federal level also received a majority of the popular vote. That was Brian Mulroney's landslide win of 1984, in which Progressive Conservatives took 50% of all votes and 211 out of 282 seats—the largest majority in Canadian history.

The first-past-the-post system has created other glaring distortions in representation. In 1987, the Liberal Party of New Brunswick won 60% of the vote in a provincial election but took 100% of the seats. In several provincial elections during the past 20 years, the party that won the majority of seats actually placed second in the popular vote.

Another major distortion of the lack of proportionality is that while smaller parties receive a significant number of votes they are usually shut out, or almost shut out, from the House of Commons or provincial legislative assemblies. For instance, in the 2011 federal election, the Green Party's share of the vote should have produced 12 Green MPs, yet only party leader Elizabeth May got elected.

Not surprisingly, the current system makes many people feel that their votes for losing candidates are wasted. Some suggest this has deepened a sense of voter disillusionment, fuelling the trend of falling voter turnout. In the 1984 and 1988 federal elections, around 75% of eligible voters cast ballots. Since then turnout has declined steadily, hitting an all-time low of 58.8% in the 2008 election before rebounding somewhat to 61.1% in 2011.

## Reform proposals

As a result of all these distortions in Canada's democratic system, calls have been growing louder for electoral reform. More than 40 NDP MPs have signed the Fair Vote petition. And both the NDP and Green Party of Canada have long advocated for some kind of proportional representation in federal elections.

In early December, the NDP's critic for democratic and parliamentary reform, Toronto's Craig Scott, introduced a

motion in the House of Commons asking MPs to support a proportional representation system for Canada. While the government ultimately defeated it, the motion had the support of 110 MPs, including all NDP, Green and Bloc MPs plus 16 (of 31) Liberals. Trudeau allowed his MPs to vote freely on the motion but opposed it himself, saying he would consider the issue only after the next federal election.

The NDP currently favours some type of mixed member proportional representation (MMP), a version of PR used in New Zealand, Germany and Scotland that is meant to give voters the best of both worlds: a local MP accountable to voters combined with a fair allocation of seats based on the popular vote across the country. Under an MMP system, citizens get to vote twice—first for an MP to represent their riding (as we do now), and again to ensure proportional representation in the House of Commons.

Another benefit of PR that many don't realize is its potential to address issues such as income inequality, underrepresentation by women in politics, and climate change. That's because proportional systems are more responsive to what citizens want. To cite one example, a study of 18 countries in the Organization for Economic Co-operation and Development (OECD) found that the more proportional the electoral system, the lower the level of income inequality.

Political scientist Dennis Pilon, a longtime activist for voting reform and author of two books on the subject, cautions that proportional representation does not necessarily lead to progressive policies. What it does, he says, is to give citizens a stronger voice in the political process.

"In PR countries, there's a greater degree of political advocacy because a genuine diversity of views are reflected," says Pilon. "There's a more open dialogue about the possibilities for change. With PR, the gatekeepers, the people who use inequality to undo democracy, don't have the same advantages as they do in our society."

## Challenges ahead

Despite its growing attractiveness and obvious benefits, electoral reform faces serious challenges in Canada, including media opposition.

"You would expect elites who favour stability and narrow consensus to be against it," notes author and journalist Richard Swift, "but it is the media, with their knee-jerk support for the status quo, who have been really damaging. They have gone out of their way to make the issue confusing and of interest only to political insiders."

Electoral reform efforts in Ontario and B.C. during the past decade both failed. In 2004, a Liberal government in Ontario set up a citizens assembly to assess whether the province should adopt a new voting system. Consultations across the province produced a recommendation for an MMP system in which 70% of provincial legislators would be elected in local ridings, as they are now, with another 30% elected proportionally. Citizens would get two votes, one for a local



Campaign material from Fair Vote Canada.

candidate and one for their preferred party. The government agreed to let the electorate decide the matter through a referendum held in 2007.

Advocates of the electoral reforms on offer faced an uphill battle. Many felt the public didn't understand the MMP proposal. Media coverage, as Swift notes, was largely hostile. A lengthy report out of the University of Toronto, *The Quiet Referendum: Why Electoral Reform Failed in Ontario*, found the mainstream print media were "uniformly opposed" to the MMP proposal.

*Globe and Mail* columnist Jeffrey Simpson suggested that "no one may vote" in the referendum because electoral reform is such a boring topic. Other critics attacked the MMP proposal as one that would give "party bosses" the power to stack the lists of candidates (in proportional seats) with party hacks, even though there is no reason this would have to occur. In the end, only 37% of Ontario voters endorsed the MMP option.

Electoral reform initiatives have also been defeated in British Columbia. In 2005, voters were asked to express their opinion on a single transferable vote (STV) electoral system—a proposal adopted by the British Columbia Citizens' Assembly on Electoral Reform to ensure more proportional representation in the provincial legislature.

STV is designed to achieve proportional representation through ranked voting in multi-seat constituencies. An

elector has a single vote that is initially allocated to their preferred candidate. As the count proceeds, and candidates are either elected or eliminated, the vote is transferred to other candidates according to that voter's preferences. The exact method of reapportioning votes can vary. The system provides approximately proportional representation, enables votes to be cast for individual candidates rather than for closed party lists, and minimizes "wasted" votes by transferring votes to other candidates that would otherwise (in our first-past-the-post system) go to sure losers or sure winners.

The referendum produced 58% support for STV, tantalizingly short of the 60% threshold needed for victory. Despite the narrow loss, B.C. held a second referendum on electoral reform in conjunction with the 2009 provincial election. Voters were asked which electoral system should be used to elect legislators: first-past-the-post or an STV system. In this instance, electoral reform was overwhelmingly defeated, with 61% of voters rejecting STV, as both the Liberals and NDP had urged their supporters to do.

### Momentum building

Scott says distrust with politicians is another factor in the way of successful reform efforts, but the MP argues the federal NDP should not be judged based on the positions its provincial counterparts have taken on PR. He says


he is currently working with the Greens, Liberals and NDP to try to have them all commit to PR in advance of the 2015 federal election.

Fair Vote Canada is also working, across Canada, to build a powerful citizens movement for electoral reform, including by developing new resources such as videos to spread the message. The group is aiming to have volunteers in every riding promoting PR. "Hopefully we'll be able to change a lot of minds," says Kelly Carmichael, Fair Vote's executive director.

They are not doing it alone. Joe Gunn, executive director of Citizens for Public Justice, says his Christian-based public advocacy organization will be pushing electoral reform, along with other measures to make Parliament and Canadian democracy overall work more effectively. He says these reforms will be much more likely to happen if there is a minority government in Ottawa.

While many issues will be on the minds of voters as the election approaches, Pilon urges activists not to lose sight of the importance of electoral reform.

"Trying to change the voting system is one of the most political acts we can engage in. What matters is power, and the voting system is the key aperture through which power is exercised."

*Murray MacAdam is a freelance writer and veteran activist living in Peterborough, Ontario.* 

# Declining forest cover puts government management, industry plans in question

By Joyce Nelson

In September 2014, a new satellite study revealed that Canada is leading the world in forest decline and degradation through clear-cut logging, tar sands development, forest fires, and other forms of resource exploitation. Scientists from the University of Maryland, along with environmental groups Greenpeace, Global Forest Watch, and the World Resources Institute used satellite technology to track the changes in the Earth's forest cover and found that the pace of decline has been accelerating over the past decade, with Canada now number one in the world for loss of intact forests. The boreal forests of Quebec, Ontario, Saskatchewan and Alberta have been particularly hard hit.

The study follows a January 2013 report from Greenpeace, *Boreal Alarm*, which stated that on average "nearly 1 million hectares (over 2 million acres) is logged in Canada's boreal forest every year," and that clearcuts "can reach over 10,000 hectares or more in size." But at the same time that deforestation has been accelerating, more than 100,000 Canadian forestry workers have lost their jobs. Unifor National President Jerry Dias, who represents unionized forestry workers across Canada, wrote in the *Thunder Bay Chronicle-Journal* in June, "Over the last decade, the [forest] industry shed a third of its jobs."

