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A Message Refocused

By Nicholas D. Kristof, The New York Times, November 27, 2011

You have to wonder: could Mayor Michael Bloomberg and police chiefs around the country be secretly backing the Occupy Wall Street movement?

The Occupy protests might have died in infancy if a senior police official had not pepper-sprayed young women on video. Harsh police measures in other cities, including a clash in Oakland that put a veteran in intensive care and the pepper-spraying of an 84-year-old woman in Seattle, built popular support.

Just in the last few days, Bloomberg – who in other respects has been an excellent mayor – rescued the movement from one of its biggest conundrums. It was stuck in a squalid encampment in Manhattan's Zuccotti Park: antagonizing local residents, scaring off would-be supporters, and facing months of debilitating snow and rain. Then the mayor helped save the demonstrators by clearing them out, thus solving their real estate problem and re-establishing their narrative of billionaires bullying the disenfranchised. Thanks to the mayor, the protests grew bigger than ever.

I watched in downtown Manhattan last week as the police moved in to drag off protesters – and several credentialed journalists – and the action seemed wildly over the top. Sure, the mayor had legitimate concerns about sanitation and safety, but have you looked around New York City? Many locations aren't so clean and safe, but there usually aren't hundreds of officers in riot gear showing up in the middle of the night to address the problem.

Yet in a larger sense, the furor over the eviction of protesters in New York, Oakland, Portland and other cities is a sideshow.

Occupy Wall Street isn't about real estate, and its signal achievement was not assembling shivering sleepers in a park.

High Ground Seized by Protestors

The high ground that the protesters seized is not an archipelago of parks in America, but the national agenda. The movement has planted economic inequality on the nation's consciousness, and it will be difficult for any mayor or police force to dislodge it.

A reporter for Politico found that use of the words "income inequality" quintupled in a news database after the Occupy protests began. That's a significant achievement, for this is an issue that goes to our country's values and our opportunities for growth – and yet we in the news business have rarely given it the attention it deserves.

It would be easier to accept this gulf between the haves and the have-nots if it could be spanned by intelligence and hard work. Sometimes it can. But over all, such upward mobility in the United States seems more constrained than in the supposed class societies of Europe.

Research by the Economic Mobility Project, which explores accessibility to the American dream, suggests that the United States provides less intergenerational mobility than most other industrialized nations do. That's not only because of tax policy, which is what liberals focus on.

Perhaps even more important are educational investments, like early childhood education, to try to even the playing field. We can't solve inequality unless we give poor and working-class kids better educational opportunities.

The Occupy movement is also right that

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Encana on Defensive Over Groundwater Fouled by Fracking

By Nathan Vanderklippe, The Globe and Mail, Calgary, December 9, 2011

The US Environmental Protection Agency has discovered drinking water contaminated by hydraulic fracturing in a US natural gas field operated by Encana Corp., a finding that could have serious and far-reaching consequences for industry.

The EPA, in documents released Thursday, flatly contradicts contentions from Encana and the broader industry that its drilling practices in Wyoming are safe and do not harm drinking water. The Calgary-based company, however, continued to state that there is no link between its work and fouled groundwater.

There are considerable stakes to any finding that fracturing, or “fracking,” is a danger to water supplies. Concerns about fracturing have already led to studies and even bans in numerous places, from New York state to Quebec to France.

The use of fracking has spurred a remarkable growth in oil and gas development across the continent, bringing massive new volumes of hydrocarbons surging to the surface from reservoirs once considered impossible to tap.

There are, however, important distinctions between the type of fracking used in new shale gas plays and the Encana field the EPA examined in its new report.

The agency began investigating groundwater in Pavillion, Wyo., three years ago, after local residents reported that some of their drinking water had been fouled with a gasoline-like odour and had become undrinkable. The gas industry has 169 production wells near Pavillion, which sits on a native reservation and has fewer than 200 people.

In a series of studies, which involved sampling dozens of water wells and drilling two of its own test wells, the EPA discovered the strong presence of numerous contaminants – including gasoline, diesel and substances used in fracturing.

Its conclusion, revealed in a draft report released publicly Thursday, states: “Data indicates likely impact to groundwater that can be explained by hydraulic fracturing.”

Fracking techniques have spurred an energy revolution in the US, bringing on such vast new supplies of natural gas that prices

have been severely depressed. A subsequent boom in fracking for oil has opened enough new crude output that some now believe North America could displace all OPEC imports with its own production.

The industry has long claimed fracking is safe.

If it is found to be dangerous, however, it could imperil some of the industry’s biggest plans. Shares in several shale gas producers – including Encana, Talisman Energy Inc. and Chesapeake Energy Inc. – all fell about 5 per cent Thursday, although investors said the selloff was largely attributable to broader market malaise. The S&P/TSX energy index fell 2 per cent.

There are important distinctions between the fracking around Pavillion and the fracking used in major new shale oil and gas plays, such as Marcellus, Bakken and Haynesville. In shale plays, industry typically fractures rock from the horizontal leg of deep wells located at depths of one to three kilometres.

In Wyoming, the fracturing happens from vertical wells – an important difference – that are shallower, ranging from a kilometre to 372 metres below the surface. Some water wells in the area go down to 244 metres, creating a relatively close linkage.

In addition, the EPA notes what may be imprudent industry practices. Only two gas wells around Pavillion have “surface casing” – a protective metal sleeve inside a well that is cemented in place to prevent drilling fluids from leaking out – that goes deeper than the deepest water wells. That means almost every gas well has unprotected stretches at depths people draw water from.

The EPA itself, in a news release Thursday, said conditions in Wyoming are “different from those in many other areas of the country.” But in an interview, spokesman Larry Jackson said it’s possible that what’s happened at Pavillion has “commonalities that could result in similar findings elsewhere.”

Our Comment

In short considerations always, close at hand to tempt governments to sacrifice the survival of common and even humble folks for sweeping profits of privileged financial interests, if governments and politicians in

power will consent to close a conniving eye. What we are confronted has already cropped up in this issue on the piece on official ambiguity in the matters of our Prime Minister and asbestos threatens cropping up again in a reluctance to giving full priority to the interests of a threatened humanity to better attend to the enthroned privileges of speculative capital. There is no mention of what is at stake, but any effective limits to any priority that *must* be accorded to such revelations. We quote from *The Globe and Mail* piece:

“Levels of potassium and chloride in some areas were 18 times expected levels. According to the EPA, “the formulation of

fracture fluid provided for carbon dioxide foam hydraulic fracturing jobs typically consisted of 6-per-cent potassium chloride.

“Other types of synthetic organic compounds, like tert-butyl alcohol – which is not expected to be found naturally in groundwater – were also discovered. Sampling showed the elevated presence of gasoline, diesel, benzene, toluene, ethylbenzene and xylene. Some of those substances matched with materials used in oil and gas work.

“Fracking involves pumping huge amounts of water, sand and chemicals under high pressure into wells. That pressure cracks apart deep rocks, allowing oil and

gas to flow through the fractures that are created.”

Our final comment – this underlines the irresponsibility of putting in charge of the whole performance a representative of the *ancient regime* that still is in charge of our official political performance. The great American sociologist Douglass North warned against leaving control of the administration of a revolutionary regime, representatives of the old, supposedly political regime. That is precisely what President Obama has done. For that humanity is likely to pay dearly.

W.K.

Euro-Zone Confidence Worsened In Month

By Paul Hannon, *The Wall Street Journal*, November 30, 2011

London – Businesses and consumers in the 17 countries that share the euro became more pessimistic about their prospects in November as a growing number of governments were forced to pay more for their borrowing.

The European Commission’s monthly survey of confidence found that manufacturers were experiencing a sharp drop in export orders, while service providers and retailers also expect a slowdown in future activity, and consumers became more gloomy about the outlook for the economy and the jobs market.

As a result, the headline Economic Sentiment Indicator fell further below its average going back to 1990 of 100, to 93.7 from 94.8 in October. That was a weaker outcome than the decline to 94 that was forecast by economists. It was the ninth straight month of decline.

The survey suggests that economic growth will slow further in coming months. But the euro-zone economy expanded by just 0.2% in the third quarter, so any further weakening would take it perilously close to a contraction.

“November’s...business and consumer surveys support the message from other timely indicators that the euro zone is embarking on a deep recession,” said Jennifer McKeown, an economist at Capital Economics. “We now see GDP falling by 1% next year and perhaps some 2.5% in 2013.”

Indeed, the Organization for Economic Cooperation and Development on Monday said it believes the euro-zone economy will contract this quarter. It urged the European

Central Bank to cut its key interest rate to fend off a fresh recession.

“The very serious possibility of euro-zone...contraction in the fourth quarter, coupled with recent overall signs that underlying inflationary pressures are easing, provides a compelling case for the ECB to cut interest rates again at its December... policy meeting,” said Howard Archer, an economist at IHS Global Insight.

The Commission’s measure of industrial confidence fell to minus 7.3 from minus 6.5, a slightly stronger outcome than the reading of minus 7.8 forecast by economists. Manufacturers reported a sharp decline in export orders, and cut back on their hiring plans.

The Commission’s measures of confidence in the services and retail sectors also fell, although its measure of confidence in the construction sector rose slightly.

Its measure of consumer confidence fell to minus 20.4 from minus 19.9 in October, in line with expectations. Consumers said they were less confident about the economic outlook and more fearful of job losses.

Among the euro zone’s major economies, confidence weakened most sharply in France and the Netherlands, both economies that until recently have been relatively insulated from the worst effects of the currency area’s fiscal crisis.

But manufacturing and consumer confidence picked up in Italy, reflecting the appointment of a new government of technocrats led by Mario Monti. In Germany, the euro zone’s strongest economy, the mood was little changed and remained above its long-term average.

