

Climate Damages Litigation: Payback time for Canadian oil and gas companies?

By Andrew Gage and Michael Byers

Climate change is increasingly discussed not as some far-off threat but in terms of current realities. These include extreme weather events like Hurricane Sandy and Typhoon Haiyan, flooding in Alberta and Bangladesh, wildfires, habitat change like the damage caused by the mountain pine beetle, industry stress (e.g. reduced industrial access to areas of Northern Canada caused by melting permafrost, and reduced agricultural yields in drought-stricken California), and health issues such as West Nile Virus and other diseases being contracted in new areas.

For 2010 alone, the global financial cost of private and public property and other damage associated with climate change has been estimated at \$591 billion. That number is expected to increase dramatically in the coming years. In Canada, the National Roundtable on the Environment and the Economy has estimated that climate change will cost \$5 billion annually

by 2020. Given these significant costs, attention will inevitably shift to the issue of compensation and liability. In short, who will pay for the costs and damages caused by climate change, as well as the necessary adaptive measures?

The idea that companies responsible for large-scale emissions of greenhouse gases might be responsible for financial losses associated with climate change is not new. Several lawsuits claiming compensation for climate change damages have already been filed in the United States. While these cases have encountered some problems—a common occurrence in new areas of litigation—recent developments in climate science, rising global damages and the lack of progress of international climate negotiations are spurring ever-greater interest in what this report refers to as climate damages litigation.

The report explores scenarios in which the legal landscape concerning climate damages litigation could suddenly and dramatically change.

Previous examinations of the issue have largely focused on existing national or sub-national laws in developed countries such as the United States or Canada. But climate change is a global problem, and nation-specific assessments of the potential for climate damages litigation could overlook the significant and growing risks posed to large-scale greenhouse gas producers from transnational lawsuits. These risks include the possibility that a judgment handed down by a court in one country could be enforced in the courts of another, including Canada.

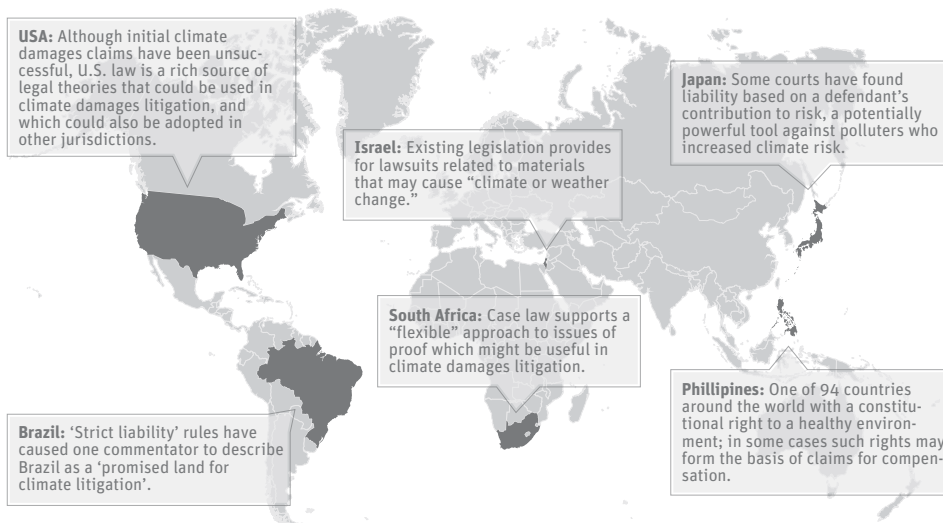
Current state of climate litigation

There is a spectrum of academic opinion concerning the prospects of climate damages litigation. Optimistic scholars argue that damage from climate change is not fundamentally different from other types of common law damages, and that the same legal concepts could be applied. Other scholars argue that climate damages litigation is too complicated or political to be considered by the courts.

The U.S. judiciary has not yet adopted a clear and consistent position on the matter. While some lower courts have accepted the argument that climate change damage is a “political question” unsuitable for judicial determination, higher courts have expressly suggested that litigation may remain open under the common law as it exists at the state level. Overall, it appears the U.S. judiciary has some concerns about their role in climate damages litigation; the courts have not ruled out the possibility of future damage awards against major greenhouse gas producers, but have signalled that action

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FIGURE 1 Some Promising Venues for Climate Damages Litigation



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Editorial

Safeguarding our Parliament



The CCPA's National Office is in downtown Ottawa, about ten blocks from Parliament Hill. On October 22, we were just putting the *Monitor* to bed, an editorial on the federal government's anticipated surplus nearly finished, when at about 9:50 a.m. Twitter lit up with news of shots fired and a wounded soldier at the War Memorial. (He would die in hospital shortly after.) The updates came in fast from journalists, bystanders and several MPs.

According to early reports, there was one confirmed shooter on the loose inside the Centre Block, with possibly two more roaming the city's business and political core. Two days earlier a man had run over two soldiers in Saint-Jean-sur-Richelieu, Quebec before he was pursued, shot and killed by police. By 9:57 a.m. on October 22 this second, apparently similar assailant was also dead. Though no one knew it at the time, there was no longer a danger to MPs or everyone else in the RCMP-enforced security zone who remained locked inside (or out of) their businesses, homes and cars into the evening.

Our offices were locked as well, though we could come and go, and for most of the day it was impossible to think about anything other than the events a few blocks away. A feeling of

dread set in and lingers as I write this on the morning after. Talking to friends and colleagues, I know I'm not alone in feeling this way. Possibly you had a similar reaction. The dread had as much to do with what had transpired as what was still to come, notably how the government would respond to what, absent evidence of strong links to terrorism, appeared to be criminal acts by desperate people.

The camaraderie (and hugs) in the House of Commons on October 23 was comforting in its unusualness. But it also masked the reality of a dysfunctional democracy—a perverse system where one party still holds an absolute majority, with plans to use that great power to rush through imposing new security and surveillance measures in an atmosphere where challenging those measures will be increasingly difficult.

According to news of the proposals, the Canadian Security Intelligence Service (CSIS) is to receive a greater international mandate and immunity for agents providing intelligence related to terrorism cases. This will make it even more difficult than it already is to test that intelligence information in court, compromising the rule of law. What

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HENNESSY'S INDEX

Good jobs | Bad jobs

112,000 – Number of private sector jobs that disappeared in Canada in August 2014.

87,000 – Number of newly self-employed Canadians in August 2014.

20% – How much less a self-employed Canadian earns, on average, compared to a "regular employee."

66% – Participation rate in Canada's labour market in August 2014—the worst it's been in 13 years.

22 – Percentage of low-paying jobs in Canada. By comparison, that's high among wealthy OECD nations.

\$27,800 – Median wage for individuals in Canada, meaning half of Canadians earn more than \$27,800 a year and half earn less. OECD analysts define a low-paying job as one that pays less than two-thirds of a country's median wage.

14 – Percentage decline in quality jobs in Canada since the late-1980s, according to the CIBC's Employment Quality Index. It's a reflection in the rise of part-time jobs and self-employment as well as lower pay.

2 – Number of provinces in Canada that haven't experienced a decline in quality jobs, according to the CIBC Employment Quality Index. That's right, only two: resource-rich Alberta and Saskatchewan.

\$15 – Hourly pay of the person serving your coffee over at Tim Horton's in Estevan, Saskatchewan.

28,800,000 – That's how many pounds of fertilizer it would take if the previous CEO of Potash Corp. of Saskatchewan had been given his \$6,565,611 compensation package in the form of fertilizer instead of cash and stock options.

\$11 – What the person pouring your coffee at the Baker's Dozen in Bowmanville, Ontario is earning an hour. In Ontario, that is the official minimum wage.

\$15 – The new federal minimum wage rate that the New Democrats will be campaigning on in the lead up to the 2015 federal election.

\$7,960,300 – Average compensation of Canada's 100 highest paid CEOs in 2012. Yeah, that's a lot of digits.

\$46,634 – Average wage in Canada in 2012. The country's 100 highest paid CEOs earned that much cash by 1:11 p.m. on the first official working day of the year.

Hennessy's Index is a monthly listing of numbers, compiled by the CCPA's Trish Hennessy, about Canada and its place in the world. For other months, and for source information for this month's index, visit www.policyalternatives.ca/index.

Conflicted in Gaza

In Harsha Walia's article, "Collective punishment of Gaza requires a collective response" (September 2014), she points out the ideological alignment between the settler-colonial treatment of our Indigenous people and that of other countries such as South Africa and Israel. This reminded me of what the 20th century's greatest conservative once said about Palestine.

Winston Churchill was a strong supporter of a Jewish state in Palestine and when asked, at the Peel Commission on the future of Palestine in 1937, what was to become of the Arab population, he replied: "I do not agree that the dog in a manger has the final right to the manger even though he may have lain there for a very long time. I do not admit that right. I do not admit, for instance, that a great wrong has been done to the Red Indians of America or the black people of Australia. I do not admit that wrong has been done to these people by the fact that a stronger race, a higher-grade race, a more worldly wise race to put it that way, has come in and taken their place."

Mr. Harper, it would seem, is doing no more than following in the ideological footsteps of his illustrious predecessor. It's all about higher- and lower-grade races.

Bill Longstaff, Calgary, Alta.

As usual, I am devouring the latest *Monitor*. However, I have a bone to pick on the less-than-thorough research done on "Collective Punishment of Gaza" (September 2014).

Was the author aware that one of the main reasons for Hamas's existence was and maybe still is the eradication of Israel? As well, there are other countries in the area that would like to see Israel and the Jews gone. This is not an excuse for Israel's horrendous behaviour when it comes to Palestine. But I think the author should have put this whole complicated mess in context, including the thousands of years of persecution of Jews.

Then there are the pogroms, the Holocaust, Canada refusing to take in any Jews during the Second World War, the creation of Israel in 1947, which displaced many non-Jews, anti-Semitism that is still alive and well all over the world. If I were a Jew living in Israel right now, I'd have to work hard not to be pretty damn paranoid about my country's survival. However, I hope that I would understand that persecuting Palestinians and occupying Gaza is not the answer.

Sandra Head, Burnaby, B.C.

It is indeed a tragedy that the citizens of Gaza have endured so much bloodshed and so much destruction of their homes and public buildings. However, I read nothing in this article about the constant barrage of rockets that rained down on Israel during this time—the reason for the heavy response. Nor was there acknowledgement that populated places were purposefully chosen by Hamas; they have no qualms about using their own people as human shields. Documentation to prove this assertion was also uncovered. (Israelis make sure that people have bomb shelters to run to.)

There was no mention of the sophisticated and well-equipped tunnels, dug to within metres of Israeli settlements, that also serve as secure places for elite fighters. Hamas makes no secret of its intention to wipe Israel off the map—it is written in their charter. Salient facts were left out of this article. We expect much better in depth coverage from the writers of the *CCPA Monitor*.

Fenja Brodo, Ottawa, Ont.

Tipping points

Cym Gomery writes of tipping points in the July–August issue of the *Monitor*. With reference to climate change, she says, "everyone wants to know when we will have reached the point of no return after which we cannot undo the damage we've done."

We've reached it. We've passed it. Some people, like James Hansen, say it happened six or seven years ago. Most climate scientists have agreed that the earth can sustain 350 parts per million of carbon dioxide in the atmosphere. We have just topped 400 ppm.

The only thing we can do now is to mitigate the rapidity with which climate changes alter our lives. Until more of us understand that, citizens will sit back complacently thinking, "We're not there yet so I needn't make radical changes to my lifestyle."

Marilyn McKim, Toronto, Ont.

Let patients decide what is dignified

We would like to take issue with a number of points in the article by Tarun Ghose in the October issue ("Time to move beyond the debate on assisted suicide"). The overall thrust of his article is that the debate about assisted suicide is a distraction from "the fundamental absence of adequate end-of-life care in Canada." No-one would disagree with him that we need much more and better access to palliative and hospice care, which is currently in very limited supply in this country, and that we should all be working to achieve this. We are confident that all Canadians would support this. However, Ghose goes beyond this, not just to call the battle for assisted suicide a distraction, but to say that "Physician-assisted suicide, or withdrawal of life support, are not acts of healing but harmful to patients." He offers no evidence for this statement. In fact, at another point in the article he contradicts this statement by pointing out the "increasing evidence that assisted death has been mostly unproblematic in those jurisdictions that allow some form of PAS."

The author's unwillingness to support the idea of assisted suicide seems to stem from his notion that we have no need for it if there is adequate end-of-life hospice care. He says: "Dying (or death) with dignity are emotionally charged code words that try

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A closer look at CETA

The CCPA has been following the Canada–European Union free trade negotiations since they began five years ago, putting out several reports, policy notes and opinion pieces, and travelling to Europe to address parliamentarians and civil society organizations on the risks in the proposed Comprehensive Economic and Trade Agreement (CETA). Several days before Canadian and EU leaders announced the official end of negotiations on September 26, the CCPA released a thorough analysis of the completed text, which had leaked publicly in August. *Making Sense of the CETA: An analysis of the final text of the Canada-European Union Comprehensive Economic and Trade Agreement*, edited by **Scott Sinclair, Stuart Trew** and **Hadrian Mertins-Kirkwood**, demonstrates in detail how the negotiated outcome is unbalanced, favouring large multinational corporations at the expense of consumers, the environment, and the greater public interest. Read more about it on Page 8.

Overcrowded prisons

While we may think of prison warehousing as a uniquely U.S. problem, it is increasingly the Canadian experience as well. A new CCPA–Saskatchewan study by **Dr. Jason Demers**, titled *Warehousing Prisoners in Saskatchewan: A Public Health Approach*, exposes the province as home to one of the most highly strained provincial prison systems in the country.

Saskatchewan prisons currently house “almost twice as many inmates as they were designed for,” says the study. To accommodate this crisis, prison classrooms, gymnasiums, workshops and visiting rooms are being converted into dormitories, and most of the province’s cells are being double-bunked, with triple-bunking a distinct possibility in the future. The effect of this overcrowding on the living conditions of inmates is alarming.

Pay gaps and living wages

Narrowing the Gap: The difference that public sector wages make, a new report



Michael Byers speaks to CBC’s Amanda Lang on October 9 about his new report with Andrew Gage on climate damages litigation (see cover article in this issue).

from the CCPA by **Kate McInturff** and **Paul Tulloch**, compares the wages of full-time public and private sector workers and finds significant gaps in the wages of women, Aboriginal workers and visible minority workers. Those gaps are bigger in the private sector in every instance. (See Page 6 for more surprising statistics.)

For example, university-educated Aboriginal workers make 44% less than their non-Aboriginal peers in the private sector. In the public sector, this wage gap shrinks to 14%. Higher rates of unionization, pay equity legislation, and more access to benefits such as paid parental leave, family leave and sick leave contribute to the lower levels of wage discrimination in the public sector.

Another report on worker compensation, *Dispelling Minimum Wage Mythology: The Minimum Wage and the Impact on Jobs in Canada, 1983–2012*, by **Jordan Brennan** and **Jim Stanford**, conducts a wide empirical study of Canadian employment data in search of any evidence that higher minimum wages reduce employment or increase unemployment. The authors examine the relationship between minimum wages and employment in all ten Canadian provinces between 1983 and 2012, finding no consistent evidence that minimum wage levels affect employment in either direction. Instead, their research concludes that employment levels are overwhelmingly determined by larger macroeconomic factors.


Finally, the idea of a living wage continues to gather support. In October,

CCPA–Ontario published a report on why \$16 per hour is Kitchener-Waterloo’s living wage. The report—the first for the region—explains how the calculation was arrived at by the **Waterloo Region Living Wage Steering Committee**. It is based on a methodology created by the CCPA that is being adopted in communities throughout Ontario and across Canada.

“Black dangerousness”

A timely new book from the CCPA’s Education Project challenges us to think deeply about the origins of racism in Canada, and the collusion of various social institutions in the perpetuation of the myth of ‘Black dangerousness.’

Based on the accumulation of data, theoretical perspectives and personal narratives, *The Dirty War*, by author **Charles C. Smith**, paints a chilling picture of life experiences and opportunities for young Black men in our current social, cultural, economic and political circumstances. In drawing from these sources, Smith conveys the persistent and intended violence and chaos in the lives of Black peoples. Copies of the book can be purchased for \$20 at policyalternatives.ca/dirty-war.

For blogs, reports, commentary and infographics from the CCPA’s national and provincial offices, visit www.policyalternatives.ca. You can also join the conversation on Facebook at www.facebook.com/policyalternatives and on Twitter by following us @ccpa. 

Much ado about nothing in Corporate Quebec report card

By Philippe Hurteau

For the fifth year running, the Conseil du patronat du Québec (Québec Employers Council) has honoured us with its “report card on prosperity.” Once again, the poor grade (C) creates the impression we are not doing enough to foster economic growth.

Taxation is obviously at the heart of the CPQ critique, as are the cost of employee salaries and strong union presence that set Québec apart from other Canadian provinces. This is not very surprising; the corporate lobby group has always put its own interests before those of the population as a whole.

What is surprising, however, is the alarmist tone of the publication. As it has become unfortunately common to hear, Québec is facing a demographic disaster. The time has come to make hard choices if we hope to ensure our long-term prosperity, or so this story goes.

I say unfortunately because the most recent data suggests we need to completely revise the catastrophist take on the demographics. Sure the population is getting older. Of course that brings about a certain number of challenges. But completely overthrowing Québec’s social model, giving tax breaks to the richest, lowering payroll taxes (e.g. pension and parental insurance plans, etc.) or reducing the influence of the big bad unions won’t change a thing.

The Institut de la statistique du Québec’s (ISQ) latest demographic predictions undermine the prevalent fear

mongering about an aging population. In 2003, fertility rate projections were at 1.5, now they’re at 1.65. Also in 2003, there were an estimated 28,000 new immigrants to the province annually but that number is now 44,000. Finally, the deficit in net interprovincial migration is also not as large as was expected ten years ago.

What does this mean? It means, quite simply, that all the fuss about the demographic crisis is much ado about nothing. In fact, the ISQ is continuously revising its demographic predictions upwards.

In this context, it is a bit surprising to see the Québec Employers Council still sounding the alarm. Unless, of course, the hysteria was and has always been but a pretence for attacking the model for redistributing wealth in the province.

Yves-Thomas Dorval, leader of the business council, may very well express surprise at the Québec people’s distrust of the business community. Let’s just say that if trust is the opposite of distrust, not basing one’s public statements on inaccurate data would be a good way to start rebuilding bridges.

Philippe Hurteau is completing his doctorate in political science at the University of Ottawa with a focus on state transformation under neoliberalism. This blog ran September 24 on the IRIS website (Institut de recherche et d’informations socio-économique) and was translated into English for the CCPA’s Behind the Numbers blog.

Public versus private wages: Where do you make more?

Q: Are you a woman?

A: You make 5% more in the public sector (but still 23% less than the guy next to you).

Q: Are you man?

A: You make 1.5% more in the private sector (where you also make 27% more than the gal sitting next to you).

Q: Do you have a university degree?

A: It depends. We need to ask a few more questions.

Q: Are you a man with a university degree?

A: You make 9% more in the private sector.