National Resources Canada (NRCan) acknowledged this situation in its September 2014 annual report on the state of Canada's forests, noting that while direct employment in the forestry industry continued to decline in 2013 (by 8%), the top ten forest companies "posted their highest operating revenues in 10 years." In other words, corporate revenues (and forest loss) are rising, but it is not necessarily benefiting workers in the industry. NRCan sees this as a case of the industry "reinventing itself to adapt to the new business environment"—i.e., one with fewer Canadian jobs but an accelerating forest harvest.

## "Green" transformation

After the bottom fell out of the U.S. housing market during the Great Recession, major forest companies in Canada scrambled to find new markets for their biggest exports like softwood lumber, and pulp and paper products. The Harper government stepped in to help.

In 2009, then international trade minister Stockwell Day arranged for the industry to ship huge volumes of pulp to the Middle East—with tariffs removed through a newly signed free trade agreement with Jordan—so that it could be turned into toilet paper. That same June, the federal government announced a \$1 billion Green Transformation Fund (GTF) to further help the pulp industry.

The fund, administered by NRCan, was meant to direct financing "to profitable and competitive mills," with the effect of further encouraging the industry to automate and mechanize, consolidate operations, and shut down many

sawmills as companies pulped more of the forests they were cutting down. For example, as a result of the GTF, Montreal-based Domtar has been liquidating Canadian forests for pulp shipped to its new disposable diaper manufacturing plants in the U.S. and Europe.

Some forests are also being turned into a toxic sludge called "dissolving pulp" that is used for cheap fabrics like rayon, viscose, lyocell and modal. Nicole Rycroft, executive director of the Vancouver-based NGO Canopy, says Canada's and the world's forests "are being cut down and turned into T-shirts." Both Canopy and Rainforest Action Network have launched campaigns to convince fashion brands to stop sourcing from endangered forests, including several in Canada.

Perhaps the most controversial aspect of that \$1 billion federal giveaway to pulp companies is the use of pulp "for energy efficiency and generation projects," to be burned as biomass energy for sale to provincial grids. Provincial governments have in turn provided tax credits, capital infusions, carbon credits and other incentives for pulp mills to produce power along with their pulp. Greenpeace Canada's 2011 report *Fuelling a Biomess* explained that "whole trees and large areas of forest are being cut to provide wood that is burnt for energy," a highly inefficient mode of energy production and a costly one for the public.

"We are witnessing a policy shift that is geared towards meeting energy demands by liquidating forests," said researcher Rob Wiltzen in a 2011 *Watershed Sentinel* article. "Pulp mill corporations are paid to build the capacity, and then paid for the energy produced, and then paid for the carbon credits they earn by producing 'renewable' energy. The market incentive to turn forests into fuel is strong."

BC Hydro pays as much as \$150 per megawatt-hour for this energy, almost four times higher than the base rate that industrial customers pay for hydro. But especially worrying from an environmental and jobs perspective is the sharp increase in raw log exports, especially from B.C.

## Raw log exports

According to 2013 figures from Statistics Canada, total raw log exports by province had the following profile: New Brunswick 0.2%; Quebec 0.6%; Ontario 2.4%, and British Columbia 96.8%. This means B.C. is responsible for nearly all of Canada's raw log exports. Norman Farrell, who runs the blog *Northern Insight*, wrote in May that these sales (to China, mainly) have been steadily rising since 2009.

"In the last five years, the volume of log exports more than quadrupled from the volumes shipped out of province in the last five years of NDP administration," Farrell said, adding that the value of these exports has skyrocketed recently. In the years 2008-2010 raw log exports were worth just under \$900 million but in the 2011-2013 period that figure more than doubled to

over \$1.9 billion. That produces a huge profit for companies like Canfor, which no longer have to maintain mills (and jobs) in order to retain long-term tenures on Crown forest land.

Vicky Husband, a B.C. forest critic for some 30 years, recently told me that from 1992 to 2010 raw log exports in the province went from 3% to 31% of the annual allowable cut. As she sees it, "The [B.C.] forests ministry has lost control of forest management [and] don't have the regulations and the staff sufficient to manage Crown forests responsibly in the public interest."

That has been especially critical in the wake of the mountain pine beetle infestation in Western Canada. Husband said the infestation peaked in 2005, but the companies "kept cutting, both deadwood and green wood.

"They're taking everything down," she told me. "And B.C. is basically throwing the wood away at 25 cents per cubic metre [in stumpage fees], which is a great financial loss to the public."

### Pressures on Quebec

Now it turns out that Quebec is being pressured to follow B.C.'s lead and lower the stumpage fees paid for sections of Quebec's forests that have a budworm infestation. In an October 30 article, *The Canadian Press* quoted the head of

Resolute Forest Products, CEO Richard Garneau, saying, "If you adjust the stumpage like British Columbia, you are going to find a way to harvest the trees and really create the ideal conditions for the forest to recover quickly."

According to the article, the Quebec government has directed forest companies to harvest infected wood at stumpage fees of \$11 to \$12 per cubic metre. Resolute came back to the government with a proposal of \$1 per cubic metre but this was reportedly rejected as too low. Incorporated in Delaware, the company (formerly AbitibiBowater) operates 22 mills in Quebec and had income of \$4.5 billion in 2012.

Quebec forests are also at risk from the province's membership in an international carbon-offset plan: the cap-and-trade system with California.

In April last year, a coalition of environmental groups revealed that the rules of the carbon-offset registry primarily benefit the forest industry "by incentivizing the destruction of old-growth forests in the state [of California] and in North America." Under the program, which began in 2012, timber companies can earn carbon credits by cutting old-growth timber and replanting the sites with monoculture seedlings. That plan is

based on the now disproved theory that young trees absorb more carbon and grow faster than old trees—a belief that the industry fosters in order to cut down ancient forests and replace them with second-growth plantation forests.

According to the journal *Nature*, old trees are far better than young trees at absorbing carbon, and they also grow faster than young trees. One of the study's co-authors, Adrian Das, a scientist with the U.S. Geological Survey, told *The Guardian U.K.* last January, "large old trees play a disproportionately important role in a forest's carbon dynamics. It is as if the star players on your favourite sports team were a bunch of 90-year-olds."

### Community tenure as an alternative


Unifor's Dias has called for a national forest policy, stating recently, "We need comprehensive policies designed to ensure that forestry is an increasingly value-added industry," and "we need to control the export of unprocessed raw logs." The Pulp, Paper and Woodworkers of Canada goes further, calling for a ban on raw log exports.

But there are also non-industry solutions. Some critics are calling for the revocation of company tenures on public forest land and the creation of community-based tenures.

As Husband explained, B.C. forestry firm Timber West "continues to hold a tree farm license despite the fact that it has shut down all its processing facilities." In Ontario, Resolute has shut down the Fort Frances mill but continues to hold a timber licence. That means smaller, independently-owned sawmills in the region cannot gain access to timber.

Anthony Britneff, a retired senior policy analyst with the B.C. Forest Service, suggests that Canada should imitate Scandinavia's "local forest trusts"—elected and community-run local boards, overseen by provincial authorities, that manage forests of 100,000 or more hectares. It could be a viable way to foster both a value-added industry and a healthy forest ecology.

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*Joyce Nelson is an award-winning freelance writer/researcher working on her sixth book.* 

## Treeless paper stacking up

Prairie Paper Ventures Inc., launched two years ago, is steadily winning support for its 80% tree-free (and chlorine-free) paper made from wheat straw waste that would otherwise be burned or dumped in landfills. The Winnipeg-based company's "Step Forward" paper is currently available from several sources in Canada, including Staples and Unisource.

With almost five billion trees cut worldwide to make paper each year, Prairie Paper co-founder and president Jeff Golfman has spent the better part of two decades in research and development for his product, along the way attracting the interest of Hollywood actor Woody Harrelson, now a partner in the company.

In a recent interview, Golfman confirmed to me that although his company name evokes the Canadian Prairies, the product itself is manufactured in India.

"There is no infrastructure in North America to make straw paper," he said, "so we went overseas as an interim 'step forward.'" Prairie Paper works with local farmers in India, "and we harvest our [wheat waste] straw within a 50-75 kilometres radius" of the manufacturing plant.

"Manufacturing locally in North America is our goal," he said. But the "timeline is very dependent on how quickly we can get revenues high enough to justify the capital cost investment required."