The separate Business Climate Indicator for the euro zone fell to minus 0.44 from

minus 0.19 in October, again the ninth straight month of decline and reflective of “increased pessimism about overall order books and export order books,” according to the Commission.

Our Comment

What is walloping the world well below the belt, is not just the theft of our national income, but of our history. For that is the source of the ever messier financial details. US President F.D. Roosevelt was not an economist, but just a gifted conscientious politician who was deeply concerned about the toll that the Depression was taking out of society and listened to anyone with an idea that might help the world out of the ever-deepening mess.

One of his key initiatives was not to allow speculative banks to acquire non-banking finance businesses. For if they were allowed to do so, they would use the reserves of these non-banking concerns to gamble until they lost them. So after calling for a bank holiday during which all banks shut their doors, he introduced the “statutory reserves,” that required banks to deposit with the central bank a sum on which they earned no interest. This worked like a charm.

One of his initiatives was to prohibit banks from acquiring non-banking financial firms – for example, insurance companies. For allowing that had made possible the banks’ using such non-banking financial firms resources to gamble their heads off until they lost the capital that was to serve other purposes. So Roosevelt introduced the statutory reserve that required non-banking financial firms to deposit with the central bank a portion of their capital on which

they earned no interest.

This was used successfully to require the non-banking financial firms to deposit with the central bank a portion of their capital on which they earned no interest. In an overheated economy it placed further resources indirectly in the power of the government, rather than feeding the speculative banks fever.

Undoubtedly, however, it was a factor in the assassination of President Roosevelt, and shortly afterwards of his brother. His assassins lost little time in doing away with the “statutory reserves.”

I had attacked this problem of the speculative banks using their powers to take over the entire economy from quite another angle. For over a decade I had worked on the unique importance of human capital which is directly financed by the government and is not marketed. This I call the “social lien.” Once I had completed my analysis I sent out copies to publications on economic theory. My manuscript was purchased practically by return mail by the French Journal *Revue économique*, and appeared as a 41-page article in its May 1970 issue. Only later did I understand why. On its editorial board was not only the most influential sociologist of the day, but two statisticians who had attempted to relate the available supply and demand of a given item with the market demand with no success. My essay had dropped in as though from heaven. It was reproduced or commented on most favourably in some eight journals on economic theory throughout the world from Japan to Finland. I was invited to come and explain it further. It was reviewed most favourably by the journal on economic theory of Cambridge University that expressed particular applause for my term “social lien” that the government applied to keep speculative banks from exploiting rising price levels for their gambling.

But most important of all, a review of it in a Toronto paper led to a call from John Hotson, a prominent member of the staff of the University of Waterloo, inviting me to come to Waterloo to explain it further. That I did, and as a result COMER was founded, and the University of Waterloo came to serve as our home base to which we invite speakers from the world. That continued for years, until the long reach of speculative banking took over to make the world safe for speculative banking, and Hotson was given early retirement. That broke his heart, and led to his death.

Speculative banking took over universities and what they were allowed to teach

throughout much of the world.

Our contact with a kindred movement in France had arisen quite independently at the end of World War II. Washington had sent hundreds to study the war damage to predict how long it would take Japan and Germany to become formidable world traders again.

Some sixteen years later, one of these, Theodore Schultz of the University of Chicago, published an essay in which he explained how wide of the mark he and his colleagues had been. They had concentrated on the material destruction and paid scant heed to the detail that the human resources had come out of the war essentially intact. From this Schultz concluded that human capital is the most productive investment a government can make.

For a few years, Schultz was feted, decorated and then completely rubbed out of official memory. The Japanese, however, learned from him, not only how to reconstruct their country, but to do so along very improved lines. Before the war, Japan had been essentially an exporter of textiles, and since they had to import the fibers to produce their clothes, little of the profit stayed in their land. The new industry, with which they replaced what had been shattered by the atom bombs, switched to engineering, step by step, until they appeared to have reduced the havoc of the two atom bombs to the category of that Chicago lady's cow that kicked over the lamp that burned out old dingy Chicago, thus clearing the ground for the modern metropolis. That was no mean achievement. It led to decades of prosperity, until as so many others, it got entangled in American real estate.

Great Depression Not Forgotten but Buried

More serious was that all that had been learned from the great depression about the threat to society of speculative banking was just not forgotten but buried deeply. There was the warning of the great American sociologist Douglass North, that when a new economic regime representing a new class takes over they must take special care to remove the old rulers from all positions of power. For should they fail to do that, they will sabotage the new regime. During the Great French Revolution, they used the guillotine for that purpose. In Mexico and other Latin American lands it is not an uncommon practice to execute the political leader and leading colleagues. We are not proposing anyone's head be chopped off but leaving

leading heads of central banks and the regime in high strategic posts is idiocy bordering on treachery. But that is what Obama is doing. So long as that goes on, the Obama regime and the lessons learned at crushing costs are doomed to being wiped out.

It should not be forgotten that when both Franklin Delano Roosevelt and later his younger brother were assassinated, the job was done, not by Russians or Chinese, but by native Americans attached to the previous regime.

Today society's future – indeed its very survival – depends on the recognition of human capital as the prepaid and most essential investment a society can and must make. To treat human capital as a debt is to surrender the very notion of serious accountability in the public sector.

Our government in fact is flying blind, it is important to note that what is at stake is more than the initial fake balancing of government accounts. In a rapidly high technological economy rapidly urbanizing, there are countless ways in which the old regime sabotages and exploits the new if allowed to. Take the matter of urbanization which has become a world-wide phenomenon. If you go on treating government's investment in human capital as a debt rather than an asset, you are shutting your mind to the prepaid asset that human capital is. Then, when you decide to extend your subway system naturally to serve the richer but not the poorer city area, whose surface lines are cut in frequency.

But that is just the beginning of a process profiting by an antiquated accountancy. Having advance knowledge of the direction of the future subway, the government could acquire existing buildings near the future stations and when the subway plans are announced lease (not sell) such sites for several years and profit from the increased value of leases as the British aristocracy have long done. However, if you view human capital as a debt rather than an increasingly valuable asset, the thought and the feasibility of such capital valuation would be beyond the governments' thought or means.

Soon you find your self leasing highways and bridges to special leasing companies that abound in Australia and Spain. The same holds for airports, toll roads, or whatever.

Governments lose their legitimacy. Meanwhile, workers coming to and going from their work will waste hours waiting for constantly fewer available surface streetcars.

W.K.

Canada's Chronic Asbestos Problem

By John Gray and Stephanie Nolen, The Globe and Mail, November 21, 2011

What John Gray finds in Quebec, Stephanie Nolen confirms in India – denial is the most powerful force behind Canada's trade in a notorious metal

For a place of modest size, Asbestos has made an impressive imprint on the Canadian psyche. In 1949, the Asbestos strike – which took place at the mines in Asbestos and nearby Thetford Mines – helped to usher in the Quiet Revolution that shaped the modern Quebec. And in 2011, the place's eponymous product is giving a black eye to Canada's international reputation as a fair dealer.

Most of the world, including the medical community, agrees that asbestos is desperately dangerous. The World Health Organization reports that more than 100,000 people die every year from lung cancer and other respiratory diseases due to asbestos exposure. And many more will die, because 125 million people are exposed to asbestos in their workplaces today and every day.

No surprise, then, that the stuff is effectively banned in Canada. And a surprise, to observers, that Canada exports it to other countries, most notoriously India, where public-health regimes are less vigorous than in Canada.

But that fact is no more mysterious than two forces that are as well known in India as they are in Canada. One is the power of supply and demand. The other is the vacuum of political indifference.



The industry has seen better days. There are just two mines remaining in Quebec's asbestos belt. The Jeffrey Mine in Asbestos is in semi-operational stasis while it awaits refinancing. According to some reports, the LAB Chrysotile mine in Thetford Mines will, by the time you read this, have stopped churning out the piles of tailings that define the town's appearance. ("Chrysotile" is the recent rebranding of the white asbestos that the region produces.)

By any measure, it is weird geography. The huge open-pit mines were once the largest pits in the Western hemisphere. The massive rounded hills of tailings seem to have been dropped onto the landscape from above. Except for the trucks spiralling ever downward in the pits, you might figure you're on the moon.

Over the years, the overburden of rock waste has acquired a rough patina of vegetation. But on the tailings, which is the fine gravel left after the rock has been crushed and the asbestos extracted, there is little sign of life. Some of the piles date from the first mines, more than a century ago.

Luc Berthold, the cheerful mayor of Thetford Mines, seems oblivious to the moonscape. In response to a recent report on local health risks posed by asbestos, the mayor said that no, the municipality would not fence off the tailings to stop young people from using them as an ATV playground. The mayor did concede, however, that the town would cease using the mine residue as a substitute for salt and sand on winter roads.

Defensive about his town's reputation, Berthold told a Montreal reporter that the effect of asbestos dust on health pales compared to that of smog in Montreal. In the anteroom to Berthold's office, piles of glossy flyers promote asbestos's "safe and irreplaceable fibres," with charts proving that tobacco and highway accidents are thousands of times more dangerous than asbestos in schools.

The Shame of Our Asbestos Exports

It's hard to blame the place for this attitude. After all, it wouldn't exist without the strange fibre that a farmer named Joseph Fecteau stumbled upon in 1876. He'd hit a rich vein of asbestos, long known in Europe as a miraculous substance that could not be burned or damaged by fire. Within a few years, the Thetford area was the asbestos capital of the world, and Quebecers called the fibres white gold.

Asbestos was soon everywhere, in houses, in factories, in cars, in thousands upon thousands of industrial and household products—all kinds of insulation as well as everything from brake pads to paint, cement, siding, shingles, pipes, ceiling and floor tiles, clutch facings, even crayons.

For people in Thetford Mines, asbestos dust has been around forever and it's hard to get excited about a disease that can take up to 40 years to have an effect. For those who live here, asbestos is just a fact of life.