Q: Are you a woman?

A: You make 3% more in the public sector.

Q: Do you identify as Aboriginal?

A: You make 34% more in the public sector (but still 14% less than your non-aboriginal co-worker in that sector).

Q: Do you identify as a visible minority?

A: You make 7% more in the public sector (but still 12% less than your non-visible minority co-worker in that sector).

Q: Are you neither a visible minority nor Aboriginal?

A: You make the same amount in the public and the private sector (but in the private sector you make 44% more than your Aboriginal co-worker and 20% more than your visible minority co-worker).

Q: Are you under 25?

A: You make 5% more in the public sector (if you are a gal) and 8% more in the public sector (if you are a guy).

Q: Do you have a high school diploma but no further education?

A: You make 9% more in the public sector (if you are a gal) and 6% more in the public sector (if you are a guy).

Q: Who makes the most, and where?

A: University-educated men over the age of 55 working in the private sector earn top salaries, with an average of \$104,369 per year (8.3% more than they earn in the public sector).

Q: Who takes the biggest discount on their wages?

A: University-educated Aboriginal workers, working in the private sector, with an average salary of \$41,373—fully 44% lower than their non-Aboriginal co-workers in the private sector.

All statistics are for full-time, full-year wages and based on the 2011 National Household Survey for occupations that exist in both the public and private sectors. For a detailed analysis of these numbers, see the new report, Narrowing the Gap: The Difference that Public Sector Wages Make, by Kate McInturff and Paul Tulloch, available at www.policyalternatives.ca.

This is about more than keeping you organized – each month identifies and describes key dates in Canada's social justice history. Each day readers have an opportunity to explore how debates about equality, gender, environment, First Nations, labour, trade, and social programs shape our development and identity.

It's an accessible way to learn about the creation of key programs such as health care, paid maternity leave, and the Charter of Rights and Freedoms. Readers will also learn the history behind the underfunding and dismantling of other initiatives such as the Court Challenges Program, Status of Women, and the Kyoto Accord.

This is an innovative and original resource that provides an opportunity to remember our achievements (and where we need to keep working) on a daily basis while still being a functional – and beautifully illustrated – way to stay organized (and aware!).

The calendar – 48 pages packed with interesting historical facts and accessible story lines for each key date – will be available this fall for \$25 (plus shipping and GST) from the CCPA. Pick up one for yourself and another for a friend: it's guaranteed to change the way you look at our history and the debates and decisions that continue to shape it.



TO ORDER YOUR COPY or for more information on pricing for multiple orders, bulk orders and international shipping, please contact Melanie at 613.563.1341 x301 or ccpa@policyalternatives.ca or fill out and return this form to the Canadian Centre for Policy Alternatives @250ne Community, 500-251 Bank St. Ottawa, ON, K2P 1X3. Also available from our online bookstore at policyalternatives.ca

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We have the deal so where is the debate about Canada–EU free trade?

By Scott Sinclair and Stuart Trew

More than five years after the May 2009 launch of negotiations between Canada and the European Union toward a Comprehensive Economic and Trade Agreement (CETA), the federal government announced on August 5 that, “officials have reached a complete text, allowing translation and final legal review to commence.” A week later, on August 13, German broadcaster ARD leaked more than 500 pages of the Canada–EU agreement, followed the next day by an additional 1,000 pages of annexes. The Berlin-based digital rights group netzpolitik.org subsequently released some additional CETA texts, including tariff offers and side letters.

The leaks should have put an end to the years of unreasonable secrecy in the Canada–EU negotiations. They created an opportunity for politicians, the media and the public to debate what was said to be the most comprehensive free trade deal on either side of the Atlantic *before* it could be signed, since there would be no option of amending CETA after that point. Unfortunately, neither the Canadian government nor the European Commission was willing to publicly discuss the leaked text, despite its availability on multiple websites.

To try to crack this cone of silence, the CCPA sought expert analyses of the available text from members of the Trade and Investment Research Project. We compiled them in a new report, *Making Sense of the CETA*, and released it a few days before the September 26 Canada–EU summit in Ottawa. (The executive summary of that report is included after this article.) As widely predicted, Canadian Prime Minister Stephen Harper, President of the European Council Herman Van Rompuy and President of the European Commission Jose Manuel Barroso used this meeting to announce the formal close of negotiations. A 1,600-word official text, which did not differ in any notable way from the August leaks, was posted to the European Commission website the following day.

Take it or leave it

The commission declared that in releasing the CETA text it was demonstrating a new era of trade policy transparency. Normally, these agreements only become public in Europe once they have been “scrubbed” by trade lawyers and translated. But transparency this late in the game serves no purpose other than as a communications strategy. Both sides have committed to sign off on the final text before any meaningful public debate can possibly take place. This take-it-or-leave-it approach leaves little room for the citizens of Canada or the EU to assess CETA’s potential impacts, let alone advocate for changes.

While the European Commission and the Canadian federal government may consider the CETA debate to be closed now that the text is finalized, others still insist on having their say. The final text includes a controversial investor–state dispute settlement (ISDS) mechanism that a large bloc of parties in



Talk to the hand: Van Rompuy, Harper and Barroso step off a plane in Toronto before meeting business leaders to discuss CETA.
(Photo taken from www.pm.gc.ca)

the European Parliament, which has a veto over the deal, has indicated it will reject. Many of Europe’s 28 member states, which will have to individually ratify the agreement, also have serious misgivings about ISDS. Germany, for example, continues to express its intention to block the pact unless these investment rules are withdrawn while Commissioner De Gucht insists, “If the negotiations are reopened, the deal is dead.” It’s a gamble that could backfire for the Commission, as it did in 2012 when the European Parliament voted against the Anti-Counterfeiting Trade Agreement (ACTA). Then, as now, the issue was a lack of mutual trust and consultation between Europe’s governing bodies.

There is also shrinking trust between these institutions and the European public. On October 11, civil society groups, trade unions, farmers and others from across Europe held a “day of action” against CETA, the Transatlantic Trade and Investment Partnership negotiations between the EU and the United States, and a Trade in Services Agreement being negotiated very quietly among a handful of WTO members, including Canada (see the report “TISA versus Public Services” on the CCPA website). Thousands of people took to the streets, organizing 1,100 actions in 22 EU member states.

These actions coincided with the re-launch, on October 7, of a European Citizens Initiative petition calling for an end to the CETA and TTIP negotiations while a new European approach to trade can be developed with public input. The European Commission rejected an earlier petition against these deals in July—a move the initiative’s 230 organizational backers are challenging before the European Court of Justice. (Ed. note: The new petition had been signed by more than 612,000 when the *Monitor* went to print.)



October 11 day of action against TTIP and CETA in London, U.K.

(Photo by Fanny Malinen)

Canadian concerns

The federal government and CETA's major corporate backers in Canada might see all of this as a purely European problem. Support for Canada–EU free trade remains high in polls, though it's uncertain whether trade deals sway electors one way or another. Still, there is significant unease in Canada among the public and government that could still get in the way of CETA's ratification.

Major Canadian provinces are concerned about the fiscal impacts of extended patent protection for medicines that could increase the cost of drugs by up to \$1 billion annually. Even if the federal government agrees to and honours a commitment to bear the brunt of any increase in health care costs from changes to Canada's intellectual property rights regime, this simply means that taxpayers would pay at the federal rather than the provincial level. And it is all being done to boost the profits of the brand name pharmaceutical industry.

Many Canadian municipal governments remain deeply dissatisfied with restrictions in CETA on their purchasing authority. On September 29, the Federation of Canadian Municipalities gave its blessing to the final agreement.

But given the procurement chapter's coverage of renewable energy, mass transit and local food, it is arguable whether all the FCM's conditions to the federal government were met—notably that the deal should exempt strategic sectors and allow for the preferential treatment of Canadian companies “within reason.” Cities such as Toronto and Victoria, which have stronger opinions than the FCM on the use of local content in public procurement, may still affect the municipal debate about CETA.

Finally, the influence of grassroots citizens' movements should not be discounted. As already highlighted, the TTIP negotiations between the EU and the U.S. have galvanized European public opposition to investor–state dispute settlement, further trade treaty restrictions on public interest domestic regulation, and further trade treaty inroads into food security and food safety. The CETA text is final but the ratification process will be long enough for similar public opposition to grow in Canada. What the federal government now considers to be proof of its sound economic management credentials could eventually become a symbol of a bias towards corporate interests over the broader public interest,

and the use of anti-democratic means to force controversial policy changes onto unsuspecting Canadians.

Scott Sinclair is the director of the CCPA's Trade and Investment Research Project and the co-editor, with Stuart Trew and Hadrian Mertins-Kirkwood, of the report, Making Sense of the CETA, which is available for download at www.policyalternatives.ca.

* * *

Summary of key findings

Making Sense of the CETA represents the first, most comprehensive analysis of the completed Canada–EU CETA to date. It is intended to offer insight into a number of the most important and contentious elements of the agreement. As all the many and varied contributions to our analysis of CETA make clear, this treaty is about much more than trade. It is a sweeping constitutional-style document that affects many matters only loosely related to trade, including investor rights, intellectual property protection for pharmaceuticals, government procurement, buy-local food policies, public interest and financial regulation, the temporary movement of workers,

domestic regulation and public services, to name just a few of the topics explored in this analysis.

Investment

CETA contains an investment protection chapter and accompanying investor–state dispute settlement mechanism (ISDS), which together give foreign corporations the right to seek compensation from governments, outside of the regular court system, for measures that may hurt the value of an investment. ISDS is controversial globally for its increased use by investors to challenge environmental protection measures, public health regulations and other public interest legislation. Under similar investment protections in NAFTA, Canada has already paid out more than \$170 million in damages and is facing billions of dollars in current ISDS claims related to resource management, energy and pharmaceutical patents.

CETA's financial services chapter will hamper financial regulators charged with protecting consumers and the overall stability of the financial system. Foreign investors have broader rights to challenge financial regulations through ISDS. A "prudential carve-out" does insulate "reasonable" financial regulation from challenge, but this protection is both procedurally and substantively weaker than what is found in NAFTA. CETA also restricts certain non-discriminatory financial regulations, such as limits on the size of firms or the growth of risky financial instruments.

Public Procurement

Canada has agreed to cover almost all public procurement by provincial, municipal and MASH sector entities, and by Crown corporations, significantly expanding commitments recently made in the WTO Agreement on Government Procurement.

Covered public entities will be prohibited from applying local content or local training requirements on purchases of goods, services or construction projects over certain low thresholds, from setting aside a portion of spending for local businesses or social enterprises, or from otherwise using public procurement for local development objectives.

Regional development exceptions from previous Canadian trade agreements have been watered down to satisfy EU demands for unconditional access to Canadian procurement markets. These exceptions will only apply to projects in some provinces that cost less than \$1 million, are not federally funded, and do not encourage development in an urban centre.

Public Services

CETA provides multiple grounds for public services to be challenged. The agreement locks in current and all future privatizations and could discourage governments from introducing new public services.

Existing liberalization and deregulation of postal services in Canada will be frozen by an inadequate Annex I reservation for existing non-conforming measures, giving future governments little room to reverse this deregulation or expand postal services into new areas.

The negative list approach adopted in CETA means all public services are covered by these provisions unless explicitly carved out by negotiators. The "list it or lose it" character of these commitments is a high-stakes gamble with public services.

CETA adopts the inadequate protections for public services in other trade agreements and compounds the threat to public services by extending the scope of the agreement to new areas.

Regulation

CETA imposes new obligations on governments in Canada and the EU that will restrict their ability to regulate. Certain types of non-discriminatory regulations are restricted by the agreement, even though they are unrelated to trade.

CETA imposes requirements on governments to provide corporations with licensing procedures that are "as simple as possible" and do not "unduly complicate or delay" their activities. The public interest in thorough assessments will be sacrificed to the benefit of corporations in construction, mining, oil and gas, and other sectors where applications often invoke public opposition.

CETA includes a regulatory co-operation process that will further tie the hands of governments by requiring them to consult with foreign governments and investors before instituting new trade-related regulations. The process will be housed in a new body, the Regulatory Co-operation Forum, which is only vaguely defined and appears open to the direct influence of corporate lobbyists.

Negotiators failed to include a general exemption for culture in CETA. The cultural exemption is limited to five of CETA's nearly three-dozen chapters. This exemption is weaker for the EU than it is for Canada.

Intellectual Property Rights

The changes to Canadian patent protection for pharmaceuticals required by CETA will delay the availability of cheaper, effective generic drugs, driving up health care costs for Canadians. The additional cost of extended patents is estimated at \$850 million annually, or 7% of total annual costs for patented drugs.

CETA expands protections for European geographical indications (GIs). These provisions will prevent Canadian companies from using dozens of specific food names, especially for wines and cheeses.

Most of the initial, aggressive EU demands on copyright and related rights have been withdrawn from the final CETA text, which is broadly consistent with Canada's Copyright Modernization Act. While not perfect, the Act strikes an important balance between the rights of creators to protect and benefit from their works, and the rights of users to access copyrighted materials for non-commercial purposes, including personal use, education and research.

Trade, Tariffs and Transport

Official projections acknowledge that tariff elimination under CETA will increase Canada's substantial bilateral trade deficit with the EU. CETA can also be expected to deepen Canada's disproportionate reliance on exports from extractive industries such as mining and oil and gas, while higher-value-added manufacturing contributes a smaller portion of exports.

European-made vehicles will gain a 6.1% price advantage as a result of ending Canadian tariffs on automotive trade. The existing large trade imbalance in this strategic industry will get wider with negative implications for the Canadian

industry, which is still struggling to recover from the devastating impacts of the last decade. The 2013 market share for European-made vehicles in Canada was at least 100 times larger than the market share of Canadian-made vehicles in Europe. To the extent that companies producing vehicles in Canada experience greater sales in Europe, they are likely to meet that demand from European facilities, not Canadian plants.

CETA would change the Coasting Trading Act to weaken existing Canadian cabotage laws, which currently stipulate that all ships conducting shipping between Canadian ports must be flagged in Canada with crews trained and certified in Canada. The agreement does not appear to dramatically alter the provisions of the 2009 Air Transport Agreement, which largely liberalized air transportation between Canada and the EU.

Agriculture and Food Sovereignty

Despite official claims, CETA is unlikely to result in significant increases of beef or pork exports from Canada to Europe, since the EU is itself a major exporter of both products. The agreement will almost certainly lead to greater cheese imports from the EU, through a near-doubling of quota for EU cheese

exports. It is estimated that this will cost Canadian dairy farmers 4% of the domestic cheese market.

Expanded intellectual property rights for multinational seed companies will increase seed costs and undermine farmers' autonomy.

CETA threatens food sovereignty by increasing the likelihood that buy-local food purchasing programs at the provincial and municipal level will be curtailed because they violate the agreement's procurement obligations. Canada could have reserved the right of hospitals, municipalities and other public bodies to adopt minimum local food requirements in publicly run buildings but failed to do so.

Workers and the Environment

CETA will give new rights to corporations to move certain categories of workers across borders. These workers are exempt from economic needs tests and other measures designed to ensure a strong and stable domestic labour market.

Although CETA contains language on workers' rights, it does not include an effective enforcement mechanism to ensure that workers' rights are respected.

The investor-state dispute settlement mechanism and other deregulatory rules in CETA threaten existing and future environmental regulations. The agreement contains a

chapter on sustainable development, but like the labour chapter its language is aspirational and not enforceable.

With limited exceptions, CETA treats water as any other tradable good, and the delivery of water as it does any other commercial service. After considerable public pressure to exclude water services from the agreement, Canada and the EU have taken broad Annex II reservations for market access and national treatment obligations with respect to the collection, purification and distribution of water. These reservations give governments the authority to restore public monopolies, where water privatization has failed, but foreign investors can still challenge this decision under the fair and equitable treatment and the expropriation provisions of the investment chapter. The CETA does not provide adequate protection for what should be a universal right: affordable, publicly delivered water and sanitation services.

* * *
Additional and more in-depth analyses on specific chapters and their potential consequences will be needed as CETA makes its way through the ratification process in both Europe and Canada, a process which is not expected to be completed before 2016 at the earliest.

—Taken from the executive summary of **Making Sense of the CETA**

EU weakens climate policy for trade deals

The European Commission announced on October 7 that it plans to implement a watered down version of the Fuel Quality Directive (FQD) that will not restrict the importation of dirty fuels, such as those originating from the Alberta tar sands, as originally planned in the climate legislation. The FQD seeks to reduce greenhouse gas emissions from transport fuels by 6% by 2020.

"The commission has recognized the highly polluting nature of tar sands but is going to let this climate killer be used by European oil companies with no penalty at all," said Colin Roche, extractives campaigner with Friends of the Earth Europe (FOEE). "The commission has clearly seen the problem but, under heavy pressure from the oil industry and the Canadian and U.S. governments, chosen not to act on it."

According to the organization, tar sands-derived oil is responsible for three to five times more climate changing emissions than conventional fossil fuels. The first delivery of Canadian tar sands oil to Europe arrived in June this year. (CBC reported at the end of September that up to 30 tankers carrying diluted bitumen from Alberta are expected

to leave from the Quebec port of Sorel-Tracy on the St. Lawrence River each year.)

Under the watered down FQD proposal from the European Commission, tar sands-derived oil will be treated the same as conventional oil if companies report how they are otherwise meeting the emissions reduction target. "This is despite a projected influx of tar sands equivalent to adding an extra six million cars to Europe's roads by 2020," explained FOEE.

"Clearly the commission has sold out Europe's climate policy by putting the trade talks ahead of the protection of the planet. With just over a year to go before crucial climate talks in Paris the EU should be acting decisively on climate change, not watering down its own policies in the face of the fossil fuel industry lobby," said Roche.

FOEE is calling on European member states to address the tar sands blind spot in EU climate policy, and to ensure measures to decarbonize commercial transportation are totally excluded from a "2030 package" of plans to tackle climate change, as also proposed by the commission.

—The Monitor

Why trade matters to everyone (but not for the reasons you might think)

by Amy Wood

The WTO Public Forum in Geneva is an annual event bringing together civil society, unions, academics and member states to discuss pressing issues facing the global trade system—issues that are typically excluded from the narrow negotiating agenda at the WTO’s Ministerial Conferences where agreements are made (or not, considering the stagnation of the current Doha Round of trade talks).

Topics at this year’s forum, which took place October 1-3, included Africa’s development, global value chains, sustainable development, the significance of regional trade agreements and the ubiquitous investor-state dispute settlement (ISDS) mechanism. The title of the event was “Why trade matters to everyone,” but the unspoken overarching theme was why the *World Trade Organization* matters amidst renewed skepticism of its relevance.

The opening plenary captured the sentiment that trade is necessary for development and economic growth but acknowledged how inequalities between states, widespread poverty, food insecurity, environmental degradation and other factors inhibit people from realizing the benefits of trade. More important, though, was what was not said: the WTO is slipping in its position as the arbiter on international trade, leaving a gap in who has the capacity to effectively address these issues within the context of proliferating free trade agreements (FTAs). Although the WTO as an institution will remain important, in particular as the main arbitration point for trade disputes and through the provision of technical support to developing countries, it must fundamentally rethink its structure and function given the current trade governance landscape.