—Joyce Nelson



## U.S. restores diplomatic relations with Cuba

By Asad Ismi

In an astounding triumph for the Latin American Revolution, the U.S. government restored diplomatic relations with Cuba on December 17. This followed 55 years of U.S. aggression and hostility aimed at destroying the Cuban Revolution, including a damaging economic blockade, 638 assassination attempts by CIA-affiliated agents on the life of former Cuban president Fidel Castro, U.S. terrorist attacks on Cuba that killed close to 4,000 people, economic sabotage costing Cuba millions of dollars, and the 1961 military (Bay of Pigs) invasion of the island by CIA-sponsored Cuban exiles.

The extreme hostility failed to defeat the Cuban communist governments of Fidel and now Raul Castro, the original leaders of the Cuban Revolution, who have outlasted ten U.S. presidents. U.S. President Barack Obama admitted in his December 17 speech that "isolation has not worked," and that the U.S. needed "to end an outdated approach that, for decades, has failed to advance our interests, and instead we will begin to normalize relations between our two countries."

President Raul Castro thanked and praised Obama for the change in policy but made clear that Cuba would retain its communist system and not compromise its sovereignty. Castro said the Cuban government's policies are aimed at creating "a prosperous and sustainable communism," declaring the restoration of relations with the U.S. a victory for the Cuban Revolution.

"We won the war," said Castro, insisting that the U.S. not meddle in Cuban state affairs, and calling for the U.S. economic blockade to be lifted as a next step in the thaw in relations.

### Increasingly isolated

"The restoration of diplomatic relations is also a victory for Latin America," said Javier Domokos Ruiz, Cuba's Consul General in Toronto, in an interview. "There has been a battle between not just the U.S. and Cuba but between the U.S. empire and Latin America over whether the continent would become Washington's satellite or emerge sovereign and leftist, and this battle has been won by Latin American countries which have succeeded in creating progressive societies and removed many puppet dictatorships of the U.S."

The success and persistence of Cuba's revolution had a critical influence on Latin America's leftward shift. Since 1998, leftist governments have been elected in 10 Latin American countries, restricting U.S. political and economic influence in what Washington considers its "backyard." This isolation was a key motivation for the U.S. change in policy towards Cuba, something both Obama and Secretary of State John Kerry acknowledged.

John Kirk, a professor in the department of Spanish and Latin American studies at Dalhousie University and one of Canada's leading experts on the Cuban Revolution, told me Washington "has been very slow to understand and appreciate this highly significant change" in the region since 1998, "that the leftist governments of Latin America are there to stay and are in many cases thriving." He pointed out how

Cuba is extraordinarily popular because of its resistance to U.S. imperialism, and its medical and literacy programs.

Kirk highlighted another possible reason for the timing of the Obama-Castro agreement: the Summit of the Americas, taking place in Panama in April.

"In the last two such summits, there had been a crescendo of support among Latin American and Caribbean countries for Cuba's participation, and half the member countries have said that they are going to boycott the 2015 summit meeting unless Cuba participated," he said. "Obama realized that he was doomed to an embarrassing failure unless Cuba joined the summit, and decided that the timing was appropriate for the restoration of diplomatic relations with Havana."

A second factor behind the change in U.S. policy is that a new generation of U.S.-born Cubans favours normalizing relations, thus splitting the politically influential exile community on the issue. The right-wing anti-Castro exiles no longer completely dominate this group; the Democratic Party has moved to attract the votes of the younger generation. Actually, most Latinas and Latinos in the U.S. (and Americans in general) favour normalizing relations with Cuba.

It is also likely that the restoration of relations is partially aimed at undermining the electoral chances of former Florida governor Jeb Bush, a favoured Republican Party candidate for the 2016 presidential election who is closely linked to the most right-wing elements among Cuban exiles.

### Big business wants in

The most significant support for a comprehensive détente comes from U.S. corporations. The U.S. Chamber of Commerce and business interests "from Caterpillar to the tourism industry to airlines, manufacturers and biotechnology companies all have called for normalization and are scouting opportunities for business in Cuba," said Kirk.

The U.S. blockade or embargo on Cuba is extremely harsh, punishing even third countries from trading with Cuba and denying the island basic necessities such as food items from the U.S. Any ship that docks in Cuba cannot do so in the U.S. and companies doing business with Cuba are subject to U.S. sanctions. Despite the restoration of diplomatic relations, U.S. residents cannot yet travel to Cuba as tourists and U.S. companies cannot do business there. President Obama can ease the embargo and is moving to do so but its removal requires congressional approval.

"In terms of getting the U.S. economic embargo on Cuba lifted, what we'll see is a showdown between hardened right-wing Cuban exiles on the one hand and moderate Cuban exiles on the other, supported by an ever-increasing business lobby," explained Kirk. "I think the business lobby will win because they'll tell their Republican candidates, when they make donations to their political campaigns, that they favour normalizing relations with Cuba. I suspect that it will be a tough battle but not as tough as most people think and eventually the U.S. Congress will agree to lift the embargo."

Economic conditions in Cuba have improved since 1990, when the Soviet Union collapsed and the island lost 80% of the export market for its sugar (Cuba's main revenue earner at the time). Simultaneously, the U.S. made its trade embargo on Cuba even more severe, compounding the country's massive difficulties. In spite of the extreme pressure, Cuba maintained its communist system, providing free health care and education, and subsidized food and accommodation for all its people—a monumental feat.

Cuba successfully substituted tourism for sugar exports. Its economic prospects improved with the advent of the Latin American Revolution in 1998, as Venezuela started providing subsidized oil, and other countries supplied food on favourable terms. These commodities are Cuba's main imports and expenses, which is a problem for a country that still cannot grow enough food to feed its people, as it would like to.

Another major economic problem is the lack of productive investment in Cuba. Much of the foreign exchange from medical exports, tourism, nickel exports and remittances from Cubans working abroad (Cuba's four main currency earners) is not invested in the economy but rather consumed.

To deal with these problems, the government has allowed some private farming, has set up agricultural co-operatives and permitted the entry of 470,000 former government employees into the small business sector. The government has also set up 50 industrial co-operatives. The hope is that the creation of a small business sector will stimulate productive investment.

The eventual lifting of the U.S. embargo should help the Cuban economy, according to Kirk, since Cuba will benefit from "cheaper food and technology imports and its medical exports to the U.S. as well as from medical tourism and U.S. tourism in general, all of which will bring in significant foreign exchange."

### Canada's hand in the thaw

The U.S. and Cuban governments both thanked the Canadian government and the Vatican for their mediating roles in the negotiations leading up to the



Fidel Castro (far left), Che Guevara (centre) and other leading Cuban revolutionaries march to protest the La Coubre explosion (often attributed to the CIA) on March 5, 1960.

(Photo: Centro de Estudios Che Guevara)

restoration of diplomatic relations. U.S. and Cuban diplomats met in Ottawa and Toronto for talks that lasted 18 months.

"I was very surprised to see that behind the scenes Canada provided venues for nine meetings between Cuba and the U.S.," said Kirk. "What we have done is provide a safe location for these meetings. That's the extent but I think it's an important extent of our contribution."

That said, Kirk adds: "Canada's overall role under Harper in terms of relations with Cuba has been enormously disappointing. Canada has so much going for it in terms of its potential in Cuba. The personal friendship between former Canadian prime minister Pierre Trudeau and Fidel Castro was very profound." (Trudeau was the first NATO leader to go to Cuba and Castro was an honorary pallbearer at the Canadian's funeral in 2000.)


"Also, Canadians are a massive tourist presence in Cuba, making up 55% of all tourists," Kirk added. "The main foreign investor in Cuba is a Toronto-based mining company called Sherritt International and three million Cubans take part in the Terry Fox Run every year. Terry Fox is a national hero in Cuba.

"All this shows the potential for the enhancement of Canada-Cuba relations but Harper's policy towards

Latin America in general has been extremely disappointing. Like Obama, he has been very slow to appreciate Latin America's move to the left. He clearly does not understand that the progressive changes in Latin America are for real and are here to stay."

Around the same time that the U.S. moved to reconcile with Cuba, Obama announced new economic sanctions against Venezuela, signalling that basic U.S. policy towards the Global South has not changed. Hostility has not worked against the Cuban Revolution, as Obama emphasized in December. So will the U.S. now use other ways to undermine the communist government?