Typical is Sylvain Gagné, who simply shrugs at the mention of asbestosis or cancer or mesothelioma. He is sitting on his veranda, facing a hillside of tailings across

the street, contentedly eating a plateful of mashed potatoes. If there is any illness in Thetford Mines, it's because of people drinking too much, he says, particularly young people who can't get jobs.

Gagné hasn't worked at the mine, but his father and grandfather, who is 87, both did, without apparent ill effect.

Gagné's neighbour across the street, Sylvain Menard, has worked all over the country, much of the time on roofing jobs that called for handling asbestos shingles. Is he concerned? Not remotely. He moved to Thetford Mines only a few months ago and discovered, to his delight, that housing prices are low and the pace of life easy. He says that he could not care less about asbestos; rather, he should be more worried about cigarettes. With that, he lights another smoke with a defiant smile.

Menard's arrival may be a sign of things to come. For a long time, there was a constant dark cloud over Thetford Mines. Like all one-industry towns, it's vulnerable to fluctuations in resource markets. But the curse of asbestosis and other lung diseases made things worse. It was not surprising that people, especially youngsters, drifted away in search of work.

One person who stayed, Ritchie Harnish, has done every job there was to do in his more than 40 years in the mine, from bagging asbestos to the delicate task of grading the stuff by the length of the fibres. He worked in the open pit in the baking summer, underground in the bitter winter. For a time he was president of the United Steelworkers local.

Now 60, Harnish is a bridge between the old ways and the new. He remembers his grandfather coming back from the mine, sending off huge clouds of asbestos dust as he patted his jacket and pants. But nowadays they're filtering the air six times an hour at the mine. The place is spotless.

Harnish, who retired a few months ago, is happy to see changes that might signal the survival of the town where he's spent his entire life. In the schools, they are asking the kids what would persuade them to stay in Thetford Mines. And on the streets of town, he is meeting old friends he has not seen for 40 or 50 years: "They're coming back. It's really not a bad place to live!"

It may be that Harnish is on the sunny side of a generational divide when it comes

to safety standards at the mine. Over in Asbestos, Donald Nicholls, who is 80, went to work at the Jeffrey Mine a few weeks after he finished high school in the summer of 1950, not long after the Asbestos strike came to its bitter end. The momentous events weren't particularly relevant to him. If you grew up in Asbestos, there really wasn't anywhere else to work. It was a steady job for 2,500 people.

Nicholls will tell you he's had a pretty good life. At least up to this point, he says, and a rueful smile flickers across his gaunt face. He and two friends who graduated from high school at the same time all went to work in the mill. One died of a heart attack, and one died from asbestosis, which leaves just Nicholls, and he too is suffering from asbestosis.

He moves slowly and breathes with difficulty because his lungs are scarred with asbestos fibre. There is no cure for asbestosis, so at the age of 80 the prognosis seems clear enough. Mine and mill operations may be much cleaner these days, but for more than a century asbestos dust in the air was as omnipresent as the air itself. If you left your shoes on the floor near an open window, they'd be outlined in dust when you picked them up in the morning.

There was nothing about asbestos that was seen as threatening for children. In fact, teachers and parents gave the kids asbestos to play with, as if it were Plasticine. Donald Nicholls smiles: "We used to make models all the time." And outside, asbestos fibres were a handy ingredient if you wanted to throw a snowball at a scab during a strike.

Harper Strums on the Asbestos Problem

The former MP (whose cancer is in remission) discreetly says nothing about his dialogue with Harper about asbestos except that "people know my views.... And obviously my views didn't prevail."

For root causes, Strahl points directly at the Quebec government and Ottawa's reluctance to interfere in areas of provincial jurisdiction. But Harper's calculus on the issue surely includes not just his reluctance to tread on Quebec's turf but also his regional base in the province. One of his few stops in Quebec during this year's election campaign was Asbestos, where he declared, "This government will not put Canadian industry in a position where it is discriminated against in a market where sale is permitted."

In the end, of the five Conservatives elected in Quebec, four were in a belt of rid-

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ings beginning with that of Christian Paradis, whose home town is Thetford Mines. He is now the senior minister for Quebec in the Harper cabinet.

But Harper's devotion to the asbestos industry is nothing new. A succession of Canadian governments have been nothing if not loyal to the industry. While other jurisdictions sounded warnings about asbestos, the Canadian and Quebec governments did their best to persuade the world that asbestos was just fine – not all kinds of asbestos, of course, but the asbestos that came from Canada.

The issue came to a head in the late '90s, when France decided to ban asbestos. An unhappy Canada took the case to the World Trade Organization. It was embarrassing enough to be brawling with a G7 ally; more painful, it was a losing cause. The WTO rejected Canada's appeal because, simply, "there is in fact a serious carcinogenic risk associated with the inhalation of chrysotile fibres."

There is, however, a basis to Canada's contention that chrysotile is less harmful than the blue and brown asbestos that came from other countries. But less harmful does not mean harmless. The World Health Organization says unequivocally that there is no safe level of exposure to asbestos. Yet a Natural Resources Canada fact sheet that appeared on the departmental website as recently as 2008 insisted that asbestos is not as dangerous as originally believed – "current knowledge and modern technology can successfully control the potential for health and environmental harm posed by chrysotile." In another tack, the fact sheet pointed to alternatives that might compete against chrysotile, and warned that "there is no scientific proof that new alternatives are any safer."

For both levels of government and the industry, the chosen instrument of pro-asbestos lobbying is the Chrysotile Institute, formerly the Asbestos Institute. Ottawa has contributed \$250,000 every year to the institute since its foundation in 1984, with a similar amount coming from Quebec City. There was speculation last spring that Ottawa was backing away from its commitment

to the institute. But its president, Clement Godbout, says he has heard nothing beyond an assurance that funding will continue until at least next spring – which is much the same kind of reassurance he has had every year. Godbout says there are no plans to give up on the institute's intense lobbying activities at home and abroad.

What all the asbestos stakeholders – the towns, the industry, the provincial and federal governments, the Chrysotile Institute – share is a denial, reminiscent of the history of the tobacco industry, of some facts that have been around for almost a century. It was reported in a 1918 US government study that "in the practice of American and Canadian life insurance companies, asbestos workers are generally declined on account of the assumed health-injurious conditions of the industry." In the late 1970s, documents made public in American courts proved that asbestos industry officials had known of the dangers of asbestos since the 1930s but had concealed that knowledge.

Critics of the indulgent Canadian government policy toward the industry have amassed a list of what seems like every medical organization in the country – the Canadian Medical Association, the Canadian Cancer Society, the Canadian Lung Association, the Quebec Medical Association. Not even the World Health Organization tempers its judgment. As an official put it, "WHO's position is extremely clear: that all forms of asbestos are carcinogenic to humans. WHO would be very happy to see as many countries as possible phase out asbestos. It has been clearly identified as a public health risk." The respected British medical journal *The Lancet* said last year that "until recently, asbestos exportation was the elephant in the room in Canadian politics that no party was brave enough to take on, due to industry opposition." This year, the Liberals got on board with an NDP motion to ban asbestos exports. It was defeated by the Conservatives, with the help of the Bloc Québécois, in November.



For all the damage it has done to Canada's reputation, asbestos is a small industry. In fact, by the time Ottawa gets around to banning the export of asbestos, there may be no asbestos industry left to argue about. There is still lots of asbestos fibre to be found in the 60-kilometre swath from Thetford Mines to Asbestos. But it's expensive to mine when measured against the lower-cost and comparatively unconflicted industries

in Russia, Brazil, Kazakhstan, China and Zimbabwe.

Thetford Mines was shaken last summer by a newspaper story that its LAB Chrysotile mine could run out of asbestos within the next year. Mine officials denied the forecast, but production at the mine has been declining sharply in recent years. Then came reports that the mine will be shut down indefinitely in November. (The company did not return calls.)

The Jeffrey Mine in Asbestos has been barely operational for the past eight years. The mine's uncertain future is staked on the considerable talents and persuasion of a Montreal businessman who came to Canada in 1973 from his native India to study business. Three years later, Baljit Singh Chadha started his own company and teamed up with a Canadian asbestos firm that needed an agent in India or at least a Canadian who knew the Indian market. These days, his trading company annually ships about \$100 million worth of nuts, dried fruit, wood and asbestos between India and Canada.

Chadha's accomplishments, including his philanthropy, were recognized by former prime minister Jean Chrétien in 2003, when he appointed Chadha to both the Security Intelligence Review Committee and the Queen's Privy Council for Canada. Chadha has had intimate ties to a succession of federal and provincial Liberal governments, most evident recently when he hosted fundraisers for former Liberal leader Michael Ignatieff and Premier Jean Charest and accompanied Charest on a trade mission to India.

For all that, Chadha was a low-profile figure until he made a bid to buy the Jeffrey Mine last year and started to champion the export of asbestos this year. The Quebec government is keeping the mine afloat with a \$58 million loan guarantee, on the condition that Chadha find outside investors who will put \$25 million into the project.

Both Chadha and provincial Economic Development Minister Clément Gignac have insisted that exporting asbestos to India is beneficial for the country's impoverished millions. Chadha also told *The Globe and Mail* that WHO has set a safe threshold for chrysotile exposure. That statement was contradicted in a rare public rebuke from WHO.

"There is very little scientific evidence against us," Chadha said subsequently. "In fact, there is none."



For 24 years, Durai Swami loaded and unloaded sacks of asbestos and piles of asbestos cement sheeting in Ahmedabad, the fast-growing hub of Gujarat state and India's industrial capital.

Swami worked eight hours a day, six days a week. In return, the Shree Digvijay Cement Co. Ltd. each day dispensed 230 rupees (\$5) and a 150-gram lump of dark, sticky cane sugar, called jaggery. His managers instructed him to suck on it through the day. "They told us if we ate it, all the dust that we breathed in would stick to it and move through our system and not hurt us," he says.