Significantly, that will mean coming to terms with the emergence of “mega-regional” FTAs that call for deep integration between key players in the global economy. These agreements exclude many developing countries, seek unprecedented levels of liberalization, and afford a disconcerting swath of rights to corporate entities. The laundry list of new agreements includes the Canada–EU Comprehensive Economic and Trade Agreement (CETA), International Trade in Services Agreement (TISA), Transatlantic Trade and Investment Partnership between the EU and United States (TTIP) and the 12-country Trans-Pacific Partnership (TPP), all of which have major implications for Canadians and the Canadian economy.

Paradoxically, while the WTO Public Forum participants were preoccupied with this tangle of new plurilateral agreements, the organization can do very little about it. WTO member states continue to cut corners to accelerate integration and liberalization, leaving an NGO community increasingly exasperated. The result is an annual exchange of entrenched and well-rehearsed positions rather than a genuine dialogue about the issues facing the trade community.


Canada’s contribution to the forum was pronouncedly in the area of agriculture. Ron Bonnett, president of the Canadian Federation of Agriculture, spoke about the importance of family farms and access to trade for farmers. Jennifer Clapp, professor at the University of Waterloo, spoke about the ill-suited nature of comparative advantage theory as an economic paradigm for food security. A common thread in both panels was how trade rules in developed countries have global implications, leading to heated debate on the politically sensitive subject of domestic supports in agriculture (e.g. subsidies). The recently concluded CETA also got a lot of attention, but not solely for its impact on Canada or the EU.

That is because CETA will have an adverse effect on developing countries around the world. It will do this by setting a blueprint for both the larger TTIP and likely all subsequent free trade agreements between rich countries and the developing world. That will mean increases in the costs of generic drugs, constrained policy space for regulation, impeded regional economic development programs, prohibitions on domestic preferences in public procurement (including local food purchasing for municipalities), and rights for investors.

Combined with the Trans Pacific Partnership, CETA thus casts a long shadow over the prospects of an inclusive trade regime that is responsive to the needs of developing countries, as well as to sustainable development, environmental concerns and public policy. Where participants in the WTO Public Forum wanted to see the WTO reformed to accommodate these goals, the new trade rules in CETA and other plurilateral agreements will continue to be exported around the world under the logic of integration and trade liberalization.

So what can be done? Globally, citizens are waking up to the threat of the new free trade agreements, and there is increasing cross-continental opposition to the TPP, TTIP/CETA and TISA. If negotiators fail to conclude these agreements, the conversation on trade may return to the relatively more inclusive and accountable WTO.

On the other hand, the conclusion of even one of these groundbreaking plurilateral FTAs might lead to a cascade effect, precipitating the others. If this is the case, the prospects for a more equitable trade system are dim. The WTO will sit on the sidelines as the world’s key state and corporate players draw the rules of a new global trading system, with fundamental public goods hanging in the balance.

Amy Wood is a master of arts candidate at the Balsillie School of International Affairs and a research assistant at CCPA. Her research engages the relationships between trade, gender, food security and agriculture. 

A living wage lifts workers and the economy

By Kirsten Bernas and Lynne Fernandez

As of October, minimum wage earners in Manitoba will earn \$10.70 per hour—just over \$20,800 annually. This leaves a family of four, with both parents working, with an income that is more than \$1,500 below the poverty line. Single parent families are worse off, with incomes that are more than \$8,000 short.

It is widely agreed that a job can be the best pathway out of poverty. But this is only true if wages meet basic needs.

Approximately 38,600 Manitobans work for minimum wage and they are not just teenagers looking to earn extra cash. The majority are over the age of 20 and nearly half work for companies with more than 500 employees. Given that so many minimum wage earners are adults, we need to ask why our minimum wage does not provide a sufficient income to raise a family.

The inadequacy of the minimum wage is further demonstrated when it is compared to the living wage, calculated to be just over \$14 per hour in Winnipeg. This living wage enables a family of four, with two working parents, to meet its basic needs. It is based on the actual costs of living in Winnipeg. The living wage for a single parent family is even higher.

The living wage is based on a bare-bones budget without the extras many of us take for granted. Costs considered include food, clothing, rent, transportation, child care, health care, adult education, some household expenses and a small emergency fund. It does not include interest payments, retirement savings, homeownership, savings for children's education, or the costs of caring for a disabled, ill, or elderly family member.

The Manitoba government has been making regular incremental increases to the minimum wage, although it is a long way to go before all minimum wage families can live above the poverty line. Poverty line wages do not build healthy communities and stimulate the economy. The government should take

more aggressive action to close the gap between the minimum wage and the living wage.

Critics will argue that higher-than-inflation increases are excessive. But given the minimum wage is so inadequate, we need these increases to make the minimum wage a living wage.

Even so, the \$14 living wage for a family of four is still not high enough to bring the 2,300 minimum-wage, single-parent families in Manitoba above the poverty line. Stronger social policies and programs that benefit single-parent families with low incomes can help fill the gap by shifting certain costs off the shoulders of families. For example, a universal provincial child care program would substantially lower the wage single-parent families need to meet their needs (see Erika Shaker's article on Page 15.)

In addition to more generous increases in the minimum wage and stronger social programs, the provincial government and City of Winnipeg should adopt a living wage policy that ensures their own employees, and those of the businesses they contract with, are paid the living wage. Jurisdictions across the world have begun to implement living wage policies with New Westminster, B.C. being the first in Canada.

Employers can also demonstrate leadership by paying the living wage now. Living wage employers such as KMPG and Deloitte in the U.K., and Assiniboine Credit Union and Vancity Credit Union in Canada, can benefit from decreases in absenteeism, higher worker productivity and better worker retention.

It should be noted that substantive minimum wage increases and living wage policies are much more effective at decreasing poverty than increasing


the personal income tax exemption, an approach perennially advocated for by business.

For example, Manitoba Federation of Labour calculations show that a \$1,000 increase in the basic personal tax exemption would save a minimum wage worker \$108, whereas a 50-cent increase to the minimum wage would improve the worker's annual income by \$1,040 per year.

Furthermore, the increase in the basic personal income tax exemption would apply to all Manitobans, rich or poor. This and other 'fixes' to our tax system proposed by business would remove millions of dollars from

revenues needed to pay for social programs and income transfers that help close the affordability gap low-income Manitobans face as a result of an inadequate minimum wage. Our tax system does not need to be fixed—the net income of Manitoba's lowest-income earners increases as a result of our tax and transfer system.

Business will always resist minimum wage increases arguing they lead to job losses. But the most robust economic studies show the net benefits to low-income workers and the economy are far greater than any temporary job losses that might result from increasing the minimum wage. Closing the gap between the minimum wage and the living wage is a win-win strategy that provides income security for Manitoban families while stimulating our economy.

Kirsten Bernas is a researcher with the Canadian Community Economic Development Network and Lynne Fernandez holds the Errol Black Chair in Labour Studies at the Canadian Centre for Policy Alternatives—Manitoba. This article is taken from the CCPA—Manitoba's Policy Fix website. 

“Corporate Social Responsibility” is a crock

By Larry Haiven

Back when I was in the MBA program at the University of Alberta in 1984, a wily professor put the cat among the pigeons. He asked us students to consider whether corporations should forget about charity and good works and simply... pay their taxes.

Businesses, he argued, were good at making money, not social welfare. The difficult decisions on which groups of needy citizens—domestic and foreign—to help out are best left to elected officials (who could be turfed at the next election if we didn’t like their actions.) And, in the field of making life better for those in great need, governments employ people who actually know what they are doing.

As I recall, the suggestion met with considerable support among my fellow business students. We were a pretty perceptive bunch back then.

What a long way we’ve come. Now business schools fall over themselves for kudos in teaching “corporate social responsibility.” And corporations have nearly all jumped on the bandwagon.

I’m sorry to rain on their parade, but I think we had it right thirty years ago.

In retrospect we were living in a fool’s paradise. Because the slashing of corporate tax rates was soon to follow. And that has made all the difference.

In 1984, the very year I was in business school, the federal corporate income tax rate was 47.6%. Today it is 15%. The greatest cut occurred in 2000, when it dropped from 29.1% to the current rate.

The CCPA’s Alternative Federal Budget estimates, very conservatively, that every percentage point increase in the general corporate tax rate would net the federal government \$1.4 billion. (This takes into account tax shifting, and economic and behavioural responses.) From that figure, we get another conservative estimate that by cutting corporate income taxes in all those years the federal government has foregone about \$400 billion in revenues.

And that’s just the federal government. The provinces, too, charge corporate income tax and most have cut those rates in the past decades. It’s not going too far out on a limb to suggest that governments across the country may have given up over half a trillion dollars in revenue from those tax holidays.

Now let’s consider how much money all of the corporations in Canada have spent in “corporate social responsibility” over the same period. That is a very difficult calculation to make. But corporations would have to be spending at least 10% of their profits on good works to even come close to how much they have gained in tax cut largesse.


But the group Imagine Canada, a non-profit promoter of corporate giving, estimates that the median contribution among larger corporations to “community investment initiatives” is

just 1% of profits—an infinitesimal part of what they have saved in corporate taxes. And that doesn’t include all the billions that the rich have saved in personal income taxes.

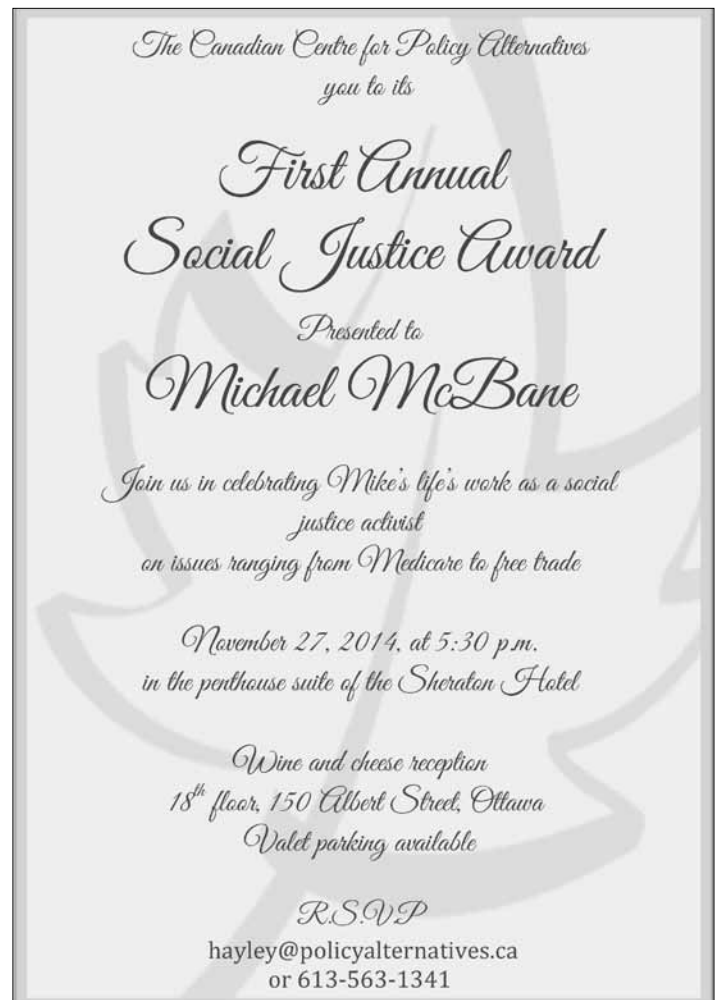
What could governments have achieved with only a small portion of those taxes foregone? A lot of “social responsibility,” that’s for sure.

How about smaller classroom sizes, help for indigent families, a national pharmacare program, a national daycare program, lower university tuition, more generous foreign aid, and swimming pools, rinks, parks and playgrounds, and on and on?

In short, all of the things that Canadian governments say they can now not afford, and that Canadian businesses don’t even come close to providing.

Larry Haiven is a professor at the Sobey School of Business at Saint Mary’s University and a research associate with the Canadian Centre for Policy Alternatives–Nova Scotia. A version of this blog was first posted on www.halifaxexaminer.ca. 

The CCPA’s Alternative Federal Budget estimates, very conservatively, that every percentage point increase in the general corporate tax rate would net the federal government \$1.4 billion.



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Canada's 1% says 'No thanks, we're good' to low-cost child care

By Erika Shaker

Some time ago, a solidly white-collar professional acquaintance of mine was temporarily laid off. She was concerned—maybe a bit embarrassed—but not too worried since she had good connections and an impressive CV. She even had some savings. But they certainly wouldn't last long. She still needed an income.

I asked her if she had applied for Employment Insurance yet, and she looked at me, shocked.

"I'd never go on EI—that's for people who really need it," she told me. "I've taken out a line of credit to tide me over."

A couple of things struck me. Like how behind my acquaintance's somewhat self-congratulatory belief she was helping the less fortunate was a thinly veiled disdain for the idea she might "need" to go on EI. (That she needed the money wasn't in question, of course, as she was perfectly willing to borrow, and pay it back, privately.) The implication is that public programs are great, *in theory*, but only for people with no "options."

Her reaction also betrayed a convenient amnesia, or perhaps her genuine lack of awareness, that we *all* pay for social programs through our taxes. We *all* own them and are all of us free to benefit from them when we need it. Our social programs are not just there as a low-rent "public option" that *certain* people can (or feel they should) avoid to "free up resources" for those who "really depend on them."

Unfortunately this incorrect mindset is sinking in. The story's got legs, in media parlance. Welcome to the kinder, gentler individualism, where poor-bashing is replaced with, well, let's call it poor-benevolence. It was repeatedly on display in mid-October when the federal NDP introduced its plan for \$15/day universal child care.

Of course, there were the usual neoliberal-anderthals ready to trash even the *possibility* of a long-promised universal child care program in online responses to the news. The combined elements of universality, the improved care and well-being of children, the reduction of gender inequality, the requirement of ongoing

public commitment, and the absence of an election-friendly tax cut was just too much for these people to handle. Here are a few gems:

"Here's a great daycare program that is easy to understand and everybody qualifies for. It's called 'You had them, you pay for them!' As well as its partner program 'If you can't afford kids then don't have them.'"

—*Unambiguously Juxtaposed*

"I already pay over \$1000 a year in school taxes for kids I don't have. The last thing I need is another tax to support someone else's kids. No thanks."

—*Bytown*

"Soon the NDP will expect everyone to food and house people with children to. Did anyone pay for my kids childcare. This is starting to be a disgusting conversation. If people have children its there job to take care of there kids, not the taxpayers. [sic]"

—*No more taxes*

The pundits were more careful. They were in fact deeply concerned—even offended—at how universal child care would (cue the indignation) benefit wealthy families, too. They were apparently unaware that "universal" means "everyone gets access," since our taxes, which reflect our income, pay for programs like schooling, health care... even the monthly payouts in the Conservative government's Universal Child Care Benefit.

Why, these forgetful voices asked, should we implement a "regressive" universal program where the rich benefit equally instead of targeting public funding to those who really need it? A hand-out, so to speak, instead of a hand-up?

Others expressed indignation at how a "one-size-fits-all" child care model would only help parents who

needed daycare from 9 to 5, Monday to Friday. The NDP hadn't actually specified the hours for which universal daycare would be available but this line was played out anyway in several places.


It was a rare showing of concern from certain media outlets for families forced to live economically insecure lives as a result of precarious, unpredictable unemployment. But the analysis didn't extend to an actual critique of the socio-economic realities in which these families live—they were merely rhetorical props to be harnessed as proof that universal didn't really mean universal.

One professor at Wilfred Laurier University wrote a particularly empathetic commentary in the *Globe and Mail* that can be summed up as follows: "Heavens! Don't 'give' me money—by which she meant 'in the form of a universal social program'—I don't need. I'm too well off and would just feel, you know, guilty. Please 'give' that money to someone who's really in need."

She wasn't opposed to early childhood education and care, you understand. Just to the idea that she, too, would benefit from a public program that helped provide it to everyone—even her well-off self.

Because why would someone who didn't immediately need or use a public program benefit from living in a society where others would have access to this same program, one that is proven to reduce financial inequality, provide support to parents struggling with precarious employment or unpredictable finances, enable women to enter or return to the workforce, employ child care workers, and put back more into the economy than in costs to establish?

It's a conundrum for sure. A great, big, public-sector-trashing, private-sector-fetishizing conundrum. Another excuse for neoliberals to bang the two-tier drum. But this time with, you know, the very best of intentions.

Erika Shaker is the CCPA's Education Director and the executive editor of the quarterly magazine *Our Schools / Our Selves*. 

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What's wrong with counting by hand?

By Nora Loreto

When Mike O'Neill admitted he is a federalist on CBC's *The Current* it shouldn't have been a surprise. He is a former Liberal Party staffer and strategist, after all. But his admission was during an interview on Scottish independence and his involvement with the Yes campaign.

O'Neill's company, First Contact, had been hired by the Yes campaign more than a year in advance to provide data-driven analysis to assess support and target voters. First Contact offers services that were once the sole domain of party activists: "Identification of voters...persuasion calling, GOTV, TeleForum™, automated polling, voice broadcasting, membership recruitment, live transfer calls and virtual call centre."

O'Neill was joined on *The Current* by Erin Kelly of Zero Pi, which offered data-analytics support for the Scottish Yes campaign. Zero Pi is already committed to work for a political party in the 2015 Canadian election. She declined to say which one.

All political parties use private companies like First Contact and Zero Pi. They have become ubiquitous during elections. When the Conservatives were embroiled in the robocalls scandal, did anyone question the involvement of Racknine beyond the tactics they employed? Apparently, the use of these companies is fine, as long as election laws are obeyed.

And that is a fair argument. In the digital era, private companies provide the building blocks of campaign DNA. New and innovative platforms, communications and PR firms, strategists and call centres: nearly all of the work of an election campaign could be outsourced.

This means that elections are more lucrative than ever before. While there's nothing new about professional campaigners who arrive for election time and disappear, increasingly parties are outsourcing the core operations of their campaigns.

Much of the excitement about campaigns that are "data-driven" is

no doubt a hangover from the 2008 Obama victory. The Liberals and New Democrats alike continue to salivate over the tactics employed in that Democratic campaign.

These tools are necessarily populist. They give campaign strategists great room to maneuver away from the core demands of a party's base. Voters must be thought of as individuals: what are the key words, the buzz themes and the "goodies" that we can promise to inch people toward our respective side?

Parties choose strategies that might win campaigns but that are deeply disenfranchising. These strategies see party members as donors rather than active and engaged members and citizens to whom candidates should remain accountable.

At the same time, people of all political stripes are calling for elections to become more automated. Outsourcing campaigning is part of a broader phenomenon where elections themselves are becoming more and more private.

Dominion Voting administered the recent New Brunswick election. The company made headlines when errors in file-transfer caused delays and concerns about the integrity of the vote. While it's unlikely the errors had an impact on the result, the fact that Elections New Brunswick has outsourced parts of its election to a private company must be scrutinized.