"The U.S. seems as intent on regime and system change as ever in Cuba," warned William Blum, author of *Killing Hope*, the best book on CIA intervention abroad, in an interview. "I'm sure U.S. subversion of Cuba will continue in one form or another. Washington feared Cuba because it had created a good alternative to the capitalist system due to which the country was very admired and loved all over the world. It has become a great example and inspiration."

Asad Ismi covers international affairs for the Monitor and is the author of the anthology *The Latin American Revolution*, which can be ordered from the CCPA by writing [ccpa@policyalternatives.ca](mailto:ccpa@policyalternatives.ca). 



## War is over (if you want it)

*The War on Drugs: A Failed Experiment*

By Paula Mallea,

Dundurn Press (2014), 252 pages, \$22.99 (paperback),

\$11.99 (ebook)

Reviewed by Frank Bayerl

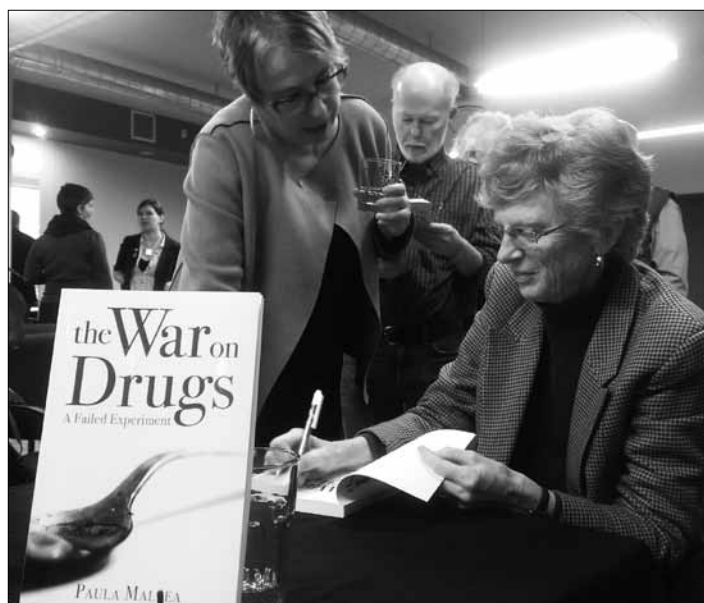
Ever since Richard Nixon proclaimed a “war on drugs” in 1971, Western countries have tried unsuccessfully to stem the tide of illegal substances being consumed by their populations. Increased police and justice resources, stiffer penalties, media campaigns and denunciations by figures in authority have all failed. This is the starting point of Paula Mallea’s survey of the present state of drug use and its impact on society, and her discussion of what needs to be done to control, not eliminate, the consumption of psychoactive substances. Mallea, a criminal lawyer, activist and author of three other books, develops a strong case for the controlled, regulated legalization of all banned drugs.

*The War on Drugs* first looks at 40 years of drug policy as practised by the United States, the United Nations and various Western countries that have followed a criminal justice rather than a public health model. The Global Commission on Drug Policy, which includes former heads of state Ernesto Zedillo (Mexico) and Cesar Gaviria (Columbia), as well as former U.S. secretary of state George Schultz, former head of the U.S. Federal Reserve Paul Volcker, and former UN secretary-general Kofi Annan, frankly admitted in its 2011 report that the hardline approach isn’t working. Something new was required.

One of the most noticeable side-effects of the punitive and prohibitionist war, at least in the U.S., is the increase in the prison population, from 36,000 in 1986 to 219,000 today, half of those for drug offences. In Mexico the rise of the drug cartels has precipitated an unprecedented level of violence and many thousands of deaths. Here in Canada, the recommendations of the Le Dain Commission in 1972, that penalties be removed for possession of marijuana and lowered for importing and trafficking, were ignored. Instead, penalties have gradually been increased, especially under the current government.

Mallea then looks at the health consequences of the most popular recreational drugs: marijuana, cocaine and heroin. In the first case they are benign; marijuana is one of the least harmful of all illegal substances. Cocaine has a reputation as being highly addictive and dangerous. But a World Health Organization study has contradicted this, showing that the health problems associated with its use are very rare, and that cocaine is not physically addictive. (The full study was never published after the U.S. threatened to withdraw funding from WHO programs.) As for heroin, it is a powerful painkiller that is addictive both physically and psychologically, but the negative effects of its criminalization outweigh whatever deterrent effect is achieved, suggests Mallea.

In all three cases, waging “war” on drug use has produced a list of harms: the societal and individual damage caused



Mallea signs books at a recent launch in Ottawa

by prison sentences and criminal records; the disruption of families whose members are imprisoned; the growth of organized crime and its associated violence; the cost to the justice system of processing and imprisoning so many low-level offenders; the distribution of uncontrolled and contaminated recreational drugs; and the spread of HIV, hepatitis C and other diseases through the sharing of drug paraphernalia.

“All three of the drugs under consideration here provide therapeutic values that are underutilized,” adds Mallea. “All three may cause harms in and of themselves, but the harms caused by their criminalization appear to be much more severe and far-reaching.”

The author cites interesting statistics on drug costs versus consumption rates. Though the cost of cocaine dropped dramatically in the 1980s, and then by another 25% between 2000 and 2007, total consumption in the U.S. did not rise. Similarly, enforcement efforts show no relationship to rates of use. Although arrests for marijuana use in Canada increased by 70% from 1990 to 2009, use of the drug also increased during this period. Given that current drug policy is ineffective and costly, damaging to individuals and society, and promotes organized crime and violence, the author weighs the relative advantages of decriminalization and legalization, and comes down firmly on the side of the latter.

Mallea admits that she adopted this position only after studying the problem at length and somewhat to her own surprise. Decriminalization allows individuals to possess, grow or share a small amount of a drug, while trafficking and production continues to be banned. In 2002, a special Canadian Senate committee on drug policy rejected decriminalizing marijuana in very strong terms, since “decriminalization is in fact simply less severe prohibition [and] furthers a prohibitionist logic... This model has no greater capacity for prevention or education than a strict prohibition model.”

The decriminalization approach is in fact, according to the Senate report, “the worst-case scenario, depriving the State of a regulatory tool needed in dealing with the entire production, distribution and consumption network, and delivering a rather hypocritical message at the same time.”

Mallea recommends instead the legalization of these “problem” drugs under a strict regulatory and control regime. Only in this way would the involvement of organized crime in drug trafficking, the availability of unsafe products, and the imprisonment of so many small-time users be addressed.

*The War on Drugs* is a balanced, well-written and well-reasoned survey of drug policy worldwide. Other topics it deals with include Portugal’s experience in decriminalizing marijuana, and its outright legalization in Uruguay and recently in the U.S. states of Colorado and Washington. In none of these jurisdictions has there been any notable increase in drug use as a result.

Canada’s record, for the most part, is one of participating in lockstep with the U.S. in the war on drugs. The Conservative government’s record is one of increasing penalties for drug use and tightening up on regulations so as to prevent the opening of any more safe injection sites like Vancouver’s InSite clinic, while also making it more difficult for patients who need medical marijuana to obtain the drug. The Liberals and Greens favour legalization of marijuana only, while the NDP would decriminalize it.

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## Symptoms and causes

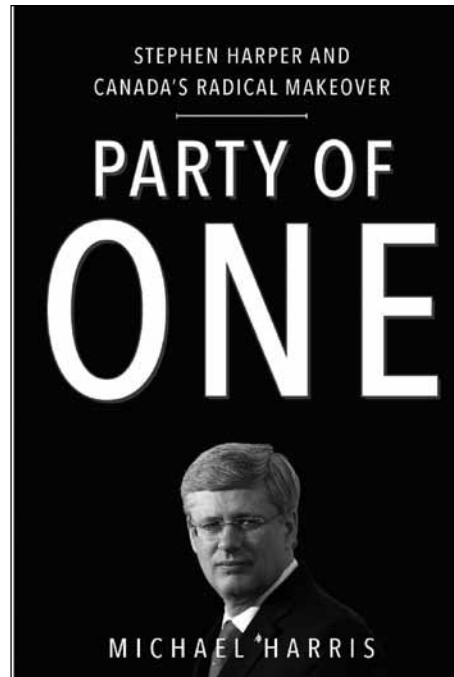
*Party of One: Stephen Harper and Canada’s Radical Makeover*

By Michael Harris

Viking (2014), 467 pages, \$33.95 (hardcover), \$15.99 (ebook)

Reviewed by Richard Nimijean

**P**arty of One is the kind of political thriller that can only take place in Ottawa. There are business people interacting with the highest levels of government, a government seeking to control the flow of information and avoid public accountability, a country helping another country spy on its allies, a senior aide to the prime minister



called “the Mechanic,” and a leader accused of “elevating jail birds, con men, and fraudsters to positions of influence.”