That's the sort of thing that passed for safety equipment at the factory, where Swami worked until recently. After 10 years of the sugar fix, the workers were given gloves, and cotton handkerchiefs to tie over their mouths. But for more than a decade, there has been nothing at all, Swami says.

India has a voracious market for asbestos, which is used to make a cement composite used in low-cost building products. Canada sent 69,575 tonnes of asbestos to India in 2010, according to the United Nations Commodity Trade Statistics Database, with a value of \$39.1 million (US). The leading supplier to the country, by far, is Russia. In 2010, Canada ranked third after that country and Brazil.

India Leaves Its Asbestos-poisoned Workers to Die

A small network of activists and aggrieved workers across India argue that there is no such thing as safe use in a country where there is no tradition or practice of occupational safety, no enforcement of regulations, no monitoring of workers' health – and such severe poverty that Swami went on showing up for work for years, long after he was winded by a half-block walk and had been diagnosed with asbestosis. He knew full well his job was killing him. "In Canada you have all these safety measures," he says. "In my country they've left us to carry it and die."

Near-identical working conditions are described by current and former employees of the cement factory (now called the Gujarat Composite Co.) and Gujarat Electric Co., operator of a giant power plant whose asbestos-sheathed towers loom over the city. The industries are two of the most common sources of exposure to asbestos here, but there are plenty of others, ranging from chemical production to auto parts manufacturing to ship breaking.

At the factory and power plant, the men have worked with sacks of asbestos displaying a maple leaf (although the workers recognized the Canadian symbol, they could not read the English words, including those that list the "safe" conditions for use of the product inside). None of the men has an education past the third-grade level. Their safety equipment consisted of, at most, cloth tied over their faces; often, they say, they shaped asbestos rope or smeared asbestos slurry on to boiler parts as insulation, with bare hands, their faces uncovered, the dust so thick in the air it was difficult to see.

Many of them began to have trouble breathing more than a decade ago, but they had no information that asbestos presented any risk to their health. "We used to make it into balls and throw them at each other when we were fooling around," Ragunath Manwar says with bitter amusement.

Manwar worked at the electric company for 37 years, until he was fired in 2002 after asking the company why so many of his colleagues were dying. He says he only learned that he was working with asbestos in 1998 when a lawyer helping his union with a workers' compensation case asked him to bring her a small chunk of this white powder he worked with. "That was the first I ever heard it was dangerous."



Today Manwar, jovial, white-haired and apparently tireless – so far unaffected by the breathing troubles that afflict many of his former colleagues – runs a one-man accountability effort from a battered desk on the veranda of his small home, fighting the companies for compensation. But as he sees it, he has another opponent as well: his own government, which, he says, knows full well that asbestos is causing a massive incipient epidemic in India, but is so in the sway of industry that it dismisses the legitimacy of a tower of medical evidence and obstructs all efforts, domestic and international, to put a ban on its use.

When the connection between asbestos and lung disease became irrefutable and the First World market for asbestos began to collapse in the late 1970s, the industry went looking for greener fields. None has proved greener than India, where economic growth has averaged 9% a year of late and the construction industry is growing at breathtaking speed. And as the Canadian industry made clear as it began to target the developing world, a country such as India would pose no messy problems with

occupational health: Daniel Perlstein, then president of the asbestos company Société Nationale de l'Amiante, was quoted in the *Globe* in 1982 explaining that the question of health did not appear to be a concern "in some countries where life expectancy is only 35...most people die by age 35 of other causes than old age or of a cancer that takes 35 to 40 years to grow."

Companies such as Gujarat Composite combine cement with fly ash and asbestos (at about 9% of the mixture) to create a durable sheet; the asbestos acts as a binder that prevents brittleness. "Canadian fibres are among the best in the world-that is why most companies prefer Canadian fibres first," says John Nicodemus, an executive director of the Asbestos Cement Products Manufacturers Association of India. He says that the asbestos cement industry produced 4.4 million tonnes of product last year (mostly roof sheets, but also some pipes); the industry has grown by about 14% year on year for the past decade and is currently worth about \$1 billion annually. It uses about 90% of the asbestos imports to India.

Message from page 1

one of the drivers of inequality (among many) is the money game in politics. Michael Spence, a Nobel Prize-winning economist who shares a concern about rising inequality, told me that we've seen "an evolution from one propertied man, one vote; to one man, one vote; to one person, one vote; trending to one dollar, one vote."

James M. Stone, former chairman of the Commodity Futures Trading Commission, said in a recent speech that many members of Congress knew that banks needed to be more tightly regulated, perhaps broken into smaller pieces.

"So why was this not done?" he asked. "One obvious piece of the answer is that both political parties rely heavily on campaign contributions from the financial sector."

The solution to these inequities and injustices is not so much setting up tents at bits of real estate here or there, but a relentless focus on the costs of inequality. So as we move into an election year, I'm hoping that the movement will continue to morph into: Occupy the Agenda.

When the needed solution is consciously or otherwise turns up from official figures, the solution forgetting society out of its present blind alley should be easy to finger and put to work. What is underway, is that

Asbestos cement sheets are not just durable, they're cheap – as little as \$7 a sheet, and less than half the price of roofing made with galvanized steel or tin, with at least twice the lifespan. So, increasingly, asbestos is the material of choice for low-cost construction, and it has become a cornerstone of the numerous building upgrades in rural areas. "Asbestos is in every school and every train station and every hospital in this country," says Gopal Krishna, India co-ordinator of the international Ban Asbestos Network.

But Nicodemus says there is no risk: "Governments do their own studies, and they are satisfied that there is no problem-there is no problem under pollution controls," he says. He adds cheerfully, "I am living proof to this: I worked for 40 years with factories. I am an educated person-if I had sensed any problem, I would have left the industry a long time back and gone somewhere else."

The industry has a showpiece asbestos factory in the south, Hyderabad Industries Ltd.; this is where the industry association likes to take journalists. There, automatic bag-opening equipment keeps sacks of as-

some very diligently buried this long and made unmentionable in our press...their way into public attention. Let me single out proof of that from *The New York Times*... that we are discussing.

The Statistic to Leave Us Breathless

"The statistic that takes my breath away is this: the top 1 percent of Americans possess a greater net worth than the entire bottom 90 percent, according to an analysis by the Economic Policy Institute.

"A new study by Michael I. Norton of Harvard Business School and Dan Ariely of Duke University polled Americans about what wealth distribution would be optimal. People across the board thought that the richest 20 percent of Americans should control about one-third of the nation's wealth, and the poorest 20 percent about one-tenth.

"In fact, the richest 20 percent of Americans own more than 80 percent of the country's wealth. And the poorest 20 percent own one-tenth of 1 percent."



Editor: A miracle to behold: what Washington conspired to suppress has spread its wings and flying overhead has reasserted itself. Let us not miss the occasion.

W.K.

bestos in a pressure-controlled area away from workers, and an automated process mixes dry asbestos into slurry, so that the fibres do not become airborne. Contaminant levels in the air are monitored routinely and are well below the Indian government limits (although these are 10 times higher than those in the US).

But the Ahmedabad workers tell a different story-that a "dry process" is still used routinely in their factory, that bags split open all the time, that the men leave the factory coated in white dust. The manager of the factory, D.K. Dutta, and the director of personnel, S.G. Shekawat, refused to allow a visit to the facility to investigate the workers' allegations, or to answer any questions, in person, by phone or e-mail. In 2010 and 2011, the company was repeatedly cited, and nearly shut down by the pollution control authorities, for using the dry process.

Nicodemus insists in one breath that the dry process is not used anywhere in India any more and then admits in another that his association has no way to prove that. "As far as the Asbestos Cement Products Manufacturers Association is concerned, we have tried our best to identify even small-scale producers so that we can educate them. Governmental regulations are there...and if people are not following, if enforcement is not there, what can we do? We tried our best to bring them [to follow the standards]. I do not know-they are not interested."

Yet while the cement industry gets – and dodges – the scrutiny, its workers are only part of India's asbestos exposure story. "The primary exposure is not factory workers; it's the construction workers, the masons, the plumbers, the electricians, who cut through pipes and sheets and tiles all day – this is where maximum exposure happens," says Tushar Kant Joshi, a doctor who is director of the independent Centre for Occupational and Environmental Health in New Delhi. The World Health Organization says that the greatest exposure to asbestos fibre happens when sheets and roofing are cut with abrasive tools; the only way to reduce the risk is to do the cutting under water.

Joshi says that rarely ever happens. India has four different laws covering occupational safety – but they apply only to organized, "formal-sector" workers, who are, at most, 10% of the workforce. The great bulk of work in the country's roaring construction industry is done by day labourers, picked up from vast labour markets in the early

morning and paid a dollar or two for a day of work on the high-rise towers of Mumbai and the new shopping malls of Delhi. The occupational safety laws lay out minimum requirements for ventilation, safety equipment, air quality and medical monitoring of workers. But, in practice, none of this ever happens, Joshi says, both because of lack of will and because the Ministry of Labour department tasked with the job has scant resources.

Asbestos-related lung cancer is not a reportable illness here; neither, outside mining, is mesothelioma. So there are no statistics on whether they are increasing; and there are no independent epidemiological studies on affected populations in India. Asbestos products are sold without hazard warnings; there is no monitoring of what happens to asbestos sheets or pipes once they leave the point of sale. "They don't even monitor the organized sector, forget unorganized," says Joshi. The worker in a factory gets a mask, and ventilation-the person drilling a hole gets nothing."