Allan Woods at the *Toronto Star* reported that at least a dozen Ontario municipalities are using Dominion Voting in the 2014 municipal election. In 2009, Iain Marlow reported in the same paper that that the firm had grown by 10,356% in the previous five years.

Dominion Voting, of course, is a for-profit corporation. They received \$67,800 from Elections Canada in 2010. While the contract between the firm and Laurentian Valley Township for the 2014 municipal election doesn't include the amount paid to Dominion Voting, senior technical staff are worth \$4,000 per day. The contract's worth is based on an undisclosed fixed amount multiplied by the number of electors, which in this

case is 8,800 people.

The contract also says that third party software may be used and that the Township consents to the terms and conditions of the third party. It doesn't list who these third parties might be or what their terms and conditions are.


As competent as Dominion Voting might be, it is deeply unsettling to know that elections, supposedly the cornerstone of Western democracy, are being outsourced to the private sector—for profit. There is no legitimate argument for doing this.

News about the use of Dominion Voting has barely triggered a public debate. We're comfortable outsourcing election administration because results come in faster. We're comfortable with the targeting of voters by agents-for-hire, loyal only to their paymasters, because it is more efficient.

We're comfortable only if we refuse to confront the fact that these changes fundamentally alter our institutions. But when put in context—when we think about widespread voter disengagement, low voter turnout, more cynical political strategists and even more cynical citizens—these trends should worry all of us.

During the night of the Scottish referendum, many Canadians expressed surprise with how the Scots were tallying the vote. Counting ballots *by hand* seemed so archaic.

But it isn't, and many Canadian elections are still administered by bureaucrats who have been hired to do just that. Like Canada Post, the CBC, public transit and public parks, it's in our collective best interest to ensure public services remain public. Especially when it comes to the administration of democracy.

Nora Loreto is a writer, musician and activist based in Québec City. She is the author of From Demonized to Organized: Building the New Union Movement (available for purchase on the CCPA website) and is the editor of the rabble.ca series Up! Canadian Labour Rising, where this article first appeared. 

A popular agenda for free expression

By Steve Anderson and Josh Tabish

Internet users around the world have come together to shape a new agenda for how we share and collaborate online. OpenMedia has just launched a study called *Our Digital Future: A Crowdsourced Agenda for Free Expression* that draws on input from over 300,000 people in 155 countries. Together with a broad network of civil society organizations and experts, these concerned citizens have weighed in on how we can create sensible copyright rules that support free expression in our digitally connected era.

Just recently, Canadians were reminded of the importance of shaping balanced copyright rules when it leaked that a self-serving federal government proposed to carve out a copyright exemption for political attack ads. Although copyright should never be used to stifle free political expression, every Canadian should benefit from sensible copyright rules, not just political parties.

It was an especially hypocritical proposal coming from a government that is actively driving forward secret Trans-Pacific Partnership (TPP) talks with the U.S. and ten other Asia-Pacific nations. In a recent piece for the *Monitor*, we outlined how the TPP includes draconian changes in copyright rules that would overwrite Canadian law, invade the privacy of Canadian Internet users, and force Canadian Internet service providers (ISPs) to act as online police, monitoring content and even removing entire websites.

We timed the launch of *Our Digital Future* to coincide with a crucial round of TPP negotiations in Canberra, Australia the week of October 20. Both U.S. President Obama and Australian Trade Minister Andrew Robb are saying they want a deal in place by the end of the year. Up to now, only industry lobbyists and government bureaucrats have had a voice in the negotiations.

That's why just over two years ago we embarked on a project to crowdsource a positive alternative to what the TPP was offering. The centrepiece of the project was an online tool that empowered over 40,000 participants to shape their own rules for sharing and collaborating online. Here are some of the recommendations they came up with:

Recommendation 1: Respect Creators. 67% of respondents in our crowdsourcing process wanted to see at least three-quarters of revenues from the sale of creative works go directly to artists and creators. They also desired new ways for creators to share their work, flexible exemptions from copyright rules, and a rich public domain. "These laws were originally put in place to protect the rights of the artist, yet in these days, it's only the producers/publishers/etc. that benefit," said U.S. resident LaTora Prince in their submission.

Recommendation 2: Prioritize Free Expression. Nearly three-quarters of respondents selected "free expression" as their top priority. Respondents proposed a four-pronged agenda for copyright, including preventing censorship, protecting fair use and fair dealing, promoting access and affordability, and creat-

ing clear rules to govern the sharing of knowledge and culture online. "On the Internet, free expression, creativity, education, public discourse and debate thrive like never before. The people of the world finally have a voice," said Chris from Sweden.

Recommendation 3: Embrace Democratic Process. Over 72% of respondents want copyright rules created through "a participatory multi-stakeholder process...that includes Internet users, creators, and copyright law experts." Respondents decried closed-door processes like the TPP, strongly preferring participatory, democratic and transparent forums. "I want a platform where citizens can vote on specifically worded issues, and vote on amendments to the specific wording. Popular decisions brought to lawmakers and become policy. A democracy that keeps up with communications technology," said Sean from Canada.


The contrast between what citizens want and what TPP negotiators are pushing forward couldn't be clearer. The powerful global institutions shaping the TPP are using anti-democratic tactics of exclusion and secrecy to ensure political disengagement on an agreement that will significantly impact our lives. These top-down bureaucracies and institutions eschew open and participatory public engagement on the issues, which extend well beyond "trade," in favour of backroom meetings with unelected and unaccountable lobbyists and bureaucrats.

The *Our Digital Future* report, and the community that built it, stand as a powerful counter to the top-down dynamics driving the TPP. And this is just one example of the potential for new open and participatory decision-making.

Consider the case of the Spanish Green Party, which used a new app called Agora to crowdsource votes on a transparency bill. Or the DemocracyOS platform, which is being used by Tunisian activists working to establish a new constitution. Once citizens take the initiative and come up with a positive vision, it makes it very difficult for politicians and decision-makers to ignore it.

People around the world are coming together to expose the illegitimacy of closed-door decision-making processes. These movements are demanding decision-makers abandon their regimes of secrecy, and embrace the open and participatory values of the Internet when it comes to shaping our collective future.

To learn more about what Internet users have to say about how we access knowledge and share culture in a digital age, we invite you to read the full report at <https://OpenMedia.org/DigitalFuture>.

Steve Anderson is the executive director of OpenMedia.ca, a community-based organization that safeguards the possibilities of the open Internet. Josh Tabish is the campaigns coordinator with OpenMedia.ca. 

2001–2014: The never-ending War on Terror

By Monia Mazigh

On October 6, a U.S. judge decided to make information public about the horrific force-feeding of Abu Wa'el Dhiab, a Guantanamo detainee. The news didn't make the headlines on CNN or Fox News. The treatment was not denounced over and over by every big or small Muslim organization, as they have done when it comes to the treatment of minorities and journalists by the Islamic State of Iraq and the Levant (ISIL). In some media outlets, the news was portrayed as a victory for transparency and government accountability.

Only a handful of journalists have dared to write about the suffering of this detainee. Why was he arrested in the first place and why was he never charged with any offence? How can the U.S. justify his incarceration in the Guantanamo military prison for more than 10 years? Perhaps he is only more collateral damage to add to the War on Terror that the U.S. has been conducting, each time under a new name, but always with disastrous consequences. Perhaps he is another inevitable casualty. Soon, he will be forgotten, as have many other casualties in this infinite, despicable war.

For the U.S., Guantanamo is a prison of another era. Or put differently, Guantanamo is a prison that was created for prisoners of the first "War on Terror." Today, its presence bothers the Americans more than it helps them. Guantanamo became an obsolete tool in a yet another "War on Terror."

Three successive wars

From 2001 to 2014, the Americans waged three successive Wars on Terror.

The first was started in 2001 by George W. Bush immediately after the events of 9/11. Then, the Americans were still testing the waters. First they used "methods" of conventional war. They sent troops on the ground. They captured prisoners of war; some were fighting with the Taliban, others with Al-Qaeda and many others were innocents who turned out to be in the wrong place. Abu Wa'el Dhiab was one of them.

The Americans tortured them and even invented a waterboarding technique to make prisoners speak. They force-fed prisoners who went on hunger strikes. They desecrated the Quran, they used dogs to scare some prisoners and even used female agents to sexually humiliate or "tempt" them. The U.S. and its allies considered these methods "legal" and "legitimate" as they were "cleaning" the world of Al-Qaeda terrorists. And of course, the majority of American people believed their politicians.

Between 2008 and 2012, the Americans got tired of George W. Bush. He became an embarrassment for the world and for the U.S., so they elected a new president. After all, the War on Terror conducted in Afghanistan and Iraq wasn't as successful as the politicians and military wanted people to believe.

The war was bringing home the bodies of soldiers killed overseas. The U.S. economy was suffering from an overstretched military engagement. This is where President Obama came into the picture. He promised to close the Guantanamo prison; he never did. He promised to get U.S. troops out of Iraq and Afghanistan; he did, but that is another story. He even stopped calling it the "War on Terror."

War by any other name

But what the majority of people didn't know is that Obama subtly started a second war. In his book, Jeremy Scahill calls it a "dirty war." Instead of capturing prisoners and sending them to Guantanamo, where one day they could become a liability for the U.S. administration, Obama and his advisers came up with a new war, one that is invisible to the eyes of the common people.

This lethal war was conducted behind the screens of remote controls in bunkers in the desert of Arizona, where military personnel guided drones from the comfort of their chairs to kill "terrorists" and their supporters. This war was conducted in Somalia, Yemen

and Pakistan.

U.S. officials even changed their way of counting the victims of their killing policy. "Militant" started to mean "all military-age males in a strike zone." That way, if a drone strike killed a militant and his friends and family, the "militant" casualties included everyone, so long as they were male. The reasoning here is so simple: the friend of my enemy is my enemy.

For four years, the second War on Terror became almost invisible until the chaos created by the first one came to haunt the U.S. again. The "new Iraq" the U.S. wanted to create imploded in three main zones: one controlled by the Shias, one by the Kurds, with whatever was left going to Sunni militants, soldiers of the old Baathist regime, and other marginalized groups. Thus, ISIL was born.

At first, the actions of ISIL didn't bother Obama much, and neither did the horrific killings of his own people in Syria by dictator Bashar al-Assad. The U.S. "tolerated" them. In fact, they kept them both in balance.

The third War on Terror

But when ISIL proclaimed itself a caliphate, and started beheading foreigners, the U.S. felt the need to wage its third War on Terror. This time, it seems that there would be no capturing of prisoners or killings with drones. The U.S. and its allies chose air bombings.

In public opinion, this third war is described as a war against a ruthless group. Fine. But what the U.S. administration fails to explain to Americans is why it doesn't wage a war on Saudi Arabia, another barbaric state that kills and tortures with total impunity.

Even stranger is that Saudi Arabia is a major ally in this war against the barbarians. It's as if there are degrees of barbarism: the classic variety, tolerated by the U.S., and Type 2 barbarism (a.k.a. barbarism lite) that must be denounced and fought with vigour.

This third war isn't really a war on

(Continued on Page 31)

(Climate litigation, continued from Page 1)

by other branches of government is to be preferred.

As a result of this judicial uncertainty in the United States, no climate damages case has yet been argued on its merits. When this does happen, courts will have to answer a series of questions concerning whether and how existing legal approaches arising from environmental, product liability and other mass tort litigation apply to damages caused by climate change.

International nature of climate change and climate litigation

Much of the commentary on climate change litigation has focussed on cases brought in the United States. It also assumes that lawsuits will be brought against greenhouse gas producers in their home countries. However, climate change is a global problem: emissions originate in every country, and the effects of emissions are experienced, to varying degrees, in every country.

The global nature of climate change raises the possibility of transnational litigation involving a climate victim suing greenhouse gas producers in his or her own country—even if the greenhouse gas producers are from other countries. Transnational litigation involves complex and inter-related questions about which country's courts should hear a case (jurisdiction), which country's laws should apply (choice of law), and which countries will enforce a judgement obtained in another country (recognition and enforcement).

Jurisdiction

In transnational litigation, there is a presumption that the courts of the place where a wrongful action (or "tort") took place have jurisdiction over compensation for the resulting harm. However, in the case of climate change, it should not be assumed that the tort took place in the location where the emissions were produced, as those emissions only caused damages in conjunction with global emissions. Instead, claims for climate damages could be brought in countries where the damages are suffered. Indeed, improvements in climate change science, the growing frequency of visible climate impacts and the lack of meaningful international action on climate change are making it increasingly likely that courts in countries suffering damage will assert jurisdiction.

Choice of law

After a court has asserted jurisdiction, it may be necessary to consider which country's laws apply. Although one might assume that a court will apply the laws of the country in which it is located, in transnational litigation courts may apply foreign laws instead.

In many jurisdictions, including Canada, the law to be applied is the law of the place where the tort (legal wrong) took place. But again, in climate damages litigation, there is a real question as to where the tort took place, meaning that the laws of the country where climate damages have been suffered might apply.

Recognition and enforcement of orders

Greenhouse gas producers might assume that damage awards

issued by courts in countries where they do not have assets pose little risk. However, in many countries around the world, once a court in a "foreign jurisdiction" has awarded damages the award may be recognized as a debt and enforced. As with the other aspects of transnational litigation, whether and how this occurs depends upon the laws of the individual country. Nevertheless, the existence of this possibility has serious consequences for greenhouse gas producers in developed countries like Canada, since it exposes them to climate damages litigation almost anywhere in the world.

Prospects for non-U.S. litigation

Once we recognize that courts in countries where climate damages occur may claim jurisdiction over compensation claims, the number of jurisdictions where such litigation could be potentially brought increases greatly. Several countries offer promising venues (see Figure 1), as their legal systems have features that are conducive to climate litigation. Examples include the possibility of lawsuits brought on the basis of constitutional or statutory rights, existing statutes that clarify or expand environmental liability for pollution of the atmosphere, and judicial precedents for awarding damages in cases where a defendant's actions increased risk to a plaintiff.

Climate compensation legislation

Most commentary on climate damages litigation assumes that liability will be based on current legal frameworks. However, as is illustrated by tobacco compensation legislation in several Canadian provinces, governments sometimes alter rules related to liability in response to new developments. Concerns about the rising costs of climate change could well prompt governments around the world to enact legislation clarifying uncertainty around climate liability, changing the rules for proving liability or even creating new causes of action.

Quantifying the liability risk

The potential liability risk borne by greenhouse gas producers depends upon many factors, including the rights of the plaintiffs, the nature of the claim and the type of defendant. For the sake of illustration, this report considers the total potential liability of five oil and gas companies currently trading on the Toronto Stock Exchange: EnCana, Suncor, Canadian Natural Resources (CNR), Talisman, and Husky.

To calculate the contribution of each Canadian company to the global costs of climate change, its percentage of global emissions from 1751–2010 is multiplied by the total global cost of climate change. As illustrated, the potential liability of each company is significant, ranging from \$295.6 million to \$709.6 million in 2010 alone, rising to between \$2.090 billion and \$5.015 billion annually in 2030 (see Table 1 on next page).

The same method is applied to calculate the contribution of these Canadian companies to the costs of climate change in a sample of representative developing countries impacted by climate change. In India, for example, the potential liability of each Canadian company is between \$37.8 million and \$90.8 million in 2010, rising to between \$297.9 million and \$714.9 million in 2030.

TABLE 1 Global Liability of Canadian Companies

Entity	Percentage of global emissions 1751–2010	Annual contribution to net costs/damages of climate change (2010 in Cdn Dollars)	Annual contribution to net costs/damages of climate change (2030 in 2010 Cdn Dollars)
EnCana	0.12%	\$709.6 million	\$5.015 billion
Suncor	0.10%	\$591.3 million	\$4.179 billion
CNR	0.07%	\$413.9 million	\$2.925 billion
Talisman	0.06%	\$354.8 million	\$2.507 billion
Husky	0.05%	\$295.6 million	\$2.090 billion

While the actual numbers could end up being lower or higher, this report provides a first attempt at quantifying the significant liabilities that Canadian greenhouse gas producing companies may be incurring globally.

Conclusion

The potential for climate damages litigation is global in scope. Cases could be brought in a large number of countries, under a wide range of legal theories, then enforced in Canada or other countries in which greenhouse gas producing companies have assets. As a result, these companies and their

shareholders are exposed to significant legal and financial risks—and these risks will only grow.

Although currently there may not be any single jurisdiction in which a climate damages award is imminent, the sheer number and diversity of venues, and means through which such litigation might be successful, suggest that civil liability is likely, particularly as the costs associated with climate change rise. The likelihood will only increase if, as also seems likely, countries severely impacted by climate change adopt legislation that removes legal hurdles to climate liability.

Increasingly, around the world, climate change is causing significant damage leading to demands for compensation. These demands, if not met through other means, will likely be addressed through climate damages litigation. Major greenhouse gas producers and their investors can manage this risk only by reducing their emissions, which may require moving away from fossil fuels, and by supporting efforts to conclude new international agreements that address climate liability, compensation demands, and emissions reductions in comprehensive and meaningful ways.

Andrew Gage is Staff Counsel and head of the Climate Change program at West Coast Environmental Law. Michael Byers is the Canada Research Chair in Global Politics and International Law at the University of British Columbia. Their report, Payback Time? What the Internationalization of Climate Litigation Could Mean for Canadian Oil and Gas Companies, was released by the CCPA on October 9 and is available at www.policyalternatives.ca.

Canada will not meet its emissions targets: audit

On October 8, Julie Gelfand released her first report as Commissioner of the Environment and Sustainable Development. As her predecessor had done in 2012, Gelfand warned that Canada “will not meet its international greenhouse gas 2020 emission reduction target”—a 17% reduction from 2005 levels—and “does not have an overall plan that maps out how Canada will achieve this target.”

Furthermore, the commissioner said: “Canadians have not been given the details about which regulations will be developed, when, nor what greenhouse gas reductions will be expected. Finally, the federal government has not provided the necessary co-ordination so that all levels of government, working together, can achieve the national target by 2020.”

The sustainability audit drew several opposition questions in the House of Commons, with Environment Minister Leona Aglukkaq responding that Canada’s emissions are lower than they were before the Conservatives took office in 2006. Prime Minister Stephen Harper even got involved, stating, “Under our government, we have lowered greenhouse gas emissions and, at the same time, been able to grow the economy.”

The Canadian Press tested these responses in an edition of its regular Baloney Meter, assigning a rating of “a little baloney,” or mostly accurate “but more information is required.”

The article quoted David McLaughlin, former head of the National Round Table on the Environment and the Economy, who said these and other recent federal statements

on emissions reductions are “a classic example of accuracy versus veracity.” In other words, it’s “accurate without being true—in the sense that it’s accurate the numbers show that, but it’s not true in showing we’re on a path to reducing overall emissions and to meet targets.”

McLaughlin explained the 2008 financial crisis and subsequent recession did more to lower Canadian emissions (by reducing demand for all goods, including Canadian resources) than any federal regulations. It is also due to the government’s unwillingness to go after major emitters while leaning on provincial success stories, for example Ontario’s elimination of coal power from its energy grid.