No, this isn’t the latest blockbuster from John le Carré or Michael Dobbs. Rather, it is a searing account of Stephen Harper’s majority government since 2011, written by one of Canada’s leading investigative journalists, *ipolitics.ca* columnist Michael Harris. He does not pull punches. Harris’s conclusion is that the prime minister is more than just a strategic and details-obsessed politician but also, as the book jacket details, “a profoundly anti-democratic figure,” who is radically remaking Canada and who, in the words of Preston Manning, “doesn’t think words mean much.”

From cover to cover, this is a well-researched and documented effort to define the current government, with a focus on the many ways that Harper’s previously held views contradict his actions in office. There is not necessarily anything new here. Keen political watchers and regular readers of Harris’s *ipolitics.ca* columns will be familiar with the details of the major issues he covers: various elections shenanigans; battles with public servants, federal scientists and independent officers of Parliament; a new orientation in foreign policy; and the Duffy affair.

But there is no doubt this book is important reading, particularly in an election year. The author very capably describes the major issues and events

that have dominated the last four years, and links them together to show how they all contribute to Harper’s efforts, since 2006, to reshape Canada. He does this, in part, through interviews with some of the people who have butted heads with the Harper government. People like Linda Keen, former president of the Canadian Nuclear Safety Commission, Sheila Fraser, Canada’s former auditor general, Kevin Page, who headed the Parliamentary Budget Office for a memorable time, and Robert Marleau, former information commissioner.

In Harris’s telling, the details of their experiences, and the broader democratic implications of events over the past nine years (and especially the past four), are astounding. He forces the reader to step back and reflect on the performance of the Harper government, not in the now commonplace test of “the leader reflects my values” (or doesn’t), but in terms of the policy record and the impact of political manoeuvres on the body politic versus the type of government it promised before being elected.

Harris is a talented writer who injects drama, emotion, irony, and even wit into his retelling of events. Fans of his radio show will be comforted that he writes in the same energetic manner he employed on air. Harris is at his best when he synthesizes details and findings of complex issues, such as the robocalls scandal or the Duffy affair.

He capably describes what might be called Brand Harper and correctly notes how its narratives of law and order, respect for the military, accountability and democracy are often at odds with reality. For example, the celebration of war and fighting the good fight are contrasted with the often-shabby treatment of military veterans. While Harper, according to Harris, expresses a moralistic worldview in foreign policy and law and order, it is selectively used.

Nevertheless, the reader needs to carefully evaluate some of Harris’s claims, most significantly that Harper is radically remaking Canada. Yes, many of Harper’s political strategies are unprecedented, with profound implications for Canadian democracy. However, a radical remaking of Canada goes beyond political motives and tactics: what are the policy decisions

and actions that affect the nature of the Canadian political economy?

Harris only rarely situates Harper in comparative context with previous governments or prime ministers. For example, while progressives (with good cause) may be disappointed with the Harper economic agenda, it is noteworthy that some leading conservative pundits like Gerry Nicholls and Andrew Coyne feel the same way albeit for different reasons (the policies are not conservative enough). It could be argued that Paul Martin Jr., whose management of the economy is presented by Harris in a favourable light, spearheaded a more radical makeover of Canada by implementing drastic neoliberal policies in the 1990s.

Even within the frame of the current majority government, Harris could have broadened his scope—from specific controversy to wider causes and implications. On several occasions the author criticizes the government for its excessive spending on War of 1812 celebrations, money, the author notes, that could be better spent on pressing issues and needs. But we are missing a more detailed analysis of the depth and impact of Harper's partisan spending (and spending cuts to key programs, due in many ways to taking two points off the GST.)

Moreover, Harris needs to provide additional support for his thesis that the Conservatives are a "party of one." His excellent account of the robocalls case shows that numerous high-ranking Conservatives had to be somehow involved in the allegations of voter fraud in at least the riding of Guelph, Ontario. Harris needs to show us how the party listened to the prime minister.

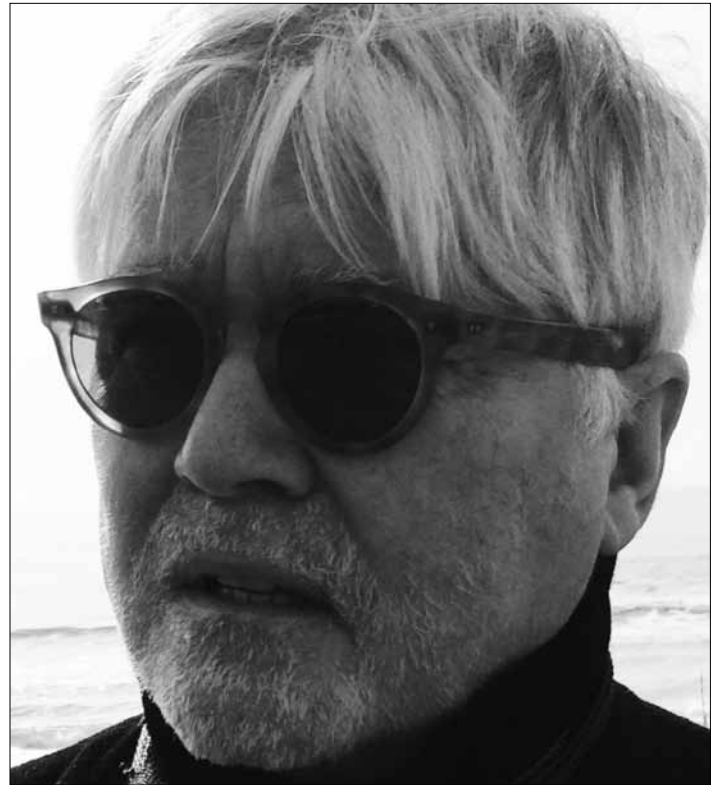
It is also important to remember that our particular brand of parliamentary democracy gives great powers to party leaders, but they do not go unchecked, as Harris's examples sometimes show. While the author is correct in worrying that Harper may be exploiting the Canadian system to his advantage, this is an ongoing trend in Canadian politics, not something new.

For example, Harris is worried Harper is Americanizing our politics, but concerns about the "presidentialization" of Parliament were rampant when I was a student of Canadian politics in the early 1980s. It was not that long ago that political writer Jeffrey Simpson worried that Canada might become a "friendly dictatorship" under Jean Chrétien. For better or worse, that is the nature of our system.

Even Harper's disregard of Parliament is furthering a trend used by previous federal and provincial governments of all stripes. Remember former Ontario premier Ernie Eves delivering the 2003 provincial budget in an auto parts factory? And let's not forget Pierre Trudeau's famous quip that MPs are nobodies away from Parliament Hill, as he dramatically increased the powers of the executive at the expense of the legislature.

Harris is correct in pointing to the increased control of information as a threat to our democracy. His account of a public servant telling staff that communications surrounding the 2012 federal budget must be spoken and not written down is particularly disturbing. However, this too is not unique to the Harper government.

Many western countries and leaders, including U.S.



Harris: Breaking down the complexity of controversy.

President Barack Obama, are using new powers, information management strategies and surveillance techniques to protect themselves, advance their agendas and avoid accountability. Indeed, Obama has been criticized for doing many of the things Harris accuses Harper of, yet his popularity rate in Canada remains high!


In this sense, *Party of One* would benefit from an exploration of what all of this means for the future of Canadian democracy. If Harper were to resign instead of running for re-election later this year, would things change? In other words, is Harper a symptom of the imperilled state of our democracy or the cause of it? Can one person alone subvert our democracy?

To restate, *Party of One* is an important political book. As the 2015 federal election nears, the question becomes whether or not the material Harris covers affects perceptions of Harper. Will foreign policy and security concerns, including recent events in Ottawa, Saint-Jean-sur-Richelieu and Paris convince enough Canadians to stay with the Conservative fold? Or will Canadians "rise up" and take Canada back, to paraphrase Michael Ignatieff?