The worker drilling holes in asbestos cement sheets goes home at the end of the day in dusty clothes, and his wife or children wash them. "When I would wash the clothes, the smell and the dust would make me gag," says Savita Mehra, whose husband, Narayanprasad, made asbestos into fibre ropes at Gujarat Electric Co. for 22 years. "I would say to him, 'Look at this, at this dust-you must leave that job.' But he would say, 'How can I? How else will I get a permanent job?'" Today Savita, 67, is breathless; when the family can afford steroids, she can move slowly around their two-room house; when they can't, she stays in bed. Her husband has been diagnosed with occupational asthma. No one has ever investigated Savita's asbestos exposure. Her husband says he developed breathing trouble after about 10 years at the factory; he went to the factory doctor and was told he had tuberculosis. He took TB treatment for seven years. Today he receives a pension of 300 rupees, or \$6, a month-about a fifth of what the family spends on medical care for their breathing problems.



Immediately outside the gates of the sprawling Gujarat Composite factory is a clump of about 300 small houses called Kali Gaon-Black Village – although the houses are mostly painted blue. Every roof is made of corrugated asbestos cement sheets, which are sold from vast stacks at the gate of the

factory. "It is the most ideal roof for the Indian people," enthuses Nicodemus.

But many of the sheets are broken; break-age releases fibres. Heat causes the sheets to break down-and every family cooks on wood or charcoal inside their low-slung houses. Broken pieces are taken home from the factory by workers who use them to make jerry-rigged fences.

Until recently, the factory also supplied water to workers from a well inside its walls. "You could see dust in the water, floating in it," says C.R. Singh, who grew up in Kali Gaon and whose father still works in the factory. "I had no idea there was a risk – it's just what people have done their whole life. Now I wonder what I drank for my first 25 years."

His father, who has repeatedly been diagnosed with asbestosis, inventories bags of chrysotile in a storeroom. The elder Singh says the bags, which occasionally split on their own, are disgorged in the open instead of inside a sealed container, and that there has never been a way to vacuum the dust from his uniform before he leaves for home. All of these circumstances have been identified by the Canadian industry as unsafe. And if anyone has ever checked the particulate level in the factory, they've never shared the results with him. Nor the results of his infrequent health exams.

He was, however, given jaggery for years.

"The company was making a fool of these people," says Ragunath Manwar. He hardly expects better of the employers. Canada is another story. "Doesn't your government feel a moral responsibility that what they are doing is killing us?"

Whatever Canada's government may feel, the Indian one apparently has no qualms: It has approved 10 new sites for asbestos cement factories to open next year. That's no surprise, says Joshi, who – shades of Canada – describes a "close nexus of interests between the business and politicians." There is, for example, an asbestos cement factory in the constituency of Sonia Gandhi, leader of the ruling All India National Congress. Another huge factory in Hyderabad is headed by Gaddam Vivekanand, a member of the Lok Sabha, the lower house of parliament. He continues to sit as vice-chairman on the company's board of directors. The industry assiduously courts political favour, reminding politicians that it employs 100,000 people directly, and another 300,000 indirectly. A bill to ban asbestos pushed by activists has sat in the upper house of parliament for

years. "The political will is not there. To ban it, to reduce consumption, to restrict use is a political decision," says Joshi.

Manwar goes further than that. "It's corruption: the industry buys out the labour department," he says. No such complaint has been brought against the asbestos cement industry formally, but such practices, while common in India, are rarely investigated. The aging activist sits in the shadow of the cement factory, holding a tattered file of medical records from the men he once worked with, each one ending with a doctor's scrawl of "asbestosis."

"We have no power," he says. "We have nothing."

Our Comment

It is as though a benign heaven indignant and outrage at the greedy and nasty conduct of the most powerful members of a race the Good Lord created in His image, should have translated it all on a disgustingly petty scale – so that the dimmed victims of the sordid tale could not miss the point. There we have the miners of the dangerous asbestos not only for those who dig it out of the ground but for those who must live surrounded by the assurance, in Greek – asbestos means "incombustible" – encouraging those ravaged for infinite power will think of the unlimited scope of their greed rather than the new fires of hell hence we have the authors quotation:

"While Nicholls was at the mine, across the country young Chuck Strahl was working as a logger in the forests of British Columbia, running a machine known as a yarder. He had to sit two feet from masses of asbestos dust, breathing it in and out, nine or 10 hours a day.

"Many years later, in 2005, Strahl was diagnosed with mesothelioma. This meant that the successful career he'd made for himself in federal politics would not go as far as it might have. And it meant that he was at loggerheads with his boss, Stephen Harper, on the issue of asbestos.

"The problem was not the use of asbestos in Canada, which has practically been outlawed. Indeed, Harper's government is paying millions of dollars to remove asbestos from the Parliament Buildings. Rather, the problem is what Canadian asbestos is doing in other countries.

"Canada's isolation was thrown into sharp contrast this year during debate at the United Nations over a proposal to include asbestos on the Rotterdam Convention watch list that warns trading countries

of products' potential toxicity. Importing countries have the option to refuse potentially hazardous materials. Canada, standing alone, blocked the measure." At this point we can only pinch our nostrils as assailed by the resulting moral stench!

"Strahl's appeal is simple and polite but unmistakably defiant. As he put it in *The*

Globe and Mail earlier this year, "By listing chrysotile in the Rotterdam Convention as a product that deserves to be handled carefully and with proper warnings, safe use is more likely to occur. Workers from all countries will be grateful for that notification-if not today, then a generation from now."

"Having traveled alongside Harper from

the early days of the Reform Party all the way to cabinet, Strahl must have had his doubts that the headstrong leader would change his mind.... Strahl has not changed his mind about Canada approving the Rotterdam Convention: "I think it will. It's just a matter of when."

W.K.

A Lot of Pride Goes into Building Military Vehicles

By Richard J. Brennan, *The Toronto Star*, November 24, 2011

London plant never forgets that soldiers' lives depend on the quality of its work.

London, Ontario – Behind the shrouded gate of General Dynamic Land Systems-Canada there is a constant reminder that its vehicles must withstand the rigours of war.

"Carrying the soldiers we depend on to fight for the freedoms we cherish," says the message on a giant poster in the midst of a sprawling plant that has been producing custom made light armoured vehicles for Canada, the US and other friendly countries since 1977.

While manufacturing in Ontario has been devastated, the London division is working non-stop to fill new orders and retrofit existing vehicles, including a \$1 billion contract with the Canadian government to upgrade the country's fleet of light armoured vehicles to make them even more resistant to landmines and IEDs (improvised explosive devices), which have taken many Canadian soldiers' lives in Afghanistan.

General Dynamics builds the LAV II and the larger LAV III, which have been in constant use by the Canadian Armed Forces since 2001 in Afghanistan where they have been battle tested in some of the harshest conditions. Canada has 1,058 LAV IIIs and 491 six-wheeled LAV IIs.

"Here, firstly we think of the soldiers who are going to be in these units in the field and their safety. Quality is a big thing around here," Craig McLarty, the plant chair for the Canadian Auto Workers (CAW), told the *Toronto Star* this week.

The LAV III, which weighs about 14 tons, is powered by a 350 horsepower diesel engine that drives eight wheels. The vehicle, often used for carrying troops, can continue to roll even if all tires are flattened because of a unique insert.

From time to time Canadian and US military brass, as well as soldiers, will tour through the plant "and they are always

thanking the guys for doing a high quality job and saving lives and making a difference over there. That means a lot to us to get some positive feedback. It always raises the morale," McLarty said.

The US-based defence contractor General Dynamics purchased the light armoured division from General Motors in 2003. The London plant employs 2,300 workers. Of them, 580 are CAW members who work on the shop floor while the rest consist mainly of engineers and office workers.

"We've minimal layoff over the years. We haven't had any strikes with the company. It was the same before with GM," McLarty said.

Competition is fierce in the armoured vehicle business and improvements are required regularly on the vehicle at the London plant just to keep ahead of the pack, Danny Deep, vice-president of General Dynamics Land Systems – Canada, told the *Star*.

"I would say 20 or 25 years ago we were one of a handful. There are countless competitors now. We are still the single most prolific Light Armoured Vehicle designer and manufacturer in the world," he said.

Most of that competition is coming from both western and eastern European countries as well as large aerospace companies like Lockheed Martin. The London plant has manufactured in whole or part some 9,000 LAVs. It takes General Dynamics about 100 days to build a LAV III at an average cost of \$2.3 million.

"It really has been a pretty steady growth over the last 20 years...but the reality is we have to expand the customer base. So we are targeting other areas around the world, other sovereign governments," he said, adding 90 per cent of what is designed and manufactured in London goes to the US and Australia and different places in the Middle East and New Zealand.

"We are somewhat constrained in who we can sell to...it is governed by the US

State Department and also Foreign Affairs and International Trade on the Canadian side," Deep said.

Besides new sales, the company devotes a good deal of its time to retrofitting existing vehicles. Such is the case with the \$1 billion Canadian contract. It calls for a major retrofit for 550 LAV III vehicles, including a new double V hull to better deflect explosions, a new 450 horsepower diesel engine, drive train, suspension and weaponry. The improvements will extend the life cycle of the fleet to 2035. The upgrades will be done at GD facilities in Edmonton and London.

"It really is a major upgrade. At the time in the mid-1990s when we developed that LAV III vehicle it was state-of-the-art. Fifteen years has gone by and it needs a bit of a kick and this is a kick," Deep said, adding that this new technology will be used on future vehicles.

Why are these changes necessary?

"The threat profile has changed so rapidly out there, especially around survivability, that the requirements have changed dramatically," he said.

Deep said a significant portion of the London plant workforce – from the person who runs the laser that cuts the steel plate to the welder or draftsman – has either served in the military or has ties with others who have served.

"One of the elements of the secret sauce in this business is that link between the shop floor, be it an assembler or welder, and the ultimate user...they feel very proud of what it is they do," he said.



Editor: What the article really implies, but does not get around to saying, is that the importance of human capital – even when the basis of its appraisal is largely alluded to rather than openly expressed dominates the distribution and very much more in our current ultimate decision-making.

W.K.