On launching her first report, Gelfand pointed out that “regulations in the oil and gas sector—where emissions are growing the fastest—are still not in place eight years after the government first indicated it would regulate this area.” There is also generally not enough consultation outside the oil and gas industry, she said.

“Given its commitment to be a world-class regulator, Environment Canada should publish its plans for future regulations to reduce greenhouse gas emissions, such as the oil and gas regulations, with sufficient detail and lead time, so that consultations with interested and affected parties can be transparent and broadly based, and the parties can plan effectively.”

—The Monitor

The staying power of unions

By Trish Hennessy

The spring air, typically redolent with a sense of hope and renewal, hung over Queen's Park in May 2014 like a menacing storm cloud ready to break into a twister.

Two years of rancorous, scandal-ridden minority government had collapsed. Writ dropped, Ontarians faced a stark political reality: the prospect of a hard-right Progressive Conservative leader intent on declaring outright war on the province's labour movement.

The right to collective bargaining was going on political trial.

If successful, the political contagion of a provincial government willing to pull out all the stops to break the power of Ontario's labour movement would have doubtlessly spread to other Canadian provinces.

For the labour movement, it had the feel of an existential crisis.

We all know how that story ended: the Progressive Conservatives were roundly defeated at the polls and the leader not only resigned but faced a virtual caucus revolt to push him out as fast as politically possible.

Another year in the life of Canada's labour movement. It's a movement that from day one had to fight to secure workers' rights. It's a movement that is constantly under trial, politically and at the bargaining table. It's a movement whose staying power depends on the strongly held belief that doing things together is better than going it alone.

No one ever handed unions an easy victory and no one likely ever will. Perhaps that is part of their staying power.

* * *

Steps from Queen's Park, there is a simple plaque commemorating a watershed moment for Canada's labour movement. In the spring of 1872, workers represented by the Toronto Typographical Union went on strike for the right to a nine-hour work day—three hours less than what was normal at the time. By mid-April, they were joined by 10,000 working-class supporters at Queen's Park. Solidarity in motion.

Some members of the strike committee did jail time. Some lost their jobs. But, eventually, there was a payoff. The Trade Union Act of 1872 legalized union activity in Canada. And after that strike of 1872, the fight for a shorter work week became a core focus of union negotiations. We've all benefited from that bargaining chip, whether we're unionized or not.

It has become cliché to thank unions for the eight-hour work week, but it did not come without sacrifice and struggle.

Those collective efforts have had staying power.

* * *

The labour movement found its stride marching to the heartbeat of the industrial revolution. The movement often sought to secure basic human rights for worker safety. But it also aimed to protect the fundamentals of the craft or the trade that a worker was plying, particularly following the deskilling efforts under Taylorism, which attempted to rationalize the breaking down of craft work into individual, repetitive tasks (as opposed to allowing a worker to, for instance, make a

chair from start to finish).

By 1889, back when Canada had royal commissions on emerging socio-economic issues, the plight of the exploited worker became a national concern. The federal government created a Royal Commission on the Relations of Labour and Capital—something that would be almost unthinkable in today's political zeitgeist. Given the rise of precarious work, it is possible a future government would revisit the issue.

Back in 1889, the commission reported that many workers were being injured on the job. They labored under oppressive working conditions. The solution? Government intervention to correct the excesses of capitalism.

But even a royal commission endorsement of workers' rights was small potatoes. It would take the courage of workers to act *en masse*, on behalf of all workers' rights. And that was only a few decades away.

Canada after the First World War wasn't exactly a haven for good jobs. There was high income inequality, high unemployment, high inflation and massive worker unrest. There were more than 400 strikes in Canada in 1919-20.

The flashpoint for resistance came in May 1919, when the Winnipeg Trades and Labour Council called for a general strike after negotiations broke down between building and metal trades workers and their employers. Within hours, more than 30,000 workers walked off the job. They closed the factories. They stopped the trains. The city ground to a standstill.

Many paid a price. Some strike leaders were convicted of trying to overthrow the government. A charge by RCMP officers resulted in many casualties and one death.

But the true staying power of the labour movement emerged from a decision among western Canadian unions to become "one big union" and try to reverse exploitative working conditions. Their point was not lost.

The royal commission that resulted from this disruption warned, "if Capital does not provide enough to assure Labour a contented existence...then the Government might find it necessary to step in and let the state do these things at the expense of Capital."

It took decades but eventually workers' rights took root in Canada.

* * *

In 1937, Canada was coming to grips with what had become the Great Depression, with the mass poverty and increasing social unrest it brought. It was also the year collective bargaining was officially recognized in Canada following a strike by the United Auto Workers at the General Motors plant in Oshawa.

There were good reasons the automobile became a symbol of hope and prosperity in North America. This was the middle-class dream: own your home, buy a car, and enjoy a modicum of job security in return for hard work, expertise and company loyalty. It was good for the company, it was good for capitalism, it was good for families.

In today's political climate, where some politicians deride the idea of job security in an attempt to score cheap political points,

and others make empty promises to help the middle class and working families, that history is readily forgotten—to our detriment. The promise of a vibrant middle class requires the same sensibility as a vibrant democracy: neither survives on mere autopilot. Complacency is a killer.

* * *

As I've written before on the CCPA's Behind the Numbers blog, unions can be a great equalizer in society. Before the 1950s, Canada didn't have a strong middle class. Income inequality was higher. The quality of life was not what it is today.

Unions and broadly shared prosperity go hand in hand. Economist Jordan Brennan's research (see "Labour unions in the 21st century?" in the September 2014 *Monitor*) shows that as union density grew modestly between 1910 and 1940, hourly earnings grew by 43%. But between 1940 and 1977, union density in Canada doubled and hourly earnings tripled. During this same period, as unionization was on its steady ascent, income inequality in Canada dropped.

Before the Second World War, the story in Canada was really one of the rich and the rest of us. But the rise of unionized workers in the 1950s, '60s and '70s really made a difference. That's when Canada got busy building its middle class, solidifying the notion that as the economy grew, prosperity should be shared.

Since 1977, income inequality has gotten worse, mirroring many of the trends in place before Canada's labour movement was fully entrenched. As union density declined after 1977 so did hourly earnings. It's a story that affects us all, whether we're among the lucky ones earning more than 90% of the rest of Canadians, or whether we're among Canada's most vulnerable.

It matters—unions matter—in several ways.

With the rise of the middle class came the ability of people to pool their tax contributions to pay for public services that benefit everyone. I was born a farm kid, with dim chances for a university education, for a life as a writer and researcher. But in 1965, the federal government promised to implement three public programs: universal public health care, public pensions to greatly reduce poverty among seniors, and affordable university tuition.

I was the first in my immediate



Photo of the Winnipeg General Strike from the Winnipeg Free Press archives.

family to go to university thanks to that policy decision. Canadian taxpayers had given themselves the ultimate gift: opportunity.

But yesterday's gains hold no ironclad promise for tomorrow's workers.

* * *

It has only been 68 years since Canadian political parties agreed to uphold one of the most important legal decisions affecting unionized workers. It is called the Rand Formula, a 1946 legal judgment granting workers the right to include a union dues clause in their collective bargaining agreements.

This right to expect all unionized workers to contribute, by way of dues, to the viability of a union is exactly what the Ontario Progressive Conservative leader was hoping to undermine in his bid for power. The Rand Formula articulates the ultimate expression of union solidarity. Everyone contributes, everyone benefits.

It is a principle of collective bargaining that is as relevant today as it was in the contested days of the industrial revolution.

* * *

The anti-union trope goes like this. During the industrial revolution, where exploitation of desperate blue-collar workers was rampant, unions served a purpose. They secured safer working conditions. But Canada has moved on. What, possibly, do educated white-collar workers have to gain from a union?

Fifty years ago, at the height of Canada's 'golden era' for the country's

rising middle class, a new union formed in Ontario. It wasn't a union of mechanics and labourers. It was a union of teachers, researchers and librarians under the banner of the Ontario Confederation of University Faculty Associations. It too, has shown staying power, bargaining for fair working terms for its members while trying to set a higher bar for public investment in an affordable, quality university system.

Unions are never about individual pay, though the premium is undeniable. They're also about setting the terms for better jobs, a condition critical to the longevity of the middle class.

Today, young academics find themselves completing their PhD studies only to land in an uncharitable work reality; one that is precarious, low-paying, the antithesis of the promise of a well-trained academic. No one is immune to workplace exploitation.

The challenges to collective action are constant and constantly changing. That's why unions are a great equalizer, a balancing act within capitalism, potentially even a game changer for something revolutionary. That is part of their tremendous staying power. It's why unions matter.

Trish Hennessy is the director of the Canadian Centre for Policy Alternatives—Ontario and a former employee with the Ontario Confederation of University Faculty Associations. This article originally appeared in the OCUFA magazine Academic Matters.

How the rhetoric and reality of privatization distorts education

By Steven J. Klees

Capitalism became a global force centuries ago. For most of that history, struggle and occasional government intervention has tempered some of its excesses, at least partially. In many countries, this struggle culminated in the nearly 50-year existence (from the 1930s to 1970s) of the welfare state. It was a period when government was seen by many to play a major, legitimate role in reigning in capitalism.

All that changed with the election of Margaret Thatcher in the U.K. (1979), Ronald Reagan in the U.S. (1980), and Helmut Kohl in West Germany (1982). Neoliberalism—a system in which government is maligned and business and the market reign supreme—has dominated ever since.

This ideology has had enormous, harmful consequences for public policy generally and for education in particular, where business, embedded in a market system, has been the driving force, no matter where you are in the world. We can see how by looking at the rhetoric and reality of neoliberal education policy.

Mismatch

Even before the neoliberal era, but certainly continuing today, educational failures have been blamed on a mismatch with the needs of business. Unemployment in particular is put at education's door with the argument that we are not teaching people what the economy needs them to know.

It is unfortunately true that many young people leave schools without the basic reading, writing and social skills necessary for work and life. But the mismatch argument is usually not about basic skills; it's about vocational skills. While superficially plausible, the idea of a mismatch here is not true for at least two reasons.

First, vocational skills, which are context specific, are best taught on the job. Second, unemployment is not a worker supply problem but a structural problem of capitalism. There are three billion or more unemployed or underemployed people on this planet not because they don't have the right skills but because full employment is neither a feature of capitalism nor one of its goals under neoliberalism.

Entrepreneurship

Periodically, and quite frequently of late, teaching entrepreneurship is offered up as a solution to education and employment problems. The idea was popular in development circles in the 1970s and 1980s, especially for its potential to connect education to jobs in the informal sector in developing countries.

In more recent decades, entrepreneurship training emerged with a focus on rural women, often tied to microfinance, and it is sometimes more broadly seen as an essential part of the primary and secondary school curriculum in developing countries, again as a route to jobs in the informal sector. Most recently, university curricula

in some developed countries, including Canada and the United States, have emphasized entrepreneurship to promote innovative employment.

But all this is simply the same failed labour supply approach embedded in the mismatch argument, only here it is even more problematic. Instead of using education to train people for existing jobs, as the mismatch camp argues it should, entrepreneurship is meant to prepare people for jobs that do not yet exist.

That kind of thinking is the result of our failure to make good on the promise of decent work. It substitutes hope and prayer for effective economic policy that creates employment.

Human capital theory and labour economics

Tied to both issues above, capitalist economics in the 1950s and earlier had a problem understanding labour. While the economic framework at the time centred on supply and demand by individuals and small firms, labour economics was more sociological, dealing with institutions (e.g. unions and large firms) and phenomena such as strikes, collective bargaining and public policy.

The advent of human capital theory in the 1960s took the sociology out of labour economics, focusing instead on the supply of and demand for individual workers, with an emphasis on supply. Education was seen as an investment in the individual qualities that made one more productive and employable. This was operationalized by measuring rates of return (RORs) based on different levels or types of education.

Unfortunately, these RORs had no legitimacy for two related reasons. First, in theory, economics is supposed to consider much more than income; focusing on it distorts the impact of different levels of education. Second, even accurately making that limited income-to-education connection is difficult since a person's income is affected by dozens of variables and there is no correct way to control for them.

Despite these failings, there is some truth to the supply version of human capital theory. However, that truth is partial at best and might be more empty than useful. For example, abilities such as literacy, numeracy, teamwork, problem solving, critical thinking and others can have a payoff in the job market but only in a context where such skills are valued.

The more useful and important question, too often ignored by human capital theorists, regards demand: how are we to create decent jobs that require valuable skills?

Under neoliberal doctrine government intervention should at best further human capital formation. Intervention for other purposes, including decent job creation, is anathema; the market is supposed to take care of the demand side. We have seen how spectacularly unsuccessful reliance on the market has been for creating decent employment.

Business does not only influence educational discourses; education itself has become big business, worth an estimated US\$50 billion worldwide.

Education and economic growth

Tied to the human capital argument (that education yields individual income and jobs) is a related, broader claim that education and other forms of human capital yield overall economic growth, thus providing some aggregate benefits to society. Unfortunately, this has also not proven to be a fruitful line of empirical inquiry.

The death knell for this research was sounded early, in 1970, when Mark Blaug, perhaps the pre-eminent economist of education, exposed the absurdity of empirical forays into the question. The basic problem is that Gross National Product (GNP) is the result of literally hundreds of variables. Our research methodologies have no way of controlling accurately for all of them in order to isolate the effect of just one variable, for example years of schooling. It is not that you can't get empirical estimates. You can: they are just not believable.

Since Blaug's analysis, a few economists have attempted to find the effects of education on GNP. Two foolhardy souls actually claimed to estimate the effect of having one additional textbook available, or one additional student in a class, on national economic performance. That such a tenuous connection can be estimated empirically is simply unbelievable.

Still, two intrepid economists, Eric Hanushek and Ludger Woessmann, recently published a few studies purporting that Blaug was wrong: we can empirically measure the effect of years of schooling, and moreover the quality of that schooling as measured by test scores, on GNP.

To me this is as farfetched as the textbook and class size examples above but it seems many people are unreflectively accepting the possibility. It has become commonplace to argue something like a 1% increase in education quality will get you a 1.3% increase in GNP, which is absurd.

The upshot is that these economic/business/market arguments further distort education and education policy. By continuing to privilege a narrow discourse about education and the economy, these studies are used to

market very narrow approaches to and measurements of educational quality while undermining other discourses, for example the idea that education is a basic human right and fundamental condition of participatory democracy.

Direct investment

Business does not only influence educational discourses; education itself has become big business, worth an estimated US\$50 billion (\$55.8 billion) worldwide. Private schooling continues to be a significant part of primary and secondary education around the world and, in the neoliberal era, an ever more significant part of post-secondary education.

Organizations like the International Finance Corporation (IFC), created by the World Bank Group in 1956 to invest in private companies in developing countries, grew precipitously in the neoliberal era. Education was initially a small area of investment but has grown to where the IFC in 2012 has over \$850 million in commitments.

Direct foreign investment in education has also been promoted through the World Trade Organization (WTO), mostly through the General Agreement on Trade in Services (GATS). The GATS encourages countries to open their economies to foreign investment in education (and other services), raising questions of accountability, control and sovereignty.

Direct private investment in education did not begin in the neoliberal era but was greatly facilitated by it.

Privatization

As mentioned already, the neoliberal ideology deprecates government and exalts the private sector. Public service privatization was expressly encouraged. In education, private and charter schools, vouchers, user fees and other measures were recommended as solutions to problems of educational quality and even educational inequality.

This marketing of privatization was pure ideology. There was only trumped-up evidence that these approaches

improved some narrow version of educational quality but overwhelming evidence that they exacerbated inequalities. Moreover, the recognition of education as a public good that had been so strong in the 1960s and 1970s got short shrift in discussions of education policy since then.

Privatization is a strategy of triage. At best it improves education for a few while selling out the right to quality public education for all.

Public-private partnerships (PPPs)

An outgrowth of this neoliberal obsession with the market and its promotion of privatization are PPPs, which accompany a belief in the need for increased

corporate philanthropy in education and other sectors.

The argument is that the know-how and resources of business, on its

own or in partnership with government, can be applied to improving education. This follows directly from neoliberal ideology, made more salient by the vast shortfall of public resources for achieving the objectives of the United Nations Education for All campaign (EFA) and its Millennium Development Goals (MDGs).

However, business has little to offer education, as a recent Brookings Institution study of U.S. corporate philanthropy and PPPs makes clear. The resources offered through these partnerships were "small change," said the study, and efforts were self-interested, poorly co-ordinated, small in scale and misdirected.

I had a business school professor who wrote a paper entitled, "The Social Responsibility of Business and Other Pollutants of the Air." He was very pro-business, and his point was that the business of business was business, and we shouldn't want or expect them to help solve problems that are fundamentally those of government.

PPPs are pushed by companies like Pearson, "the world's leading learning company," according to its brand, which stand to make substantial profits off government expenditures on

Privatization is a strategy of triage. At best it improves education for a few while selling out the right to quality public education for all.

education. PPPs exist mostly because of an abrogation, under neoliberalism, of government responsibility for the social welfare in general and education in particular.

Business approaches to education

As part of the privatization ideology and the promotion of PPPs, ideas from business and business leaders have been marketed as important to the improvement of education. Sometimes this entire business-oriented approach is subsumed under the heading of “new public management.” The concept is ubiquitous and has given most educators a lot of headaches.

Right-wing think tanks and foundations—I include the World Bank here—have proliferated in the past few decades, offering neoliberal educational advice and steering educational policy. Primary, secondary and higher education have suffered from the call for business plans, strategic plans, performance budgets, right-sizing, impact evaluation, merit pay and other lingo-heavy and time-consuming requirements. Evaluations of teachers have multiplied, usually illegitimately tied to a few very narrow indicators.

School district superintendents and university presidents are now called chief executive officers (CEOs) and are too often selected based on a background in business versus education. Most commonly, task forces and commissions

on education give pride of place to business executives, as if business strategies translate to education strategies. This is quite visible globally. To take one of many examples, the World Economic Forum’s task force on education has been a major voice in global education reform, including the post-2015 EFA and MDG discussions.

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Post-2015 directions

Education For All targets and the UN MDGs will not be met in 2015 as planned, and there is lots of activity around the world examining potential post-2015 directions. Perhaps the most comprehensive plan comes from the UN-appointed high-level panel that set out 12 goals and 54 measureable targets in a report released last year.

The goals are laudable, including the elimination of poverty and hunger, as is the ethos of sustainable development that underlies the panel report. But unfortunately, the solutions explored are still based on an ideological commitment to the neoliberal ideal. For example, the report acknowledges that the eradication of poverty has been “promised time and again” but there is no mention of structural barriers. Poverty is not a failure of our economic system; inequality and poverty are the result of the successful functioning of our economic system.

At one point, the UN panel report does recognize the need for “structural changes in the world economy.” So why

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call for more of the same neoliberal medicine? The report takes almost a religious fundamentalist view of a market system and a pro-business ethos. It calls for an “enabling business environment.” It argues that “business wants, above all, a level playing field,” and is willing to pay “fair taxes” and “promote labour rights.”

What nonsense! No business wants a level playing field.