It is not discussed in the book, but I suspect Harris is not convinced by this latter scenario. In a recent (January 4) *ipolitics.ca* column, he noted a poll showing that nearly 20% of Canadians believed the Prime Minister could shut down Parliament and dissolve the Supreme Court in difficult times.

This is precisely why we need journalists like Harris communicating to Canadians, to remind us that democracy is not a given, and that we all need to work to ensure that it lives up to its potential.

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## Marking the tipping point

Reviewed by Chandra Siddan

For a film about a land grab of continental proportions committed over a century ago, *Trick or Treaty?* is an upbeat joyous celebration of the survival of the Native voice.

The latest documentary by legendary octogenarian filmmaker Alanis Obomsawin is equally about the Idle No More movement as about Treaty 9, which stripped First Nations of rights to the land they depended on for their traditional culture and livelihood. The former is portrayed as a tipping point in the groundswell response to the 2012 federal omnibus budget bill (C-45), but with a strong reference to the now century-old negotiation and signing with the Crown.

The key words in Treaty 9 are: “the said Indians do here by cede, release, surrender and yield up to the government of the Dominion of Canada, for His Majesty the King and his successors for ever, all their rights titles and privileges whatsoever” to the lands then listed. At the time, the government emphasized that signatory nations “shall have the right to pursue their usual vocations of hunting, trapping and fishing throughout the tract surrendered,” but without mentioning the legal modification that follows: “subject to such regulations as may from time to time be made by the government of the country, acting under the authority of His Majesty...for settlement, mining, lumbering, trading or other purposes.”

And there lies the trick. The film juxtaposes the official text with oral reports from, among others, Dr. Stan Louttit, the grand chief of the Mushkegowuk Tribal Council, as he heard them from his forefathers, including his grandfather, Treaty 9 signatory Andrew Wesley. We are talking of two completely different registers of experience, with the written overriding the spoken—until now, that is. Louttit makes an undeniable case for how various Native leaders—Missabay, a blind hunter, provides a key example—expressed fears of being deprived of their land and water but were



(Photo: © Provincial Archives of Manitoba)

Chief-elect Robert Fiddler on June 9, 1910 as Treaty 9 was signed in Deer Lake.

assuaged by promises they could live as they always did. Thus assured, First Nations representatives signed, and the English representatives of King George departed with the document.

“They did not leave the document with us. They did not translate the document. They said words to get our signature,” explains Louttit, whose father found out only 25 years later what the document said when an Anglican minister invited him to read it.

The villain in Obomsawin’s film is Duncan Campbell Scott, a Treaty 9 commissioner and subsequently head of the Department of Indian Affairs, who proposed legislation in 1920 to implement the Indian residential school system with the famous words, “I want to get rid of the Indian problem.” Scott knew the signatories of Treaty 9 could not have understood its legalities, writing later that “the simpler facts had to be stated, and the parental idea developed that the King is the great father of the Indians, watching over their interests and ever compassionate.”


This was on display at various Treaty 9 signing ceremonies, where the British flag was wrapped around Native leaders in a protective gesture. A feast was then typically celebrated, and \$8 given to those present, as the government promoted the treaty as an agreement for peaceful co-existence, sharing and mutual respect.

While documenting this historical deceit, the film also celebrates the timely explosion of the Idle No More movement.

Obomsawin begins with Attawapiskat Chief Theresa Spence’s hunger strike in protest of the neglect shown to her northern Ontario community’s housing and infrastructure crisis. It concludes with the exuberant end to a six-week trek by 200 Native youth from Whapmagoostui (in northern Quebec) to Ottawa, led by a 17-year-old Cree, David Kawapit. The immediacy of these current events and emotional communal gatherings liven otherwise wordy discussions about a piece of colonial legalese that rendered the signatories’ lives illegal. Sheer survival is a political act.

One of the most powerful moments of the film occurs when Métis leader Tony Belcourt acknowledges the déjà vu feeling he experienced when the Harper government stonewalled Chief Spence’s invitation, in December 2012, for a special meeting with Native leaders. “It was the same in ‘71,” he says, against the backdrop of his younger self, referring to his trip to Ottawa as the first president of the Native Councils of Canada. “We had the same arguments: our lands were being taken away from us, our environment was being destroyed, our way of life was being threatened, the health and safety of our peoples were all at risk... In 1971 they could get away with it, and now, in 2012, they can’t.”

Obomsawin’s cinematic style is consistently oral and musical. As she described at a screening of her film during October’s imagineNative film festival in Toronto, her creative process begins not with the video camera but the audio recorder. The voice is more important to her than the picture. Still, the film includes powerful images of our expansive natural environment, its voiceless animals and rich vegetation. It is a cinematic expression of the clash of the two registers (oral and textual) of experience. It confronts Canadians with the fork in the road: the protection of the land and the people, or the juggernaut of endless development?

Chandra Siddan is a Toronto-based writer and filmmaker. *Trick or Treaty?* was initially released in September and is available on iTunes. 

# Globalization, terror and Canada's lost mission in Ukraine

By John McMurtry

From Africa to Europe to the Middle East to Latin America, the unspoken macro trend of U.S. intervention abroad is society destruction. Manufactured crises have enabled U.S.-led ruin in Iraq (weapons of mass destruction), Libya (the genocidal plans of deceased dictator Gadhafi), Syria (Assad's use of chemical weapons on his own people), and Venezuela, whose "despotism" prioritizes public education, healthcare and the elimination of poverty. It is generally the case that the victim society has far more developed social programs than its neighbours, but this, among many other realities, is too is taboo to report.

## A playbook for society destruction

Society destruction follows a common pattern. It begins with U.S. covert action sponsoring opposition forces, often featuring fascist or jihadist insurrectionaries. Global media (and social media) campaigns are mounted against a targeted leader, murders are committed by covert operatives pretending to be state agents, divisions within the victim society are provoked towards civil war, news reports feature the U.S. point of view exclusively, and high moral justifications congeal for what invariably ends in socio-economic breakdown.

These strategic axes for deposing a constructed enemy reappear over and over again. Yet no common causal mechanism is spoken of in public. And so another war fable rules the airwaves, one designed to grow the failed global system even as its threat to life on Earth becomes ever-more undeniable. "Terrorists" is in corollary the hate term for whatever organized force resists, a device also used by the Nazi war machine in Europe, and again in Eastern Ukraine.

The mayhem and violence varies widely, but the dots have not been joined on what is always achieved beneath the political-ideological shows: the tearing apart and dispossession of one society after another by U.S.-led financial and armed means. Not only is the society decapitated, as in Ukraine (to begin the crisis), or Libya or Iraq, or as demanded in Syria. Much more deeply the society's civil bonds are rent asunder, its productive base is sabotaged, its social life supports are stripped, its government is made a permanent debt servant, and its environment and resources are hollowed out.

Seek exception. There is no evident objective fulfilled except social system destruction, with the unlocking of the society's natural, human and market resources for transnational corporate looting that these campaigns make possible. Multiplying global system growth is the only ordering principle at work; it metastasizes across regions and borders at every level of life organization, as I demonstrate in depth across decades in *The Cancer Stage of Capitalism: From Crisis to Cure*.

The connections are unspeakable in official culture. Not long after destroying Iraq and Libya, on known false pretexts, the U.S. government proclaimed again and again that the gas attack on Syrian civilians in August 2013 came from Assad the war criminal. The allegation fuelled White House plans to bomb Syria's civilian infrastructures to correct the problem,

as in Iraq and Libya. The truth, found by multiple analyses and made public by journalist Seymour Hersh, was that the "kitchen sarin" used in the attack was likely manufactured in Turkey. The detonator was likely a crude missile lobbed by al Nusra jihadists, who are allied with the U.S. and funded by Saudi Arabia and Qatar.

Neither of these facts affected U.S. plans to bomb Syria and Iraq. The mass media, including the *New York Times*, continue to claim Assad's use of chemical weapons against his own people as one justification for the fresh attacks while erasing Hersh's research from the record. The other justification—"to stop ISIS"—is similarly disconnected from the Islamic State's history as a mutated asset. It might appear problematic for Obama to bring overt and covert U.S. armed forces back into a region and war he promised to vacate. But his quandary has its uses.