Our Busy Life is Making You Sick

By Siri Agrell, *The Globe and Mail*, October 30, 2010

It hurts body and mind. It costs employers and health-care billions every year. Most of us play down the impact of our overstuffed, imbalanced lives, but as Siri Agrell reports, scientists say it's time to get serious about stress.

In a small, windowless room at the Louis-H. Lafontaine Hospital in Montreal this winter, 80 employees, from psychiatrists and nurses to custodians and support staff, will undergo a series of psychological tests designed to stress them out.

Before and after each test, the subjects will be asked to spit into a small plastic vial, the saliva used to detect the hormones that are released when the brain is faced with a stressful situation.

The point of the study? To see how results vary according to what jobs we do – and whether those of us with less flexibility to juggle work and family demands, with less control over our schedules, have chronically higher levels of stress. If this is true, the researchers believe their findings will not only indicate something about what we do for a living, but about our future health – with serious side-effects for public, as well as personal, priorities.

“I hope I live to see the day when we have a ribbon for stress research like we do for breast cancer,” says Sonia Lupien, director of the hospital's Centre for Studies on Human Stress, which will conduct the study. “The cost of stress is amazingly high.”

Across the country, people are experiencing increasing levels of stress. A poll commissioned by *The Globe and Mail* found that Canadians endure, on average, 14 stressful episodes a week. That might not come as a surprise to the researchers behind the latest report from the Canadian Index of Wellbeing, which recently revealed that one working person in five is experiencing high levels of “crunch time” – periods when they feel overwhelmed by overcrowded inboxes and jammed weekly schedules.

“We are paying a steep price for this time crunch,” Roy Romanow, chair of the agency's advisory board has warned. “We're less healthy, both physically and mentally. We have less time for personal pleasures. And we're more dissatisfied with the quality

of our lives.”

The former Saskatchewan premier has already called for a national dialogue on public policy. Now, a growing chorus of scientists is calling for action as well.

The Opening Battle

The first order of business is to reduce our stress level, something that a growing body of evidence suggests can no longer be dismissed as a psychological problem easily solved by having a deep tissue massage or spending a few days on the beach.

Chronic stress caused by taking on too much – both at home and at work – has been linked to a wide range of serious health concerns, from Alzheimer's and depression to obesity, diabetes and heart disease. In Canada, hypertension is the No. 1 reason people go to the doctor, and last year accounted for almost 20.7 million medical appointments.

The physical and psychological ailments brought about by stress are believed to be a major reason absentee rates for full-time employees have shot up 21 per cent in the past 10 years. At least one think tank estimates that stress-related absences cost employers more than \$10 billion a year, with an additional \$14 billion impact on the health-care system.

Just Go “NUTS”

Stress is not the sole domain of the superpowerful or the emergency-room surgeon.

You don't have to be working long hours or dealing with issues of life and death to feel stressed, or to feel like your work-life balance is out of whack: everything from our computers to our kids and daily commute can cause us to feel overwhelmed and initiate a change in our bodies.

Dr. Sonia Lupien believes the idea of stress has been confused with being vigorous, and as a result is glorified and misunderstood. To explain the conditions that trigger a physical reaction in our brains, she uses a simple acronym: NUTS.

According to her, the brain will start to release stress hormones if a situation is more than one of the following: novel, unpredictable, threatening – either to your survival or your ego – and something over which you don't have a sense of control.

This response is evolutionary, and the brain reacts the same way it always has. For cavemen, the stress response would have kicked in at the site of an angry predator. Today, it will start when you realize you won't make it to your child's daycare pick-up on time.

Combatting these feelings is not easy and begins with resilience. Just knowing you have a Plan B for any problem can often reduce the brain's physical response to stress. But too often, Dr. Lupien says, people see relaxation as the anecdote for stress.

“Going to the spa this weekend will not mean the guy who threatens your ego every morning at the office will disappear,” she said.

The situation has become so serious that scientists such as Dr. Lupien want to reframe work-life balance as a public health issue.

She hopes to see the saliva test become part of an annual checkup, monitored by physicians as frequently as cholesterol and blood pressure.

“It's difficult to get this addressed in the doctor's office because they see stress as a yuppie thing,” she says. “But this is what predicts disease.”

On a Cellular Level

For scientists who study work-life balance, the stress triggered by the lack of control over our lives is an evolutionary response, not a state of mind.

Any time we're in a situation beyond our control, the brain releases two hormones, cortisol and adrenalin, which allow us to engage our fight-or-flight response – without them, we would not recognize or react to danger. But when a brain is constantly stressed, confronted with a daily onslaught of overwhelming situations, it begins to pump out these hormones in excess, throwing off the body's other systems and overpowering the immune system.

Research has shown that high levels of cortisol and adrenalin change the way the body stores fat, leading to higher rates of obesity, and increase its production of cholesterol and insulin, which cause heart disease and diabetes. They even change us on a cellular level, wearing away the telomeres that protect our chromosomes and causing

us to age more rapidly.

These changes aren't reversed when a person decides to slow down. "Once you are a hyper-secretor of cortisol, you always will be." Dr. Lupien says.

Harvard researcher Lisa Berkman recently studied 400 employees at four nursing homes in Boston to examine the impact different types of supervisors can have.

"The stunning thing we found was that managers who scored very low on creativity in managing work-family conflicts had employees who scored much higher in terms of their cardiovascular risk," she says. "They were more likely to have diabetes, they were more likely to have hypertension, they were more likely to be overweight, than people with managers who were more adaptive."

"Your whole lifestyle, everything about your health is influenced by these worries, anxieties, the lack of a support system in your job, in your life," says Bruce McEwan, a neuroscientist at New York's Rockefeller University who is considered the godfather of stress research. "This is something that has a disproportionate effect on our health-care systems and on our productivity."

The New Smoking?

The problem has become so profound that governments are starting to take notice.

Last month, the US Department of Health and Human Services made stress the focus of its annual campaign to raise awareness of a vital mental-health issue. And this month, European MPs voted to extend fully paid maternity leave to five months, as a way of easing the burden on your families.

Lisa Raitt, the federal Minister of Labour, is currently doing cross-country public round tables on the issue of occupational health and safety, and says work-life balance is emerging as a serious problem.

"The worst thing possible is for someone to get so unbalanced that they have to go on long-term disability or take sick days or go to work and just go through the motions," she says.

The Public Health Agency of Canada has taken major steps to mitigate the damage of work-life conflict and stress. The Healthy Living Fund, Cardiovascular Health Awareness Program and a new national mental-health strategy, due to be completed in 2012, are all designed to combat conditions linked to stress, including high blood pressure, depression, gastroenteritis and hypertension.

But experts say that more direct action is needed. Dr. Lupien says physicians should monitor stress and show patients how to control it, while Dr. Berkman at Harvard says the onus should be on governments to protect work-life balance just as it enforces occupational safety standards and non-smoking bylaws.

When Biology Trumps Ambition

Researchers insist there is no magic pill – the human stress response is, as McGill's Dr. Lupien points out, necessary for our survival, so it would be suicide to eliminate it. But if we don't get our lives under control, learn to prevent our stress levels from rising, and deal with the causes of chronic stress, the hormonal cocktail released by the brain will continue to take its toll.

"People say they thrive on stress," Dr. Lupien says. "That may be true – they may enjoy it – but it doesn't mean it's not impacting you physically."

The pioneering Dr. McEwan feels the key is to realize that being too busy comes with a cost.

"People complain about how overwhelming their lives are, but they don't connect it in a biological sense with the problems they experience: eating too much, not sleeping well, not being physically active," he says. "So how do you get the attention of policy makers, business and the public?"

He suggests showing skeptics a magnetic-resonance image of two brains: one that's normal and one that belongs to someone suffering from chronic stress. In the latter, the hippocampus – the region responsible for memory formation and linked to Alzheimer's disease – will be visibly smaller.

"That might make them realize that their biological organs are paying a price. There comes a time for everybody when they have to take that seriously."

The Pain of the Strain. The Japanese call it Karoshi: death by overwork. A growing body of research shows that stress has a direct impact on our health, affecting everything from cholesterol levels and the likelihood of developing diabetes to obesity and sexual dysfunction.

In fact, chronic stress can change the body on a cellular level, modifying our brains, our chromosomes and even how babies develop in utero.

Nervous System/Brain. Most people believe they can control their stress, but it's a physical response an evolutionary tool. Whether faced with a deadly threat or a looming deadline, the body does the same

thing – it releases cortisol and adrenalin, hormones that trigger our fight-or-flight mechanism.

But once the stress becomes chronic, the brain considers everything a threat and releases hormones pre-emptively. Over time, this affects the brain, causing sleeplessness, fatigue and poor concentration, as well as depression, anxiety and burnout. Another problem stems from the fact that through the hippocampus, the brain links stress response and memory, so we can remember a threat. But flooding it with cortisol can change the circuitry and disrupt the formation of new memories.

Circulatory System. Stress hormones also cause plaque buildup, clogging the arteries. Restricted blood flow increases the likelihood of a heart attack. As well, because the body needs cholesterol to produce cortisol, a chronically stressed system will boost cholesterol levels, which have health risks of their own. Chronic stress also causes a constant elevation of blood pressure, which leads to hypertension, the number one reason for doctor's visits in Canada.

Digestive System. Responding to stress requires a lot of energy, which the system begins to store up in advance – as fat in the abdomen, where it's easy to access. A statistics Canada study in 2009 found that men who work more than 40 hours a week were likelier to be obese than those who work 30 to 40 hours. To make matters worse, stress hormones also are closely associated with insulin production, which can rise and increase the likelihood of contracting diabetes. Also, ulcers stem from a bacterial disorder rather than stress. But it turns out that a stressed body shuts down its immune system, which keeps bacteria in check.