Lee Iacocca, former chair of Chrysler at the time of the U.S. government bailout, is famous for calling it like it is: “Socialism for me, capitalism for everyone else.” Profit-maximizing businesses naturally want any advantage they can get (if they can get away with it). They want to pay no taxes, and many businesses do not pay them now. And they certainly do not champion labour rights. The history of capitalism is one of struggle, where business has been dragged kicking and screaming to give concessions to workers.

This is not particularly a criticism

of business. It is simply a description of its natural state in a market system that has been eulogized and subsidized for too long while inequality, poverty and unemployment are rampant.

Why would we expect the market system to perform any better between now and 2030? Where are decent jobs supposed to come from? How will “no

person be left behind?” The best that the UN panel on post-2015 options can come up with is the now shopworn idea of

a global partnership, or a “new spirit of solidarity, cooperation, and mutual accountability.”

The buzzwords hide a false partnership: we are not all in this together. We live in a world full of conflicting interests with debates permeating every aspect of policy. The report touches on none of this.

Engaging post-2015 goals under a business-as-usual neoliberal framework

will, like the UN’s EFA and MDGs, not get us very far. The international community has been promising universal primary education (UPE) for 50 years but is unconscionably once again postponing this goal and others to 2030. By the time UPE is reached the payoff to primary education in terms of jobs and access to further schooling will be con-

siderably reduced, and the disadvantage of not having primary education will be replaced by the even bigger disadvantage of


not having secondary education.

It could be argued that despite good intentions the EFA campaign and MDGs were not serious efforts. Instead, they were there to legitimate a fundamentally unfair system by promising education and social improvement without delivering.

We have endured three decades of a Great Experiment involving progressively diminished government action and an empowered business sector calling the shots. In education and elsewhere, the results have been dismal.

It is time to end this experiment with neoliberal capitalism. Whether we move beyond it entirely or develop a new kind of welfare state is worth discussing. But almost certainly we will need to re-establish a positive role for government.

What needs to be front and centre is the call for a large, vibrant public sector that puts limits on the market, promotes and creates decent employment, provides for the production of public goods, develops an adequate and fair system of taxation, redistributes wealth (not just income), and that is run as a very participatory democracy.

Steven Klees did his PhD at Stanford University and his work focuses on the political economy of education and development. He is the author of many articles and co-editor of the recent book, World Bank and Education: Critiques and Alternatives. A version of this article ran in the Summer 2014 edition of Our Schools / Our Selves, Privatization of Schools: An International View, which is available for purchase on the CCPA website. 

The high-level UN panel report takes almost a religious fundamentalist view of a market system and a pro-business ethos.

CCPA moving from memberships to donations

The CCPA is introducing a few changes in order to maximize your contributions and make it easier than ever before for you to support our work.

We have decided to make the switch to a donation-based organization, which will allow us to issue a tax receipt for 100% of your contribution. This makes issuing receipts much simpler and faster while saving us time and reducing administrative costs.

These changes are the result of feedback from our first-ever survey of CCPA supporters. Many of you told us in that survey that you want to see the CCPA thrive in order to have an even greater impact on the well-being of future generations. The upcoming changes will reflect those hopes and desires. They are designed to make our work more widely accessible to a larger audience, to connect with a younger generation, and to reduce our impact on the environment.

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Why provinces and First Nations are wise to put a hold on unconventional gas

By Joyce Nelson

Eastern Canada is turning its back on hydraulic fracturing. Following the release of the Wheeler report in late August, the Liberal government in Nova Scotia quickly announced that “high-volume” fracking for onshore shale gas will not be allowed in the province “at this time.” Within days, the voters of New Brunswick had ousted pro-fracking Conservative premier David Alward and voted in Liberal Brian Gallant, who has promised to institute a moratorium on the unconventional drilling technique.

These decisions followed a November 2013 recommendation by a Prince Edward Island standing committee on agriculture, environment, energy and forestry that fracking not be permitted on the island, and a moratorium in Newfoundland and Labrador announced that same month. The Newfoundland government has just appointed a panel to further review the issue of hydraulic fracturing in the province.

There has been a moratorium on fracking in Yukon since 2012. The government’s select committee assessing the risks and benefits of hydraulic fracturing will make its recommendations any day now, but the Council of Yukon First Nations passed a resolution in July 2013 unanimously declaring traditional territories “frack-free.”

Going ballistic

Several mainstream media columnists have predictably gone ballistic over these actions. Marilla Stephenson, columnist for *The Chronicle Herald* in Halifax, claims Nova Scotia had chosen “doom and gloom” instead of “hope and prosperity.” The *Financial Post*’s Terence Corcoran moans that, “Nova Scotia’s shale potential will remain in the ground, buried under a mountain of social and political waste generated by growth-killing theories and activists.”

Konrad Yakabuski writes in his September 11 *Globe and Mail* column that, “Nova Scotia turned its nose up at a potential \$1-billion-a-year industry,” while Gwyn Morgan, former head of natural gas giant Encana, says in the same newspaper (October 6) that New Brunswick voters have chosen “building debt” instead of “building wealth.”

Morgan claims U.S. regulators “have found no supportable evidence of fracture-induced water contamination [and] more than 200,000 wells have been fractured in Alberta, British Columbia and Saskatchewan with a similarly sterling record.” He conveniently ignores the lawsuit underway by Alberta landowner and scientist Jessica Ernst against his own former company and the Alberta government for allegedly contaminating her drinking water by fracking the aquifer in her community.

Yakabuski even criticizes federal Liberal leader Justin Trudeau for saying that more study is needed before the shale industry expands—even though this view merely echoes the findings of a report by the Canadian Council of Academies (CCA) released in May.

The scientific research group, which was asked by the federal cabinet in 2011 to review the impacts of shale gas development in Canada, concludes there isn’t enough information to declare the process safe, and that provincial regulatory systems “are not based on strong science and remain untested.”

In most instances, says the CCA report, “shale gas extraction has proceeded without sufficient environmental baseline data being collected (e.g., nearby groundwater quality, critical wildlife habitat) [and] without a corresponding investment in monitoring and research addressing the impacts on the environment, public health, and communities.” It further notes that, “shale gas development is occurring largely in the traditional territories of Aboriginal peoples who depend on the local environment for food and water and whose culture may be particularly affected.”

Canada’s former minister of natural resources Joe Oliver (now at Finance) claims that “fracking has been going on in Canada for over 50 years” without incident. But the industry’s technological combination of horizontal drilling with multi-stage fracking is only about 15 years old, and it has been applied on a massive scale in areas of North America (outside of Texas) only since about 2006. The so-called “shale revolution” has advanced exponentially with little scientific oversight, as the CCA report emphasizes.

In fact, contrary to what the federal government is saying, “Physicians and public health scientists from around the world have nearly unanimously stated that the health dangers surrounding shale gas are potentially devastating,” writes Jim Emberger, spokesperson for the New Brunswick Anti-Shale Gas Alliance, in a recent op-ed for CBC News. “Research has already associated many of the chemicals used in shale gas extraction with cancer, birth defects, developmental disorders, respiratory and neurological diseases, and more.”

A concise summary of the facts is contained in a September report from Food & Water Watch, *The Urgent Case for a Ban on Fracking*, which says the practice is “so dangerous...that it cannot be regulated, even if there were the political will.” The group calls for an immediate ban and a transition “to a renewable and efficient energy system.”

Shale bubble

On top of the environmental threats, critics like Emberger raise the prospect, increasingly likely, of a shale gas “investment bubble” that is about to burst.

“The industry has not profited from the actual sale of gas since 2009,” he explains in the same CBC column. According to the Energy Information Agency, industry costs exceed the cash coming in from fracking operations by billions of dollars. “Expenses and dividends are met by borrowing and from the sale of company assets,” including the flipping of quickly-depleted wells to clueless (usually foreign) buyers.

“Of the 97 energy exploration and production companies

rated by Standard & Poor's, 75 are below investment grade (junk status), as are 80% of the 115 firms tracked by Moody's Investors Service," says Emberger, suggesting a classic "investment bubble."

Canadian natural gas expert David Hughes explains shale wells are depleted in about three years, causing a "drilling treadmill" just to maintain production. The resulting surplus of gas has pushed prices way down.

"Although the bankers made a lot of money from the deal-making and a handful of energy companies made fortunes by exiting at the market's peak, most of the industry has been bloodied," reported the *New York Times* two years ago. "Like the recent credit bubble, the boom and bust in gas were driven in large part by tens of billions of dollars in creative financing engineered by investment banks like Goldman Sachs, Barclays and Jefferies & Company."

Insiders have called the industry "a Ponzi scheme" that hops from one promising shale gas deposit to the next.

U.S. energy industry analyst Deborah Rogers discusses these issues in a crucial report, *Shale and Wall Street: Was the Decline in Natural Gas Prices Orchestrated?*, released through her Energy Policy Forum in February 2013. Rogers explains that Wall Street promoted the shale gas drilling frenzy, "which resulted in prices lower than the costs of production and thereby [investment bankers] profited enormously from mergers and acquisitions and other transactional fees," amounting to US\$46.5 billion in 2011 alone, according to KPMG.

"In much the same way as mortgage-backed securities bolstered the banks' profits before the [economic] downturn, energy M&A had now become the new profit center within these banks," says the report. Drillers sold assets to bigger firms that believed the shale hype or had their own long-term agendas for other resources. In fact, shale oil and gas reserves have been overestimated by "as much as 400-500%," claims Rogers, while the fact that wells become depleted in about three years has been ignored. "The purported economic benefits of shale gas and oil have been consistently and egregiously overstated by industry in every shale play to date."

Deflating the bubble

In northeastern B.C., the Fort Francis First Nation has called fracking on their traditional territories "the largest and most destructive industrial force that our waters have ever known." In April, the community informed the government and industry that, "B.C.'s LNG strategy is on hold."

The pipelines proposed to carry this fracked gas to the west coast would pass through the unceded territory of the Wet'suwet'an First Nation whose Unist'ot'en Camp is entering its fifth winter. The camp is strategically located to protect the territory from eleven proposed oil and fracked gas export pipelines.

Gitxsan First Nation communities, also in northwestern B.C., have declared their traditional territory permanently closed to fracked gas pipeline

development, and in August they began construction of Camp Madii Lii, a long-term base camp. In Alberta, the Lubicon Lake Nation is continuing an anti-fracking campaign initiated in November 2013 against Penn West Petroleum.


Like these communities, the people of Nova Scotia and New Brunswick have seen through the hype and refuse to become another "sacrifice zone" for the industry, though risks remain. Ken Summers, a member of the Nova Scotia Fracking Resource and Action Coalition (NOFRAC), warns in a September 4 article for Halifax Media Co-op that the pending legislation might not prevent fracking for coal bed methane and tight sand gas.

More worrisome is the suggestion from Morgan and other pro-fracking voices that eastern provinces could be penalized through a reduction in federal equalization payments—a threat summarized in the "no fracking, no cheque" quote that Morgan says "went viral on the Internet."

The reality is that the provinces are wise to go slow on shale development, as the investment bubble could blow up in their faces.

Toronto Star business columnist David Olive wrote in February 2013, "roughly three-quarters of a trillion dollars invested in shale oil and gas has either gone down the rat-hole or been re-directed away from smarter investments," such as alternative energy. "We are approaching the end game of yet another boom and bust cycle," he said, spurred by "Wall Street dealmakers preying on the greedy and gullible."

More recently, Andrew Nikiforuk told a Squamish, B.C. audience that given the questionable economics of the shale and LNG industry, and all the impacts and uncertainties of fracking, "Maybe one of the best things you can do in British Columbia at this time is keep this resource in the ground." And as Rogers warns: "Every region in the U.S. which has shale development provides a cautionary tale. Economic stability has proved elusive. Environmental degradation and peripheral costs, however, have proved very real indeed."

Joyce Nelson is an award-winning freelance writer/researcher and the author of five books. 

Village sued over fracking law

Ristigouche-Sud-Est, a tiny village in the Gaspé region of Quebec with a population of 168, passed a bylaw in March 2013 that prohibits oil and gas drilling and fracking near the town's water sources. Shortly after, Montreal-based gas exploration company Gastem filed a \$1.5 million lawsuit against the village, claiming it has provincial permits for exploration in the area and complaining the bylaw was passed without consulting the company. More than 70 Quebec towns have adopted similar bylaws in the last three years.

The damages sought by Gastem are more than five times the town's annual budget. So Ristigouche has launched a crowdfunding appeal called Solidarité Ristigouche with a target of \$225,000 to pay for its legal defence. The town also received funds raised during an October 12 benefit concert featuring Quebec musicians, and a September 7 long-distance swim in the Gatineau River by Mathilde Grenier and Myriam Legault-Beauregard. By early October, Solidarité Ristigouche had raised more than \$98,000.

—Joyce Nelson

BRICS and the SCO challenge U.S. global dominance

By Asad Ismi

United States military aggression globally is stimulating the creation of a new international economic order that could serve as a viable alternative to the present Western-dominated version. Washington's surrounding of both Russia and China with military bases and warships, its severe economic sanctions against Russia and Iran (a close Russian ally), and its attacks on Syria (a Russian and Iranian ally) are accelerating the consolidation of the BRICS country alliance (Brazil, Russia, India, China and South Africa), as well as the expansion of the Shanghai Cooperation Organization (SCO) that now includes about half of the world's population.

In May, BRICS members Russia (the world's biggest energy producer) and China (the world's biggest energy consumer) signed a \$400 billion energy agreement in which Gazprom, the large Russian state energy company, agreed to supply China National Petroleum Corporation (CNPC) with 3.75 billion cubic feet of liquefied natural gas a day for 30 years. That equals a quarter of Russia's huge gas exports to Europe.

Crucially, the gas deal was sealed in yuan and rubles, which worries the U.S. Most oil and gas trade happens in U.S. dollars and the requirement for countries to stock U.S. currency to pay for energy gives the U.S. enormous economic power. The Russia-China energy deal is a significant—and very intentional—step away from this setup. As Pepe Escobar, correspondent for *Asia Times*, put it in one article, “Russian President Vladimir Putin and [Chinese President Xi Jinping]... are scaring the hell out of the ‘Empire of Chaos.’ No wonder; their number one shared priority is to dent the hegemony of the U.S. dollar—and especially the petrodollar—in the global financial system.”

Escobar remarked the deal creates a “tectonic shift,” with Asia's vast pipeline network, “intersecting with a growing Sino-Russian political-economic-energy partnership. Along with it goes the future possibility of a push, led again by China and Russia, toward a new international reserve currency—actually a basket of currencies—that would supersede the dollar.”

Peter Koenig, an economist and former employee (of 30 years) of the U.S.-dominated World Bank, told me the Russia-China energy deal is: “symbolic, because Russia's total hydrocarbon trading per year alone amounts to about US\$1 trillion. It is also a demonstration to the world that Russia and China are morphing into a strong alliance in trade, politics and defence. In that sense *yes*, the gas deal is clearly undermining the dollar.”

Koenig explained there is a “massive effort of de-dollarization” happening within the BRICS that is led by China and Russia, which have been swapping sizeable amounts of ruble and yuan since June 2014. (In October, the Chinese and Russian central banks signed a three-year, 150 billion yuan bilateral local currency swap deal.) He pointed out that in July, Elvira Nabiullina, governor of the Russian

Central Bank, said she was discussing the idea of similar arrangements with other BRICS countries, and that, in her words, “a part of the currency reserves can be directed to [the new system].”

“This signals the beginning of a new monetary system which eventually will issue its own currency, possibly a basket of currencies, akin to the Special Drawing Rights (SDR) of the International Monetary Fund (IMF) that could gradually replace the dollar as a reserve currency,” said Koenig. “This is in fact already happening. Ten years ago, 90% of the world's reserves were in dollar denominated securities. Today that figure has shrunk to 60%.”

The IMF has reported that since 2003, reserves in other currencies in emerging markets have shot up by 400%. In the six months leading up to February, South Korea increased its yuan holdings 25-fold.

“The chances are good that a BRICS currency will eventually displace the dollar as ‘world currency,’ in other words as currency of reference and major reserve currency,” Koenig told me. “Once the new money is established with a secure exchange and transaction system... it is very likely that many countries that so far do not dare abandon the dollar (for fear of sanctions) might join the new money pool, thereby strengthening it.”

This would be a good thing, according to the economist.

“It is high time that the currency of worldwide theft, abuse and exploitation—the U.S. dollar, financial instrument for endless wars and economic terrorism—be replaced with a currency of peaceful endeavors that respects national sovereignty, a currency that works for the people, not for the elite.”

According to Escobar, the BRICS countries want to become a counterforce to the G7 western powers and the global economic architecture established after the Second World War.

“They see themselves as a potential challenge to the exceptionalist and unipolar world that Washington imagines for our future (with itself as the global robocop and NATO as its robo-police force),” he wrote in May. “The BRICS long-term plan involves the creation of an alternative economic system featuring a basket of gold-backed currencies that would bypass the present America-centric global financial system.”

In July, the BRICS countries set up a \$100 billion development bank that could eventually rival the World Bank and IMF as a source of project financing for the Global South. Koenig suggested the BRICS bank represents a “step away from the Washington Consensus,” with its focus on “privatizing public goods and services, like water supply and health and education services.”

The BRICS development bank “will likely concentrate on infrastructure development and enhancements [like] transportation, energy distribution, telecommunication and so on, energy exploration and exploitation, including alternative clean energy, and social services,” he said, adding

There is a “massive effort of de-dollarization” happening within the BRICS that is led by China and Russia

it “could temporarily even act as a BRICS Central Bank and when the time comes issue a new BRICS currency.” Together the BRICS account for almost 30% of world GDP and for about 45% of the world population.

Conn Hallinan also thinks the BRICS bank will be better for the Global South than the U.S.-dominated system. He is an analyst with Foreign Policy in Focus, a project of the Washington, D.C.-based Institute for Policy Studies.

“The new BRICS development bank will lend money not only to the BRICS but other countries as well,” he told me. “The importance of that is that the money will not come with all the ‘free market’ Washington Consensus nonsense that has plunged country after country into a debt trap.

“The needs of the Global South are for basic infrastructure and poverty reduction. The World Bank accomplishes neither, and its economic policies end up increasing poverty. Also, the creation of a development bank will make it possible to bypass the IMF for balance-of-payment loans, thus avoiding the organization’s onerous austerity requirements.”

The U.S. system is based on a deeply flawed economic model, Hallinan continued, which can be summed up as follows: finance debt through tax cuts and enforced austerity.

“All austerity does is drive up debt because it causes economies to shrink, and tax cuts translate into deeper government debt,” he said. “Even the IMF and many EU members are starting to resist this formula [that] totally destroyed Latin America in the 1990s and early 2000s.”

In contrast, Hallinan explained the BRICS system is closer to the kind of “pump priming” used to pull the U.S. out of the Great Depression, and which Japan and South Korea “used so effectively to jump start their manufacturing booms” after the Second World War and Korean War.

“Because the new system focuses on building up infrastructure it will not only create jobs, it will raise productivity through building transportation systems and the like. This is desperately needed for Brazil and India, not so much for China and Russia. It is very difficult for developing countries to get loans to modernize their economies, and when they do they have many restrictions

attached. The BRICS plan is a major step away from that,” he said.