## The Ukraine crisis as a paradigm illustration

The ongoing Ukraine crisis is like the U.S. script of the Cold War. Recall the Russian (Soviet) plot to "rule the world" was the bottom line for why perpetual war must be made against it. But although the opposite has in fact occurred—the U.S. "won"—Russia is again the villain after a U.S.-endorsed *coup d'état* in Ukraine ran into major opposition on the ground.

In December 2013, U.S. Assistant Secretary of State for European and Eurasian Affairs Victoria Nuland told a business meeting that \$5 billion of public money had been invested in regime change in Ukraine. The method was familiar. An ever-rising civil destabilization was fanned in allegiance with extreme-right parties, in this case Ukraine's Pravi (Right) Sektor and the Svoboda ("Freedom") party.

Although Europe was close to brokering a peace agreement with the Yanukovich government, Nuland preferred a coup, hand-picking the future prime minister, banker Arseniy Yatsenyuk, and instructing him to consult regularly ("four times a week") with Oleh Tyahnybok, whose Nazi salute is well known on the Internet. When reminded of the EU peace talks during a conversation, leaked in February 2014, with U.S. Ambassador to Ukraine Geoffrey Pyatt, Nuland responded with her now famous "fuck the EU."

This U.S.-orchestrated coup occurred after three days of chaos outside the Ukrainian legislature, including sniper murders that were blamed on the government but traced back to the coup alliance by German television reports and other sources. All of this quickly disappeared into the memory hole of media and government reports. As did the words of former "Orange Revolution" prime minister, gas oligarch and leader of the Fatherland Party, Yulia Tymoshenko, when she was released from jail for criminal embezzlement of state property.

In a leaked phone conversation, Tymoshenko is heard to say, "One has to take up arms and go and wipe out these damn katsaps (a derogatory term for Russians) together with their leader," according to a transcript on the *Al Jazeera* website. "I am hoping that I will use all my connections and will get the whole world to rise up so that not even scorched

earth would be left of Russia.”

The Russian-speaking city of Luhansk was levelled months later by Ukrainian artillery, rockets and air bombing of civilian centres. Water and electricity infrastructure was destroyed, with 350,000 people forced to flee the city. (The UN reported in December that more than half a million people have been internally displaced by fighting in East Ukraine while another 200,000 have fled to Russia.) The refugee figures exceed the ISIS clearances but they, too, have been dropped down the memory hole. Those continuing to resist are called “terrorists” or “Russian aggressors.” Reverse projection is the syntax of the story every time.

U.S.-led geopolitical strategy directs Kiev, but the profound interests at stake are unnamed. Ukraine is the breadbasket of Europe and its biggest landmass. Public assets are all on the privatization block—a structural adjustment condition of IMF bailout money. Slash-and-burn budgets are set to pay unpayable debts to foreign banks with ample collateral on tap. Ukraine even has large, untapped shale gas deposits, and its geography provides for strategic Western military control up to Russia’s main border, with its colossally rich natural resources on the other side. If Ukraine is accepted into the EU and NATO there is no limit to the looting possibilities.

Yet all we hear about is Russia’s imperial aggression, never about the cumulatively destructive sanctions, or the arming of Ukrainian neo-fascists and other private mercenaries. In May, the Russian government alleged that more than 100 armed contractors from the Blackwater-affiliated U.S. security firm Greystone had been enlisted in the fight against pro-Russian forces in East Ukraine. There have also been news reports suggesting up to 400 mercenaries, including from the Blackwater reboot firm Academi, are involved. Vast global power and treasure are at stake in the constructed conflict. Both Greystone and Academi deny they have contractors in Ukraine.

The core charge, in the U.S. as in Canada, is Russia’s apparently brutal annexation of Crimea. Russia’s act was declared illegal under international law by Western nations, and Prime Minister Harper personally asked Vladimir Putin

to “get out of Crimea” at November’s G20 meetings in Australia. But we must recognize that the region has been a historic Russian port since the defeat of the Ottoman Empire, and a strategic peninsula for centuries. Ukraine’s brief interregnum in Crimea was the result of a 1954 decree (gift) from Nikita Khrushchev, a Ukrainian then leading the Soviet Union.

In fact, the Russian soldiers who are said to have poured in to seize Crimea were already there, and in fewer numbers than a treaty between Ukraine and Russia allowed. A vast majority of the 83% of Crimeans who turned out for the vote on integration with Russia said yes. Compare that to President Poroshenko’s post-coup election by a fraction of Ukraine’s total electorate, with most of the Russian-speaking South and the East unable to participate.

Altogether erased from reports on the annexation are that in seceding from Ukraine, the Supreme Council of Crimea referred to the right to self-determination spelled out in the UN Charter—the very right Ukraine invoked in seceding from the USSR in 1991, and that Kosovo similarly invoked when it separated from Serbia in 2008. In its July 2010 recognition of Kosovo’s decision, the International Court of Justice stated, “general international law contains no applicable prohibition of declarations of independence.”

Censorship rules by unseen means, by selecting out of public view all facts not consistent with the ruling script. More exactly, corporate states and mass media reproduce only what promotes the growth of the transnational money-sequence system. This is why we never hear of “lawless U.S. aggression.” It is simply not profitable.

The U.S. has refused to ratify the Rome Statute of the International Criminal Court, which is there to uphold the law against war crimes and crimes against humanity. It has publicly repudiated the court’s right to investigate U.S. criminal violations, including the “supreme crime” of initiating a war of aggression, while invoking international law against others when it is convenient to do so (e.g., Syria’s unproven use of chemical weapons).

In fact, the U.S. government has systematically undermined virtually all international laws to protect human

life: treaties and conventions against landmines, against biological weapons, against international ballistic missiles, against small arms, against torture, against racism, against arbitrary seizure and imprisonment, against military weather distortions, against biodiversity loss, against climate destabilization, and even international agreements on the rights of children and of women.


## The betrayal of Canada’s peace tradition

Revealing the undertow of power at work, Canada’s once defining “peace mission” has become unspeakable, overwhelmed by this mainly U.S. agenda, and a media and political consensus about who is to blame in a number of economically important crises. In Ukraine, as in Iraq, Libya and Syria, this consensus has allowed the U.S. and now Canada to destabilize societies while claiming they are defending against destabilization. A year after the coup, more than a million East Ukrainians have fled their homes from government bombing and mass starvation, which continues during the current truce.

In at least one case, Canada could easily be playing a key peacemaking role. We are a federalist country with a bilingual model of government. Eastern Ukraine’s uprising began with these very goals: a return of Russian language rights abolished by the coup, and a federalist system as planned by Ukraine’s formerly governing Party of Regions.

Unfortunately, none of this registers to any of Canada’s political parties, which seem afflicted by a toxic amnesia of this country’s historical success with federalism, regional power sharing, and bringing culturally and linguistically opposed peoples together into productive unity. This practical if complex approach has been pre-empted by one-sided diversions about Russia the Aggressor and “Putin’s new Cold War.”

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*John McMurtry is an elected fellow of the Royal Society of Canada and his work is published and translated from Latin America to Japan. He is the author and editor of the three-volume Philosophy and World Problems published by UNESCO’s Encyclopedia of Life Support Systems (EOLSS). His latest book is The Cancer Stage of Capitalism: From Crisis to Cure (Pluto Press, 2013).* 

## Klein has shown us Goliath—Is our slingshot up to the task?

By Ed Finn

Naomi Klein's new blockbuster, *This Changes Everything*, should not only have jumped to the top of bestseller lists all over the world but stayed there indefinitely. It did make the lists initially in the United States, Canada and a few countries in Europe. But sales steadily dropped off, to be replaced by the latest thrillers, romance novels and cookbooks. Klein's book still clings to sixth spot on *Maclean's* top-ten list as I write, but I imagine it will have disappeared by the time you read this.

The lukewarm reception of Klein's latest book didn't surprise me. It was, after all, a frontal attack on capitalism, the world's predominant economic system, and, as such, an unforgivable heresy. Anyone who claims that capitalism is vandalizing the environment and threatening the collapse of civilization exposes herself to recrimination and ridicule, not just from the media pundits but, more ominously, the world's corporate and political leaders.

These are the powerful elites who decide how the world will be ruled and its inhabitants treated. They are all devoted to unlimited economic growth and the consumption and ultimate depletion of the planet's resources, regardless of the collateral damage to the environment.