Reproductive System. A body dealing with stress doesn't have much time for other things. Sexual dysfunction, erectile dysfunction, infertility and irregular menstrual cycles are all associated with heightened stress levels. Stress during pregnancy can also have a generational effect. Research has found that babies conceived during stressful times in their mother's lives actually develop differently. As adults, they have elevated levels of stress hormones, indicating that their mother's stress triggered a change in the baby's development.

Skeletal System. Too much of any hormone can have a negative impact on every part of the body. Increased levels of stress has been linked to decreased bone density and muscle tissue.

Subsystem. Recent findings demon-

strate that stress can shorten a lifespan by damaging the body at a cellular level, eroding the telomeres that keep chromosomes from fraying. One study of mothers who care for disabled children found the length of their telomeres tied to how much stress they were under. Each year of child care caused roughly six years of aging. Even worse, another study exposed lab rats to

stress and found their brain cells became dramatically smaller.



Editor: Having achieved this new vision of the effects on human health, longevity and efficiency we might well call it the bumps in human efficiency caused by the constant irregularity of employment caused by the ever more daring speculative financial

system.

Clearly it make one's job, housing and general solvency a very iffy matter, that is bound to bringing society to ever more serious breakdown.

It's imperative that our governments accord a prime place to the intertwined relationship.

W.K.

A Failure Is Absorbed with Disgust and Fear, but Little Surprise

By Michael Cooper, *The New York Times*, November 21, 2011

Does the American political system even work anymore?

Variations on that question kept coming up on Monday as Americans – at least those paying attention – absorbed the news that the Congressional committee charged with reducing the deficit had failed to even meet very often, let alone come up with a plan to get the country back in the black. From shoppers in Los Angeles to tourists in Atlanta to traders taking cigarette breaks outside the Chicago Board of Trade, the eye-rolling that often accompanies doings in Washington gave way to something bordering on dismay.

“My reaction when I heard they failed was more emotional than anything,” said Elizabeth Weinraub, a 25-year-old retail manager, as she got her morning fix at a Los Angeles Starbucks. “I’m not even sure what that means in the grand scheme. But it was a bum-out.”

The failure of the committee – which had been dubbed, with typical inside-the-Beltway grandiosity, the “supercommittee” – led to predictable, if bitter, kryptonite jokes. But it also prompted wrenching questions about whether Congress can be trusted to do its job: the committee, after all, was supposed to do the hard work that lawmakers had put off in August when they eventually agreed to avert default by raising the nation's debt limit, waiting so long to do so that Standard & Poor's lowered the United States's credit rating.

The idea of the committee was, in part, to save Congress from itself: let a dozen members forge a compromise to cut the deficit, and then put it to the whole Congress for an up-or-down vote. It was Congress lashing itself to the mast, like Odysseus, to resist the siren calls of lobbyists and special interest groups. But in the end, the ship

went nowhere.

People were not just annoyed: they were worried. Neil Elkins, 52, who works on boats on the Seattle waterfront, said that the failure was “endangering my confidence in our system of checks and balances.” Khalfani Lawson, a 23-year-old student at Kennesaw State University in Georgia, said that the lack of progress was breeding apathy among the young. “If it was a constructive process, people would be more inclined to be involved.” And Ernest Wong, a 44-year-old from Los Angeles who works in marketing, put it bluntly: “This makes me scared.”

Disgust with Congress even briefly seemed to unite members of the Occupy Wall Street protest movement and the traders they rally against.

Marco Amaral, a 20-year-old student at the University of California, Berkeley, who has been a protest organizer with Occupy Cal, bemoaned the failure of elected officials to come together in the nation's time of need. “The failure of the supercommittee does not reflect poorly on Republicans, Democrats or Obama, it reflects poorly on how our system works in general,” he said. “Our democracy isn't working like it should.”

Half a continent away, some outside the Chicago Board of Trade had a decidedly different worldview but a similar gut reaction. Mark Rosenberg, a 33-year-old trader at Cydonia Capital, summed up the mood this way: “Upstairs, they want to fire everyone in Congress because no one is doing their job.”

A record 84 percent of Americans said they disapproved of the way Congress was handling its job in the most recent New York Times/CBS News poll last month. That is the most since the *Times* first began asking the question in 1977, and a higher level of disapproval than was found after a political stalemate led to a federal govern-

ment shutdown in 1995.

The flip side of the coin is no better: Congress's approval rating has sunk to 9 percent, the poll found, a record low. Senator Michael F. Bennet, Democrat of Colorado, created a chart showing that Congress now had less support than President Richard M. Nixon did during Watergate or BP did during the oil spill in the Gulf of Mexico.

If the Government Can't Save Us, Who Can?

“I think the whole situation is nutty,” said Jan O'Connell, a 47-year-old artist from Los Angeles. “Somebody's got to save us, and if the government can't, who can?”

How the stalemate will play out politically is hard to gauge. Republicans on the committee rejected Democratic proposals that would have made cuts to entitlement programs, and held out for a deal that would have kept taxes on the wealthiest Americans low. Recent polls have found that nearly two-thirds of those surveyed support raising taxes on the wealthy.

And how the behind-the-scenes dealings of an obscure group of lawmakers in Washington will read after being retold by spin doctors in both parties is anyone's guess. A Quinnipiac University poll released Monday found that American voters blame Republicans in Congress more than they do President Obama and Congressional Democrats by 44 percent to 38 percent, with a similar spread among independent voters.

In Chicago, Brian Leonard Jr., a trader for Belvedere Trading who is a Republican, said that confidence in the political system had been damaged. “I think the Republicans need to step up and make this less about the election and more about the country as a whole,” he said.

Many politicians and economists believed that expectations for a deal were so low that the market was already counting

on the committee to fail. So when stocks fell sharply on Monday – attributed partly to the crisis in Europe, but also partly to the collapse in Washington – it came as an unpleasant surprise. Daniel Stecich, a trader with TJM Institutional Services in Chicago, said he blamed both parties for putting the economy at risk by not reaching a compromise that included both spending cuts and tax increases. “They better do something to make this market calm down,” he said.

Jerry Ross, 78, an independent voter from Tucson who voted for Senator John McCain for president in 2008, said he was disillusioned. “I’m middle class, and I’m just annoyed by our politicians,” he said outside a shopping center in Los Angeles, where he was visiting with his family. “It’s criminal really.”

Mr. Ross was concerned by the prospect of military cuts, which he called “ridiculous.” But he was flexible on the question of taxes. “I think the idea of taxing the multimillionaires a little bit more is not the worst thing in the world,” he said. “They can certainly afford to pay a little bit more.”

In Atlanta, Micka Jones, a 71-year-old independent voter, said people should not be surprised at Washington’s latest failure.

“Who thought it would be any different?” she asked. “The real news would be if they worked together.”

Our Comment: Not All Production is Marketed — Note the “Social Lien”

It is in fact stranger than witches’ spells that similar curiosity should fail to appear about an even more basic matter that even the great *New York Times* doesn’t dare mention: when prices go up, it is not necessarily “inflation.” More and more of our production these days is not even bought and sold and any market. It is acquired directly from the supplier.

In the May, 1970, issue of the French journal on economic theory, *Revue économique*, this non-marketed portion of the national product was identified by me, and given the title “social lien,” a title that was particularly applauded in the laudatory review in the economic publication of Cambridge University in Britain. A similar conclusion had been reached by an economic group, headed by the late François Perroux, and the sociologist, Douglass North.

A review of the Cambridge University applause in a Toronto paper, brought me a call from John Hotson, one of the leading staff members of the Economics department

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Keeping Cold and Flu Germs Out

By Laura Johannes, The Wall Street Journal, December 6, 2011

There’s a new twist in the winter ritual of stocking up on cold and flu medicine – products designed to protect you from getting sick in the first place.

Can an antibacterial scarf, nasal sprays or swabs or even a “flu protection kit” keep you from getting sick this winter? Emily Nelson has details on Lunch Break to explain what infectious disease specialists had to say about these products.

Infectious diseases are most often spread through contact – talking, kissing or touching an infected person’s hands or an item the person has touched, such as a doorknob, says Philip M. Tierno, clinical professor of microbiology and pathology at New York University School of Medicine in New York. Even being within the vicinity of a sneeze can infect a person. Washing your hands and using alcohol-based hand sanitizer helps reduce the chances of getting sick and passing illness to others, Dr. Tierno says.

Extending this idea to the nose is a product called Nozin Nasal Sanitizer by Global Life Technologies Corp. of Chevy Chase, MD. Nozin consists of a 62% alcohol antiseptic and moisturizers in a special formulation designed to last eight hours. It is applied around the nostrils and just inside. It comes in either in pre-measured doses with an applicator, at a cost of about \$9 to \$10 for 10 doses, or in a bottle with cotton swabs, which costs about \$13 for 60 doses.

The product’s package says it kills “99.9% of germs” and “helps reduce the risk of infection.” Pathogens killed include rhinovirus, which causes colds, and Influenza A, says company President John Willimann, adding that the company doesn’t claim its product prevents those maladies. “It’s like a hand sanitizer for the nose,” he says.

Company tests found that Nozin kills nearly 100% of various types of bacteria that cause illnesses – including strep throat, colds and Influenza A – within a minute. In a separate study of 30 healthy humans, a single application of Nozin reduced the number of bacteria in the nostril by 93% immediately and 77% after eight hours. The germ count for the control group, to which sterile water was applied, didn’t decrease.

GermBullet is a blend of 11 oils – including eucalyptus, lavender and pine – in

a bullet-shaped inhaler. The package recommends inhaling the vapor three times in each nostril “before or after exposure or when you first suspect a cold.” Sold by Flu & Cold Defense LLC in Boca Raton, Fla., GermBullet costs \$7.50 and is good for 40 applications, the company says.

The GermBullet blend of oils has been shown in laboratory tests to kill bacteria and viruses when mixed with them directly. The company says it believes it kills germs when inhaled as a vapor and has begun tests to verify that.