Developing countries are also concerned about the ability of the U.S. to manipulate the dollar to its advantage, Hallinan added, and they are fearful of attracting heavy, debilitating sanctions (e.g. against Russia and Iran) imposed by the U.S., European Union and their allies, including Canada.

In September, in another “tectonic” shift, BRICS members China and Russia, and the other four members of the Shanghai Cooperation Organization (SCO)—Tajikistan, Kazakhstan, Uzbekistan and Kyrgyzstan—agreed to add four new members to the group: India, Pakistan, Iran and Mongolia. For Escobar, this is proof the SCO is shaping up to be the most important international organization in Asia.

“It’s already clear that one of its key long-term objectives will be to stop trading in U.S. dollars, while advancing the use of the petro-yuan and petro-ruble in the energy trade,” he commented.

With this expansion, SCO members now control 20% of the world’s oil and half of all global gas reserves. The organization represents about half of the world’s population.

“The expansion is a big deal,” said Hallinan. “The U.S. has been trying to isolate Iran and Russia. After this expansion I think it is relevant to ask who is looking more isolated these days?”

Hallinan said a major focus of the SCO is security, with Russia and China wanting to diminish the U.S. and North Atlantic Treaty Organization (NATO) presence in Central Asia to what it was before the 2001 U.S. invasion of Afghanistan. The SCO has pressured countries in the region to close U.S. military bases with some success. The U.S. was evicted from the Karshi-Khanabad base in Uzbekistan in 2005 and from the Manas base in Kyrgyzstan in 2014.

“At present, the SCO has started to counterbalance NATO’s role in Asia,” commented Aleksey Maslov, chair of the department of Asian studies at the

Higher School of Economics in Moscow, in a recent article.

“The aggressive nature of Western actions towards Russia has certainly united the SCO members,” concurred the London-based political commentator Alexander Clackson in *Oriental Review* this September. “What links them all—whether members or observers—is the rejection of Western-dominated institutions, such as the World Bank or the International Monetary Fund, which are all U.S.-based. The SCO, like the BRICS with their Development Bank, sees itself as a forum against the Western dominated global order.”


Hallinan wrote recently that the days when these Western institutions could, “dictate international finances and intimidate or crush opponents with an avalanche of sanctions are drawing to a close. The BRICS and the Shanghai Cooperation Organization are two nails in that coffin.”

“This cannot happen fast enough in order to stop U.S.-led Western aggressions and financial terrorism around the world,” said Koenig.

Asad Ismi is the Monitor’s international affairs correspondent. 

(War on Terror, continued from Page 19)

ISIL or their barbaric methods to scare the West. It is a war to recapture what is left from the old map of the Middle East after two disastrous Wars on Terror. The new war is a battle where the U.S. is trying hard to reinforce its strategic positions in a Middle East torn between Shia and Sunni dominance.

*Monia Mazigh was born and raised in Tunisia and immigrated to Canada in 1991. In 2002, her husband, Maher Arar, was deported to Syria where he was tortured and held without charge for over a year while she campaigned for his release. Mazigh holds a PhD in finance from McGill University, and is the author of the 2008 memoir, *Hope and Despair*, and the recent novel *Mirrors and Mirages*. This article originally ran in *rabble.ca*.* 

Growing the degrowth agenda

Reviewed by Murray MacAdam

S.O.S.: Alternatives to Capitalism, by Richard Swift, New Internationalist with *Between the Lines*, Toronto, April 2014, 174 pages, \$16.95.

* * *

At a time when our economic system fails so badly to meet basic human needs, and increasingly threatens the very survival of life itself, why is it so difficult to call it to account and explore alternatives? And what kind of society should we be pushing for instead?

Richard Swift explores these tough questions with a creative mind and bold vision in *SOS: Alternatives to Capitalism*. This short but well-researched book with a global sweep takes readers on a tour of capitalism over the past century. It's an honest assessment that progressives would do well to ponder.

On one hand, the system's flaws have perhaps never been more glaring. As Naomi Klein recently noted, "Our current economic model is not only waging war on workers, on communities, on public services and social safety nets. It's waging war on the life-support systems of the planet itself." At the same time, as Swift notes, the system is marked by "reckless resilience," or an uncanny ability to bounce back from whatever crisis it faces, and to absorb and co-opt challenges. Witness how capitalism has been embraced by its one-time ideological foes in China and the nations of the former Soviet Union.

Swift deconstructs what went wrong with the two main challengers to capitalism, namely socialism and anarchism. Socialism's two main forms, communism and social democracy, have both largely bought into the capitalist model, he argues.

Swift analyses two recent examples of this trend: François Mitterrand's Socialist government in France and Britain's New Labour government under Tony Blair. In both cases, instead of pushing for a radically different society powered by grassroots support, social democrats have caved in to the lure of parliamentary power, "where achieving snail-like incremental reforms is the cause of much self-congratulation."

Where to turn? This is where this book is "radically different," to borrow the words of veteran socialist leader Cy Gonick. Swift eschews traditional left strategy in favour of an ecosocialist, radically democratic vision of society. "The Left must recreate itself," he argues, noting that when faced with increasingly look-alike parties dominated by professional managers and pollsters, rather than party members, citizens are simply dropping out of democracy, in growing numbers, with many not even bothering to vote.

This ecosocialist future might itself seem utopian, and Swift's bold vision includes a discussion of utopia. Yet, as

he notes, Latin American countries in recent years have been developing 21st-century versions of socialism that blend, to some degree, traditional socialist features with concern for the Earth. "Every day, all over the world, people are working to create alternatives," Swift reminds us, and breakthroughs need not rely only on winning political power. Co-ops and credit unions are just a few of the most notable examples.

The book steers away from outlining a clear programmatic blueprint for the way forward, but Swift does favour the movement known as "degrowth," which is marked by a concern for quality of life, ecological protection, reduced work hours, a guaranteed income, and rejuvenated political life.

Some would question Swift's critique of our society's "job addiction," as he calls it. Too little attention is paid here to the satisfaction and social benefits people gain from working. It's unfortunate that in his critique of our corporate-controlled economy Swift doesn't devote more attention to the grotesquely unequal division of work in our society, despite the brief mention of reduced work hours.


Why not demand that the work we do be shared more fairly as an interim step toward a degrowth society? Why should we accept a situation in which, according to a

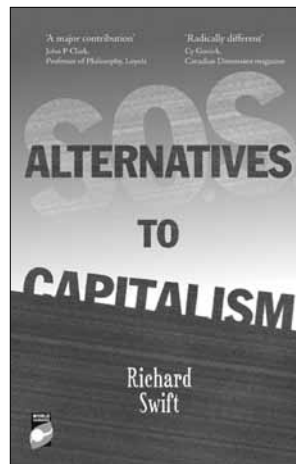
2012 national survey, almost two-thirds of Canadians are working more than 45 hours a week while roughly 10% of the population (counting the hidden unemployed) can't find any work? Insisting that employers share the available work more fairly would push back against corporate power while broadening popular support for the kind of humane, community-oriented economy envisaged by Swift.

This shortcoming, however, is minor compared with the overall vision of the book. It is a vision that eloquently names the malaise affecting not only our ailing body politic but also an entire society in which a shredded sense of the common good encourages a pocketbook approach to public life.

S.O.S. Alternatives to Capitalism is a valuable discussion starter about a new vision for the life we share together—a life that could be satisfying, not alienating, if we only unleashed our imaginations. With a lively, engaging writing style, Swift has gathered a perceptive set of insights to buttress his key point: "there is no real choice but to put forward a set of ideas that could lead to a more appealing future for humankind with a sustainable ecological framework."

How we advance toward that future is up to us—and the urgency to respond to this S.O.S. grows ever stronger.

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



The Good News Page

Compiled by Elaine Hughes

Sweden's solution to skräp

There's a "recycling revolution" happening in Sweden—one that has pushed the country closer to zero waste than ever before. In fact, less than 1% of Sweden's household garbage ends up in landfills today. The Scandinavian country has become so good at managing waste, they have to import garbage from the U.K., Italy, Norway and Ireland to feed the country's 32 waste-to-energy (WTE) plants, a practice that has been in place for years.

—*Huffington Post*

Ozone depletion

Earth's protective ozone layer is beginning to recover, largely because of the phase-out since the 1980s of certain chemicals used in refrigerants and aerosol cans, a UN scientific panel reported [in September] in a rare piece of good news about the health of the planet.

—*Associated Press*

Elephant comeback in Chad

Even after years in Africa, Lorna Labuschagne never tires of the excitement of seeing the continent's wild animals. But a plane trip over Chad's Zakouma National Park in late 2013 was a particularly remarkable moment for her and several colleagues who were working to save elephants in the Central African wilderness. Below, they spied at least 21 new elephant calves.

—*Al Jazeera America*

Scotland divided on... renewables

Fresh statistics from the Department of Energy and Climate Change (DECC) estimate renewables met a record-breaking 46.4% of electricity use in 2013, up from 39.9% in 2012. The Scottish government says this indicates Scotland is on track to meet its targets of 50% by 2015, and 100% by 2020. The 30% growth in green energy in the first half of this year compared to the same period of 2013 was largely due to hydro-electricity generation growing by 50% because of high rainfall. Wind power rose by 20%.

—*The Herald*

Great Canadian Shoreline Cleanup

Tens of thousands of volunteers from coast to coast fanned out along our shores [September 20] to clean up our waterways for the 21st annual Great Canadian Shoreline Cleanup... According to the World Wildlife Fund (WWF), which became a partner in the initiative in 2010, the shoreline

cleanup is the biggest direct action environmental program in the country. Six cities from Vancouver to St. John's, Newfoundland are now taking part in the conservation initiative.

Last year, 27,659 people signed up in British Columbia, removing more than 86,000 pounds of litter. The top offenders of litter are cigarette butts, plastic water bottles, straws and containers. Over 310,000 cigarette butts were picked up along Canadian beaches and waterways last fall. There are strange items that also make it to the list. At Iona Beach near Vancouver International Airport, volunteers spotted socks and even erasers.

—*Global News*

Manitoba students learn about treaties

The Manitoba government and the Treaty Relations Commission of Manitoba said Tuesday it's time for both non-aboriginal and First Nations students to learn about each other, starting with the treaties that form the basis of Manitoba's history. The Treaty Education Initiative, first introduced as a pilot project for Grades 5 to 6 in 2010, then Grades K to 4 in 2012-2013 and Grades 7 to 12 last year, will now be rolled out province-wide.

—*CBC News*

Nepal's remote hospitals get solar power

Founded by three Yale University Medical School students, Possible is a non-profit health care company that runs medical facilities in remote Nepal. These include the 25-bed Bayalpata Hospital, in Anchham, a series of local clinics, and a small army of community health care workers.

In 2011, it started working with Andy Moon and Jason Gray, then at SunEdison, to install solar panels at its facilities. Moon and Gray have since formed SunFarmer, a U.S. non-profit with a hybrid model for spreading solar around the globe. It funds installations at health care facilities using donations. Clients then pay back the cost over an eight-year period, with SunFarmer covering maintenance. Any proceeds left over are then reinvested in future projects.

—*Fast Company*

Blue whales bounce back

Good news! According to a study published in the journal *Marine Mammal Science*, the endangered California blue whale population has probably returned to near pre-whaling levels. Bad news: They're the first set of blue whales to do so, and we still keep hitting them with ships.

—*Washington Post*

Canada's unions should back monetary reform

By George Crowell

A few weeks ago, at the Peoples' Social Forum in Ottawa, I handed a letter to the newly elected president of the Canadian Labour Congress, Hassan Yussuff, about the importance of unions rallying behind calls for monetary reform in Canada. "At present we are in crisis," I explained in my letter. "Despite heroic efforts by many social activists, for many years we have been losing ground to the corporate agenda." I proposed a strategy by which the CLC, with its 3.3 million members, might reverse this trend by uniting on the issue of monetary reform. I think there are compelling reasons why this is especially important at this moment.

As the *Making Waves* document points out, in Canada there are hundreds of organizations—large and small, local, regional and national—working valiantly on behalf of the 99% for various aspects of human and environmental welfare. Many highly committed people are working for needed social changes that are supported by a large majority of Canadians. They achieve occasional victories, but mostly they are fighting losing defensive battles against exploitive initiatives by profit-oriented corporations, and against the Harper government and its allies. Our efforts are defensive not only in the sense that they react to corporate initiatives, but also in that mostly they are attempting to prevent the loss of benefits we had previously enjoyed. Our many efforts are also largely separated from each other, as we take on limited issues that we can manage.

Can we gain strength by *uniting our efforts*? Can we find some key issue that is so crucial to the entire range of initiatives we are already working on that it would benefit us to take it on together? Might such an issue enable us to break out of our usual defensive posture, to *go on the offensive* against the government-supported corporate agenda and to gain new advantages? Might this issue enable us to reduce *at its heart* the power of corporate elites so that they can no longer run roughshod over us and the environment? Might we *frame* this issue vividly as an expression of our commitment to foster a caring, environmentally sensitive people's agenda?

At the heart of power

Almost all public discussion of government finances is limited to *fiscal* policy—the management of income and spending. We are told there are only two possibilities: raising taxes, which is now regarded as unacceptable, or cutting spending, the currently preferred option. Hence the austerity agenda. Obviously, raising taxes on the rich would move us in the right direction. Although tax reform must be included, we urgently need to focus also on a potent, neglected alternative: *monetary* policy.

Concern for monetary policy leads us to focus attention on the overlooked fact that governments at all levels in Canada are heavily burdened by *interest payments* on their borrowings, which amount to some \$60 billion every year recently and close to \$2 trillion since 1975! These payments are not necessary! Our governments have been borrowing at interest from private banks and other private moneylenders. The federal government could have been using our publicly owned Bank of Canada to provide needed loans at near-zero interest! Nearly all our activist groups could benefit from a return to this practice. It was used effectively between 1938 and 1975, enabling Canada to get out of the Depression, through the Second World War, and for thirty more years to build up our social programs and infrastructure, bringing the most prosperous period in Canadian history, with negligible inflation.

How does this monetary reform enable us to go on the offensive against the corporate agenda? It takes on the corporate elites at the *heart* of their power. This is not simply their control over enormous wealth, but even more basically it is their control, through the privately owned banking system, over the power to *create money out of nothing*. They use this power to exploit us! With a return to the original purpose of the Bank of Canada, the power to create money out of nothing could be made available for *public* benefit. I believe social justice activists, including unions, should unite behind this objective. An understanding of the workings of our money system is needed to clarify this strategic option. We take our present system for granted, and have little awareness how unjust and damaging it is.

What is money, and where does it come from? We generally assume that government supplies our money, and indeed it does provide the cash we carry for small transactions. But cash is only about 2% to 3% of our money supply. Nearly all the rest, the 97% to 98% of money that is essential for facilitating economic activity, has been created as computer entries by the privately owned banks in their process of making loans. These banks would like us to believe that they are simply intermediators lending out the money of depositors. But this is not the case. *When banks make loans they create new money*. When someone takes out a loan, the bank insists that the borrower provide collateral in the form of a valuable asset the bank can take over in case of default. The bank gets to create that loan money out of nothing, and if we borrowers fail to pay it back fully, on time, with interest, the bank gets to take over our valuable collateral.

That is bad enough. But it gets worse. *When banks make loans, they create money for principal but not for the interest they require to be paid*. Borrowers have to compete with each other for money that has been created only as principal to pay both

principal and interest, and also to have money for essential use. People who owe nothing are also competing to use this same money supply. As competition prevails, impulses toward co-operation and charity are undermined. In this debt-money system there is always a shortage of money for interest payments. Money to pay interest can only be obtained through even more borrowing and more debt. Obviously this is unsustainable. Defaults are inevitable and *recession* follows.

Inflation is the status quo

This system is also inflationary. To pay interest along with their other expenses, businesses constantly strive to push up prices. In response, workers strive to raise wages. Hence *inflation*. The interest requirement is also a factor in driving businesses to pursue *unsustainable growth*. Moreover, as those who are economically vulnerable default on their loans, many are driven into poverty, and wealth becomes increasingly concentrated in the hands of a few, exacerbating the growing problem of *inequality*.

When borrowers pay off their loans the banks keep the interest as their own, but they *destroy* the principal. The creators of money are also its destroyers! This is an enormous additional source of power often used to our disadvantage. If all borrowers—governments, businesses and individuals—strove to exercise the virtue of thrift by paying off their

debts, long before succeeding they would have driven the economy into deep depression.

We are all in thrall to the banks, even those of us who carry no debt. On average about 40% of the price of all the goods in our society is the result of accumulating interest expenses! We could reverse this and all the other damaging impacts of our money system by returning to using our publicly owned Bank of Canada to provide interest-free loans to all levels of government for public benefit. Further explanation is needed here.

The power to create money out of nothing is awesome. *Whoever gets to benefit from the first use of newly created money gets a free benefit!* The process is essentially the same as when counterfeiters print and successfully pass off cash. But they face the difficulties of devising convincing facsimiles of modern cash, and they run the risk of arrest and punishment. Commercial banks can, entirely legally, quickly create any desired quantity of money with simple computer entries. This is easier than picking money off trees. And they tell us there is no such thing as a free lunch!

Our Bank of Canada could use this same simple process to create money for public benefit as it did in the past. It can *lend* money into existence,

say, for investment in much-needed infrastructure, thus creating lots of jobs. At present governments borrow at interest and pay for such projects two or three times over. Interest-free loans would make it possible for them to pay for the projects just once out of tax income over the lifetime of each project—perhaps 30 to 50 years. This would free large amounts of tax funds for current program spending.

Creating money for the public good

There is another astonishing possibility. When additional new money is needed in the economy, as it is now, governments could simply *spend money into existence as a free benefit for public use*. Whether government-created money is lent or spent into existence,

The creation of money under government control is no panacea. Spending for human and environmental abuse, as in war, remains possible.

debt-free money is injected into the economy, making possible great reductions in the far-reaching problems resulting from our present destructive debt-money system. And governments could have access to abundant funds for initiating creative measures for social and environmental welfare, while gradually reducing past debts.

The creation of money under government control is no panacea. Spending for human and environmental abuse, as in war, remains possible. Any struggle for monetary reform is a struggle for *democratization of our money system*, and such a struggle can readily be integrated with wider calls for greater democracy. We need to develop a high degree of public awareness regarding how our money system works, procedures to assure that accurate information on the functioning of the system is publicly available, and widespread commitment to assuring that the system is used benevolently. Strong public understanding and support are necessary to resist the intense opposition that banks can be fully expected to mount against monetary reform.