This wasn't the first time Klein has castigated the big corporations. Her earlier books, *No Logo* and *The Shock Doctrine*, both decried ruthless and manipulative business practices. But in those books her targets were specific—and unpopular—corporations, so the books remained bestsellers for years.

Her latest tome, however, shoots its verbal harpoons directly at the prevailing economic system. Its subtitle, *Capitalism vs. the Climate*, couldn't be more blunt. What she is charging, in effect, is that capitalism as it now functions is incompatible with a sustainable environment and has to be stopped before it precipitates a global catastrophe.

As it stands, in what could be called the tenth round of the fight between capitalism and the climate, the odds are at least 1,000-to-1 against the climate winning. Capitalism has battered the climate so badly with its fossil fuel emissions and disdain for cleaner renewable forms of energy that even some the most knowledgeable and vocal "friends" of the Earth are losing hope.

Indeed, in her book, Klein quotes eminent climatologists who worry that even the best efforts to prevent global warming from rising to an intolerable level may come too late if not launched very soon. They differ on when we'll reach the tipping point but agree that even the year 2020 will not be soon enough. According to Klein, the International Energy Agency warns that if we do not get our emissions under control by a rather terrifying 2017, our fossil fuel economy will lock-in extremely dangerous warning.

The author has herself not lost hope. She puts her faith in the mobilization of mass social movements, such as those

that successfully campaigned in earlier times for the abolition of slavery and apartheid, and against the brutal suppression of civil rights in the U.S south. These movements challenged and overcame deeply entrenched traditions and practices.

Such victories can inspire hope and stimulate action. But it has to be kept in mind that they were each focused on one particular social pestilence in one part of the world. The looming climate change disaster is global in scope and requires a global movement to have any chance of averting it. But unless it can be mobilized soon and its pressure exerted effectively, at least in the largest and most environmentally destructive countries, the prospects are dim.

The ongoing increase in the frequency and damage of storms, floods, droughts, forest fires and other weather outbursts should be enough to convince the climate's corporate and political antagonists to back off. But, as Klein concedes, we know how the current system "will deal with the reality of serial climate-related disasters: with profiteering, and escalating barbarism." She says, "To arrive at that dystopia, all we need to do is keep barreling down the road we are on."

Klein has given up depending on business and political leaders to take global warming seriously or do any more than pass sham resolutions to address it. Such tokenism was all that was displayed at previous summit meetings on the environment, and the latest joint pledge by China and the U.S. to cut their greenhouse emissions reeked of farce and hypocrisy.

Naomi was one of the first high-profile writers to identify free-market capitalism as the principal cause of global warming and the main forestaller of corrective action. But she is far from the first to ring the climate alarm bell.

Ever since the Club of Rome issued its seminal study, *The Limits of Growth*, back in 1972, the world's most renowned climatologists, ecologists and other scientists have repeatedly warned of the catastrophic consequences of allowing economic growth and its spillover effects on the climate to go unchecked.

Twenty years later, in 1992, 1,700 of the world's leading scientists, including 104 Nobel Prize winners, issued an even more dire warning. "Human activities inflict harsh and often irreversible damage on the environment and on critical resources," they declared. "The Earth is finite. Its ability to absorb wastes and destructive effluent is finite. Its ability to provide food and energy is finite. Its ability to provide for growing numbers of people is finite. And we are fast approaching many of the Earth's limits."

That was 23 years ago. More recently, the annual reports of the UN's Intergovernmental Panel on Climate Change have become increasingly blunt. They now call global warming the greatest threat to humanity and the planet, and plead for a concerted international effort to deal with it.

**Klein is still hopeful, and I admire her for it. There are indeed hundreds, even thousands, of environmental groups around the world that have had encouraging success with localized campaigns.**

But all these warnings and appeals from the scientific community have been disdained and even derided by both corporate CEOs and their government lackeys. All their ruinous economic practices have not only continued, they have intensified. Our planetary home keeps being polluted, slowly but steadily making it uninhabitable for human beings and other life forms.

Many other civilizations and empires have collapsed because of the greed and folly of their rulers. They all ignored the warning signs of resource depletion, income inequality, and the ruthless and oppressive nature of their despotic regimes.

American journalist and farmer Joel Salatin, commenting recently on the growing threat to food security, noted that people tend to delay making changes in their lifestyles unless forced to do so. But by then it's often too late.

"No civilization on the brink of collapse has ever changed fast enough to avert collapse," he pointed out.

The Mayas, the Incas, the Egyptians, the Persians, even the long-lasting Roman Empire eventually fell because of the refusal of their leaders to change their ways. Whether they were nobles, high priests, dictators or warriors, they had risen to the top of their society and relished the power and wealth their eminence lavished on them. They were not going to risk losing that privileged status by making changes that might endanger it—even if such changes were needed to save their civilizations from collapse.

The corporate and political elites of today enjoy similar riches and power from the unfair and brutal economic system they preside over. They are similarly blind to the need to change this system, blind to its devastation of the environment and the reality that they, too—their children or grandchildren—will ultimately share the same grisly fate as their historic predecessors.

The big difference, of course, is that the previous civilizations that collapsed were geographically confined, whereas the system of capitalism today spans the globe and so encompasses nearly every human being on the planet. Its collapse, when it comes, will be far more sweeping and catastrophic than those of the past.

My use of "when" rather than "if" in the last sentence connotes my reluctance to assume that a rescue from collapse today is any more likely than it was for past civilizations. I don't rule out the possibility. But given that our current rulers are just as purblind and avaricious as the autocrats of old, it's hard to summon more than a smidgeon of optimism.

Klein is still hopeful, and I admire her for it. There are indeed hundreds, even thousands, of environmental groups around the world that have had encouraging success with localized campaigns. They have now joined forces to build a movement they are trying to expand to worldwide proportions. The problems they face, however, are daunting, two of them in particular.

The first is the limited time left. To mobilize a truly massive global movement capable of bringing pressure to bear on all the major governments and corporations of the world simultaneously is a herculean task. It would probably take much more time than remains before the tipping point is passed and an ecological Armageddon becomes inevitable.

The other problem confronting environmental activists is even more challenging. It stems from the fact that political policies on climate change are determined by the corporations, not by the governments the corporations control or intimidate. There are very few governments in the world today that would dare risk the corporate displeasure that would befall them if they adopted any policy that significantly threatened corporate profits.

As for doing or saying anything that could be seen as a threat to capitalism itself—well, woe betide the politician of any stripe who ventures that far out on a limb. Even agreeing with anything Klein writes or says about capitalism and the climate would be enough to stop a politician's career in its tracks.

And there's the rub when it comes to putting the brakes on global warming. As long as capitalism reigns supreme, the maximization of profits

and unlimited economic growth will be its only untouchable mantra, and, by extension, that of its puppet governments. Earth be damned.

With most politicians now in bed with the CEOs, the strongest pressure environmentalists can put on their elected representatives will be futile. A labour analogy would be a union asking the foreman for a raise.

Consider what a government still committed to the public interest would have to do just to reduce greenhouse gas emissions. It would have to impose a carbon tax on polluting industries. It would have to phase out the extraction of tar sands oil and fracking gas. It would have to embark on a massive conversion of energy from fossil fuels to solar, wind and other non-polluting sources.

Can you seriously imagine that any government in Canada would so blithely slash billions from the profits of such powerful business giants? And from their generous election campaign contributions?


I'm sorry to express such grave concerns. I don't want to dampen the spirits or resolve of the environmental activists. I applaud their valiant efforts to sway the titans of capitalism from their dystopian course. But I think they should have a realistic concept of what they're up against so they can plan their strategy accordingly.

They are no doubt encouraged by David's success in bringing down Goliath with a slingshot. It's not inconceivable that these movements can devise a modern slingshot that will topple the modern Goliath.

First of all, however, they have to understand that the Goliath ruling the world today and ruining its environment does not consist of elected PMs or MPs, but of heavily armored CEOs, investors and bankers. To have any chance of success, the environmentalists first have to be sure they are aiming their slingshot at the right target—as Klein has done.

**There are very few governments in the world today that would dare risk adopting any policy that significantly threatened corporate profits.**

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*Ed Finn is Editor Emeritus of the CCPA Monitor.* 



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