We must not wilt before the inevitable claim that government-created money is inflationary. We need to emphasize how damaging our

Funding sought for new radio documentary

Asad Ismi and Kristin Schwartz are seeking funding for a new three-part radio documentary, ***Women: The Oppressed Majority***, about the violent subjugation of women by men and their continued exploitation by the patriarchal capitalist system. Through interviews with respected activists, authors, academics and professionals, the documentary brings voices from the grassroots to the airwaves in partnership with Canadian and global community media. The series will explore alternatives to patriarchy, to inspire and embolden those who strive for a more just and sustainable future. Asad and Kristin have released six radio documentaries together, the last four reaching a global audience of more than 30 million people. Their last work, *Capitalism Is the Crisis*, aired on 42 radio stations in Canada, the U.S. and Europe, and was made possible in part by generous donations from *Monitor* readers. To donate to *Women: The Oppressed Majority*, Asad and Kristin ask that you make cheques payable to: Asad Ismi, 366 Dupont Street, Toronto, ON, M5R 1V9, Canada.


present bank-created debt-money system itself is. It has its own long record of promoting steady, ongoing inflation, as I've already explained. Inflationary pressures are built into its very genes. Moreover, there is much evidence to indicate that when governments have controlled their own money creation they have managed their economies with very little inflation, as Canada did between 1938 and 1975. The record shows that hyper-inflation, including the period in Germany in the 1920s, is not driven by government irresponsibility but by wealthy speculators, including banks, who manipulate national currencies to their own great advantage (see Ellen Brown's book, *The Web of Debt*).

While there are additional complexities regarding our money system that specialists in monetary reform need to master, the basics have been presented here. Most importantly, the Bank of Canada should be able to create money for public benefit as originally intended by the Bank of Canada Act. To summarize, there are five good reasons why civil society organizations should consider endorsing this objective:

1. It challenges the power of the corporate elite *at its heart*: its monopoly over the creation of money out of nothing.
2. It goes on the *offensive* against corporate antagonists so that they have to expend energy and give attention to civil society initiatives.
3. It enables groups to take action critical for separate but related struggles, and to combine their strengths *into a single struggle*.
4. Through monetary reform, we would not simply maintain or restore a previous beneficial status quo. It would overcome the debt-driven, exploitive austerity agenda by enabling us to pay off public debts while *providing abundant funding* for improvements and initiatives for public benefit.
5. It allows groups to make an even more compelling case for their causes, by focusing on the glaring injustices resulting from the outrageous monopoly the elite has over the creation of money out of nothing, a power that could be made available for public benefit as in our past.

The Committee on Monetary and Economic Reform (COMER), of which I am a member, has been working on this issue since the 1980s. COMER has the expertise but lacks the strength to manage the task alone. Nevertheless, it has filed a lawsuit against the federal government for its failure to carry out the mandate of the Bank of Canada Act.

As I said in my letter to the Canadian Labour Congress, I believe that Canada's unions are ideally placed to back the struggle for monetary reform. Though it would not be easy, success in this endeavour could reverse the corporate agenda, and bring spectacular social and environmental improvement.

George Crowell is a member of COMER. He taught social ethics in the religious studies department at the University of Windsor from 1968–96. 

(Editorial, continued from Page 2)

we really need is greater public oversight into the existing activities—including surveillance and data collection—of Canada's spy agencies, which exists in the United States, U.K. and most other self-styled democracies but not in Canada.


The government also announced it wants to introduce new exit controls at the border and airports. Canadian border officials currently share entry data on anyone coming into the country from the United States with the U.S. Department of Homeland Security. Under the government's new proposal, information on all travellers leaving Canada from any port could be shared to satisfy U.S. demands in the ongoing (and opaque) Beyond the Border negotiations. Precisely this kind of streamlined information sharing was criticized in the 2006 Arar Commission's final recommendations because of the potential for foreign governments to use it in a way that puts Canadian lives in danger.

Will these measures receive the public scrutiny they need from a Parliament under pressure not to look weak on terrorism?

Even before the attacks, the chance of a full hearing on any government policy proposal was almost nil. As the lone gunman in Parliament was brought down by security officers on October 22, six CF-18 fighter jets were on their way to Kuwait where they will take part in a U.S.-led bombing campaign against Islamic State militants in Iraq. The Harper government took the decision to join the fraught mission, which has been compared to the disastrous 2011 NATO intervention in Libya, despite all three opposition parties voting against it, and polls showing more than half of Canadians favouring a non-military (i.e. humanitarian) role.

From their annual budget omnibus bills to hastily ratified trade agreements to new sex-worker legislation to sensitive oil pipeline approvals, this government refuses to compromise. The opposition is treated like a prop, and dissenting voices outside of Parliament like enemies of the government. Public opinion has occasionally held back some recent government proposals, such as earlier versions of an online spying bill. But these are often short-lived victories, as when warrantless spying powers for police agencies were cynically inserted in anti-bullying legislation despite the warnings of privacy commissioners.

There are questions we should be asking about the attractiveness of groups like Islamic State to young Canadians like Martin Couture-Rouleau and Michael Zehaf-Bibeau, though even here the connections are tenuous and possibly less important than mental illness. It would be completely appropriate to revisit security measures on Parliament Hill and in other government spaces given the ease with which one person was able to enter the Centre Block carrying a rifle. It is essential, however, that we are also able to question the logic, effectiveness and motives behind Canada's anti-terrorism legislation and military engagements without being accused of weakness.

Stuart Trew is the editor of the Monitor. Since this editorial was posted to the CCPA website on October 24, the federal government has introduced new legislation expanding the powers of CSIS, and has promised to speed it through Parliament. Feedback: monitor@policyalternatives.ca. 

Sweden's resilient welfare state

Twenty years ago this month, the *Monitor* was talking about the return to power of Sweden's Social Democratic Party after a three-year period of conservative coalition government.

"A week before the September 12 election, the CEOs of four of Sweden's largest corporations tried to block a Social Democratic victory by threatening to transfer their investments to other countries," said the introductory note to an article by University of Manitoba professor Gregg Olsen. "This threat of a capital strike failed to have the desired electoral results."

Olsen's article in the November 1994 issue of the *Monitor*, titled "Sweden's welfare state still sets example for Canada," compared economic statistics on poverty and income distribution. Based on most indicators, Canada and the United States were (surprise, surprise) faring much worse than the Scandinavian country, which remains a role model today for proponents of a strong welfare state and high unionization.

"The low level of poverty in Sweden is primarily due to its generous social programs, but also to a 'solidaristic wage policy' that was introduced in the mid-1950s," wrote Olsen. "This policy required employers to pay equal wages for equal work, and significantly increased the wages of the lowest-paid workers."

Until the four-party conservative coalition came to power in 1991, the article continued, Sweden had been, "among the most successful countries in keeping its unemployment rate down. This was accomplished mainly through an extraordinary commitment to public retraining and job creation programs."

But unemployment rose to a high of 10% under conservative rule, and had dropped only to 7% when electors booted them out in September 1994. It is at 7.4% today as once again Swedish voters have elected a progressive Social Democrat-Green Party coalition government with a mandate (and promises) to reverse the past few years of

austerity and tax breaks for corporations.

As Bloomberg reported October 22, newly elected Prime Minister Stefan Lofven, a former union leader, has pledged to have the lowest unemployment rate in the European Union by 2020, and his government plans to spend just over \$3 billion toward that end, partly through raising new taxes.


"The new plans will create 3,200 trainee jobs next year and 9,000 in 2016, according to Lofven. There will also be 4,400 extra jobs in welfare, which will rise to 24,000 by 2016," said the Bloomberg report. "The Social Democrats before the September election promised 32,000 new trainee jobs."

Lofven also warned during that time that should his party take the elections, the private, for-profit companies running 31% of the Sweden's health care system and retirement homes would likely see their revenues drop.

The promise to end the free lunch of the country's public sector profiteers came after accusations of corruption and a concern too much money was being wasted on CEO salaries. According to a Reuters article on

September 24, "Of the roughly 600 billion Swedish crowns (\$92.74 billion) Sweden spent in 2012 on welfare services, around 15% went to private sector providers."

Reversing austerity will not be easy for Lofven's minority coalition. The Swedish election saw 13% of voters choose the far-right, anti-immigration Sweden Democrats, making them the third-largest party in parliament. The Social Democrat-Green Party coalition has refused to work with the Sweden Democrats, one of whose candidates had to step down before the election when photos of her wearing a swastika armband circulated online.

Luckily, it is as true now as it was twenty years ago that, in Olsen's words, "Most Swedes, like most Canadians, do not believe that the present crisis can or should be handled by eliminating the very programs and policies that have made their country a much more humane and liveable place." 



(Letters, continued from Page 4)

to dignify and promote assisted suicide... whether it is dignified is subjective. Dignity or its lack there of is in the eye of the beholder." That, we would argue, is exactly the point and key argument for assistance in dying. The individual patient is the only one who can judge whether his or her life is worth living.

Some people will find that palliative and hospice care meet their needs and allow them to die as they wish. Others will feel the need to end their lives for reasons such as intractable pain, loss of independence, awareness of dementia,

or a variety of individual reasons for which they do not see the palliative choices as the answer.

Ghose is dismissive of people such as Dr. Low, who made an impassioned plea for assisted suicide shortly before his death from brain cancer. To quote Ghose, "He was afraid of losing his sight, and of not being able to use the washroom without assistance, in other words his autonomy. Dr Low needed assurance and emotional support that hospice care is designed to bring." It is arrogant in the extreme for anyone to claim to know better than the individual concerned about what they see as quality

of life, what for them is unbearable suffering, and how they wish to die.

The most recent polls demonstrate that more than 80% of Canadians support the right to physician-assisted suicide. Many have seen relatives and friends die with great suffering and misery and want better choices for themselves. Fear of death and dying are greatly reduced for people who have access to both palliative choices and assisted death. It is time for the courts and politicians to acknowledge this and make these choices a reality.

Penny Tilby and Ron Peterson,
Vancouver, B.C.

Fascism spreading in the U.S. Will it spill over into Canada?

By Ed Finn

My “dirge for democracy” a few months ago was far from the first time I’ve written about the corrosion of democratic governance in Canada. I think I can say without immodesty that I was one of the first journalists to take note of this troubling trend. As far back as 1989, in a column for the now defunct *Canadian Forum*, I expressed my concern as follows:

Our rulers today are not the politicians we elect. They are the unelected and unaccountable corporate executives, bankers and money traders who now set the political agenda for governments of all stripes. The policies favoured and the laws enacted are mainly those that enhance the wealth and power of the plutocracy.

Canada’s political system, thus subverted, has become little more than a puppet show. The Prime Minister, his cabinet and supine MPs posture and pontificate, actors on the parliamentary stage, following the script written for them by the Business Council on National Issues (forerunner of the current Canadian Council of Chief Executives). Their debates, their hearings, their press conferences are as carefully choreographed as professional wrestling matches—and as meaningless. But the Press Gallery reporters continue to write and talk about what the government is doing as if its antics really belonged on the front page instead of in the entertainment section.

The real power-wielders in their executive suites can thus count on the media they also control to cover political developments as if they really mattered. They can also count on citizens who are unhappy with their government to blame the government instead of the government’s corporate overseers.

I went on to claim that public protests aimed solely at governments were futile, and chided the protesters for assuming that because they still had the right to lobby and demonstrate, the system must still be democratic. They mistake the trappings of democracy for the real thing.

Penned nearly three decades ago, that column drew volleys of derision from conservative editorialists and business leaders. And I have to admit now that it probably did exaggerate the scale of the corporate takeover at the time.

Today, however, my 1989 harangue falls more within the assessment of many leading progressive writers and thinkers. In fact, many of them—Ralph Nader, Noam Chomsky, Lewis Lapham and Chris Hedges among them—now go further to warn that political systems still considered democracies are actually verging on fascism. Of course, these critics are being mocked and pilloried by the right-wing crowd, as I was earlier, but they don’t deserve the castigation any more than I did. If I was at fault, it was perhaps for being premature in warning of the threat of fascism. But that reproach can’t be levelled at today’s critics because clearly conservative extremism is rapidly gaining ground—most noticeably in the United States—and is already putting down roots here.

Since my 1989 foray, I’ve been somewhat hesitant in sounding the fascism alarm but did venture to do so a few times over the past decade. In November 2005, for example, I suggested the upsurge of Christian religious fundamentalism in the U.S. could sow the seeds of fascism there. Around the same time, noting the “forces of regression and individualism” mounting in that country, I wondered if the seeds had already sprouted.

Lapham, who was then still editor of *Harper’s Magazine*, had no such qualms. In his column of October 2005, he bluntly outlined the reasons why American fascists were finding it easier to promote and implant fascism in the U.S. than Hitler did in Germany. I’m going to quote at some length from that acerbic column, if only because Lapham was—and still is—such a respected and fearlessly outspoken American writer. (He’s now the editor of *Lapham’s Quarterly*, a magazine I highly recommend.) Lapham wrote:

We don’t have to burn any books.

The Nazis in the 1930s were forced to waste precious time and money on the inoculation of the German citizenry, too well-educated for its own good, against the infections of impermissible thought. We can count it as a blessing that we don’t bear the burden of an educated citizenry. The systematic destruction of the public school and library systems over the last thirty years, a program wisely carried out under administrations both Republican and Democratic, protects the market for the sale and distribution of the government’s propaganda posters. The publishing companies can print as many books as will guarantee their profit (books on any and all subjects, some of them even truthful), but to people who don’t know how to read or think, they do as little harm as snowflakes falling on a frozen pond.

We don’t have to disturb, terrorize, or plunder the bourgeoisie.

Thanks to the diligence of our news media and the structure of our tax laws, our affluent and suburban classes have taken to heart the lesson taught to the aspiring serial killers rising through the ranks at West Point and the Harvard Business School—think what you’re told to think, and not only do you get to keep the house in Florida or command of the Pentagon press office but on some sunny prize day not far over the horizon, the compensation committee will hand you a check for \$40 million... [W]e’re blessed with a bourgeoisie that will welcome fascism as gladly as it welcomes the rain in April and the sun in June. No need to send for the Gestapo or the NKVD; it will not be necessary to set examples.

We don’t have to gag the press or seize the radio stations.

People trained to the corporate style of thought and movement have no further use for free speech...We don’t require the inspirational genius of a Joseph Goebbels; we can rely instead on the dictates of the Nielsen ratings and the camera angles, secure in the knowledge that the major media syndicates run the business on strictly corporatist principles...

We don't have to murder the intelligentsia.

Here again, we find ourselves in luck. The society is so glutted with easy entertainment that no writer or company of writers is troublesome enough to warrant the compliment of an arrest, or even the courtesy of a sharp blow to the head. What passes for the American school of dissent talks exclusively to itself in the pages of obscure journals, across the coffee cups in Berkeley and Park Slope, in half-deserted lecture halls in small Midwestern colleges.

Inspired and emboldened, perhaps, by Lapham's sardonic jeremiad, I ruminated on whether the rise of fascism in the U.S. would spread across the border into Canada. Here's what I wrote seven years ago:

It must be galling to Canada's neo-fascists—who throng our boardrooms, legislatures, universities, newsrooms, and right-wing think-tanks—that they haven't been nearly as successful as their American counterparts in entrenching right-wing fanaticism in this country. But they aren't all that discouraged by most Canadians' stubborn retention of free speech and thought. They are counting on two future scenarios to fall back on.

The first is to push, pull, or maneuver Canada into a much tighter economic partnership with the United States. They call it "deep integration," and it would result in the virtual Americanization of not just our economy (most of which is already owned by U.S. corporations, anyway), but also our social, cultural, military, and eventually political systems. Canada would in effect become a U.S. colony to which fascism could be as easily exported as any other American product.

Failing this cross-border coup d'état, Canadian ultra-conservatives could simply bide their time to await the complete transformation of the United States into a fascist state, which they think may be not that many more American "elections" away. A full-blown fascist superpower, still wielding vast military and economic

might, would not long tolerate the existence of an independent non-fascist state on its northern border. The invasion and occupation of such a nation—especially one with lots of oil, gas and water—would surely not be too long delayed.

Our elitist Quislings will be waiting to greet the American invaders with open arms. They will be pleased to have imposed on their country by force a radical right-wing regime that they could not persuade a majority of their fellow Canadians to embrace voluntarily.

Since that rather gloomy column was published, our neo-fascist compatriots are still waiting for their long-sought-for totalitarian makeover. But it's not as if they haven't made some alarmingly big strides in that direction over the past decade or so. You can judge for yourself by ticking off from the 14 defining characteristics of fascism that Dr. Lawrence Britt cited after studying regimes of Hitler in Germany, Mussolini in Italy, Franco in Spain, Suharto in Indonesia, and several countries in Latin America prior to the Bolivian Revolution.

Summarized, they are:

- 1. Ultra-nationalism.** Fascist regimes tend to make constant use of patriotic mottos, slogans and symbols.
- 2. Disdain for human rights.** They can be ignored to protect national security, thus excusing torture, assassinations and long incarcerations of prisoners.
- 3. Identification of enemies as a unifying device.** People are rallied in a patriotic frenzy behind the "need" to attack or eliminate a perceived threat or foe, e.g. liberals, socialists, terrorists, ethnic or religious groups.
- 4. Supremacy of the military,** which is given a disproportionate amount of government funding, and soldiers and military service are glamorized.
- 5. Rampant sexism.** Governments tend to be male-dominated, traditional gender roles are made more rigid, and the state is represented as the ultimate guardian of "family values."
- 6. Mass media controlled.** In some fascist countries, the media are directly controlled by the government. In others they are indirectly controlled by regulation or by sympathetic media owners.

7. Obsession with national security. Fear is used as a motivational lever over the masses.

8. Religion and government interconnected. Governments use religion as a tool to manipulate public opinion, even when the tenets of religion are diametrically opposed to the government's policies.

9. Corporate power protected. Business leaders are often the ones who put fascist parties in power, creating a mutually beneficial corporate-government relationship.

10. Labour rights suppressed. The organizing ability of unions is the only real threat to a fascist regime, so they are severely constrained and sometimes eliminated.

11. Disdain for intellectuals and the arts. Fascist nations tend to be dismissive or even hostile to higher education and the arts, and free expression in arts and letters is opposed.

12. Obsession with crime and punishment. Police receive almost unlimited power to enforce laws or government initiatives, to the detriment of civil liberties.

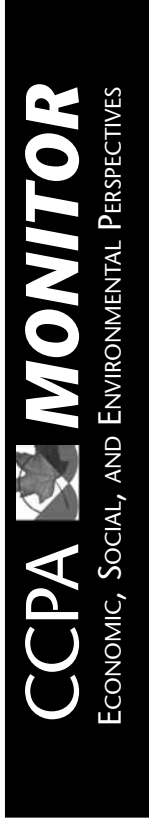
13. Rampant cronyism and corruption. Fascist regimes are almost always governed by associates or friends who appoint one another to government positions and wield political power to protect themselves, whether in government or business.

14. Fraudulent elections. They are often a complete sham or manipulated by smear campaigns against opposition candidates, rigged voting, or the gerrymandering of electoral districts.

There is evidence of nearly all these fascist traits thriving in the U.S., and it's clear some of them—especially the glorification of the military, suppression of unions, disdain of intellectuals and an obsession with crime and punishment—have greatly increased in Canada, too.

Modern autocrats don't need concentration camps. They don't have to imprison people physically as long as they can "imprison" their minds. Far too many Canadians have allowed themselves to be mentally incarcerated by far-right propagandists. We can only hope that a decisive number of them will manage to escape before too long.

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