It isn’t clear if Nozin or GermBullet will prevent germs from traveling to the back of the nose, where infections generally take root, scientists say. Even if they do kill pathogens in the nose, germs can still enter through the eyes and mouth, Dr. Tierno says.

A \$20 scarf and other antibacterial winter gear by GermBana Inc. of Wayzata, Minn., are “designed to be worn when you have a cold or are subject to others who may be sick,” according to the company website. The idea is to use the scarf to cover your mouth and nose when around others who may be ill, or to sneeze into it so pathogens will be killed instead of lingering to infect others, the site recommends. GermBana’s product line includes a face gator and gloves.

In a company-funded test, GermBana’s fabric was contaminated with bacteria and, when tested 24 hours later, the number of bacteria had decreased by 99.92%. Scientists say GermBana’s scarf – or any scarf – would likely reduce exposure to pathogens if it covers the nose and mouth while around sick people.

To prove the products do any good, it would be necessary to test each one against a placebo during several months in a human study to see if its use reduced the incidence of illness, says infectious-disease specialist J. Owen Hendley, professor of pediatrics at the University of Virginia Health System in Charlottesville, VA. Even if the products effectively kill the germs, that doesn’t mean they will prevent illness, he says.

If you are really concerned, scientists say, simply cover your face and mouth. Scientific data suggests face masks may help prevent the spread of flu and other illnesses, adds William Schaffner, chair of the department of preventive medicine at Vanderbilt

University School of Medicine in Nashville. But most people take them off because they are uncomfortable, or wear them only over the mouth, leaving the nose exposed, says Dr. Schaffner.

Ritu Goel, a Pawtucket, RI, ear, nose and throat specialist who has no financial link to the company, says she uses Nozin

when traveling and when seeing coughing and sneezing patients. She recommends it to patients who regularly get winter sinus infections. The alcohol prevents germs from “fester in the nose,” she says.



Editor: A shocking comparison that

howls for attention.

Surely this example of preventing the spread of physical diseases should be used to expose the repeated paralysis of the world economy in order that speculative banking may thrive in ever bankrupting the world economy more thoroughly!

W.K.

Mexico Faces War Crimes Investigation over “War on Drugs”

By Myles Estey, *The Toronto Star*, November 24 2011

Mexico City – The day after 26 bodies were found abandoned in vans in Guadalajara, a group of Mexican lawyers are asking the International Criminal Court to investigate President Felipe Calderon, government officials and drug cartel leaders for war crimes and crimes against humanity, saying they haven’t done enough to stop drug-related murders in the country.

The case centres on the nearly 50,000 people killed and the estimated 10,000 disappeared under Calderon’s militarized “war” on drugs, which started after he took office in 2006.

“We will present documentation, with a wide variety of evidence, that demonstrates that in Mexico, war crimes and crimes against humanity are happening,” said Netzai Sandoval, a human rights lawyer heading the case. “The ICC can and should investigate and prosecute, with legal force, those responsible for these crimes.”

Sandoval and his supporters argue that the severity of the situation in Mexico demands legal intervention from the international community.

Most groups peg the national impunity rate for violent crime at 98 per cent – meaning only a few members of criminal groups face prosecution.

There are also accusations that Calderon’s war on drugs lets the army violate human rights. Mexico’s National Human Rights Commission has received 6,500 formal complaints of human rights abuses by the army since 2006. A two-year study by Human Rights Watch, published earlier this month, found that security forces operated with “total immunity.”

“Human Rights Watch found evidence that strongly suggests the participation of security forces in more than 170 cases of torture, 39 ‘disappearances’ and 24 extrajudicial killings since Calderón took office

in December 2006,” the group wrote on its website.

“In Mexico, it’s impossible to bring justice,” Sandoval said. Mexico’s Presidential Office rejected Sandoval’s war crime allegations in a written statement.

“In our country, society is not the victim of an authoritarian government or of systematic abuses by the armed forces,” the statement said. “The Mexican state complies with the rules of combat against the criminal organizations that...put at risk the security and tranquility of families.”

On Thursday, the bound and gagged bodies of 26 men were found dumped before dawn in Guadalajara, a sign that full-scale war between drug cartels may have come to the city that hosted last month’s Pan American Games.

Law-enforcement officials said the men were found, shot execution-style, in two vans and a pickup truck abandoned in Mexico’s second-largest city.

Guadalajara sits on the main highway running through western Mexico from the methamphetamine-producing state of Michoacan to the Pacific Coast state of Sinaloa. In recent months, security officials and analysts have worried the city could become a target for the Zetas drug cartel, which has been using headline-grabbing atrocities in a national push to grab territory from older organized crime groups.

“These acts of barbarism show how the war between cartels, and crime, is getting more brutal,” said Guadalajara’s mayor, Jorge Aristoteles Sandoval.

Competitive Killing in Drug Wars

A message was found with the bodies in one of the vehicles, said Luis Carlos Najera, public security secretary for the state of Jalisco. He provided no details, but Mexican cartels frequently leave threatening messages with the bodies of their victims to sow fear and take credit for their actions.

International lawyer Kate Cronin-Furman said the ICC follows stringent guidelines when choosing which cases to investigate and prosecute, handling only “the worst of the worst.” While the death toll in Mexico dwarfs that of current ICC cases such as Kenya and the Ivory Coast, she said, numbers alone determine the viability of a case.

“The war crimes charges won’t fly because, although there is obviously serious violence occurring, it’s characterized as ‘law enforcement’ rather than ‘armed conflict,’” she said. “Crimes against humanity charges are viable in the absence of armed conflict (as defined by international law), but require that the conduct be part of a ‘widespread or systematic’ attack on civilians.”

The court’s chief prosecutor, Luis Moreno Ocampo, has already said the court will not hear the case.

“We don’t judge political decisions or political responsibility,” the *Latin American Herald Tribune* quoted him as saying in Mexico earlier this month.

Sandoval said he’s concerned about Moreno Ocampo prejudging the case, but his group won’t be deterred.

“There are certain limits of violence that are not permitted by the international community,” he said. “So what we are saying is that Mexico is a country that has surpassed this.”



Editor: A point is reached where a government finds itself unable to cope with the social responsibilities of governing. The naked killing force is a good example of a deplorable practice. Since dealing with ruthless criminals involved in the drug trade is the goal, governments are all too prone to imitate their methods with the full authority of a disoriented state. There is no survival space left for concern for humanity.

W.K.

Misplacing the Blame in Europe

By Paul Krugman, *The New York Times*,
November 27, 2011

There's a word I keep hearing lately: "technocrat." Sometimes it's used as a term of scorn – the creators of the euro, we're told, were technocrats who failed to take human and cultural factors into account. Sometimes it's a term of praise: the newly installed prime ministers of Greece and Italy are described as technocrats who will rise above politics and do what needs to be done.

I call foul. I know from technocrats; sometimes I even play one myself. And these people – the people who bullied Europe into adopting a common currency, the people who are bullying both Europe and the United States into austerity – aren't technocrats. They are, instead, deeply impractical romantics.

They are, to be sure, a peculiarly boring breed of romantic, speaking in turgid prose rather than poetry. And the things they demand on behalf of their romantic visions are often cruel, involving huge sacrifices from ordinary workers and families. But the fact remains that those visions are driven by dreams about the way things should be rather than by a cool assessment of the way things really are.

And to save the world economy we must topple these dangerous romantics from their pedestals.

Let's start with the creation of the euro. If you think that this was a project driven by careful calculation of costs and benefits, you

have been misinformed.

The truth is that Europe's march toward a common currency was, from the beginning, a dubious project on any objective economic analysis. The continent's economies were too disparate to function smoothly with one-size-fits-all monetary policy, too likely to experience "asymmetric shocks" in which some countries slumped while others boomed. And unlike US states, European countries weren't part of a single nation with a unified budget and a labor market tied together by a common language.

So why did those "technocrats" push so hard for the euro, disregarding many warnings from economists? Partly it was the dream of European unification, which the Continent's elite found so alluring that its members waved away practical objections. And partly it was a leap of economic faith, the hope – driven by the will to believe, despite vast evidence to the contrary – that everything would work out as long as nations practiced the Victorian virtues of price stability and fiscal prudence.

Sad to say, things did not work out as promised. But rather than adjusting to reality, those supposed technocrats just doubled down – insisting, for example, that Greece could avoid default through savage austerity, when anyone who actually did the math knew better.

Let me single out in particular the European Central Bank (ECB), which is supposed to be the ultimate technocratic institution, and which has been especially

Failure from page 14

of the University of Waterloo, and then and there COMER was founded and conducted most of each activities at the University. A key one was bringing to Ottawa the leading member of the French organization that applauded the conclusion that I had reach – and contributed to rounding it out.

I spent much of my time during the following two years responding to invitations from leading universities from Tokyo to New Zealand.

All that has changed today. Our universities have been swept clean of the notion of a non-marketed factor in our current upward push of prices. John Hotson was given early retirement at Waterloo University. That broke his heart, and contributed to his early death.

The mighty *New York Times*, certainly one of the very greatest newspapers in the world, given the obsolescence of the printed press, now treats all price rise as "inflation." This involves reading any proposition backward or forward as equally valid. For to do otherwise would put it in the bad graces of the adventurers who have taken over Mexico's banking system an emergency loan that is helping it face the financial trials that have beset the printed press these days. Those at the conference determined to grasp the growing non-marketed sector of the economy were bundled off to an associated conference held by the University of London on the Cambridge campus.

And upon such chancy roll of the dice hangs the fate of our civilization.

W.K.

notable for taking refuge in fantasy as things go wrong. Last year, for example, the bank affirmed its belief in the confidence fairy – that is, the claim that budget cuts in a depressed economy will actually promote expansion, by raising business and consumer confidence. Strange to say, that hasn't happened anywhere.

And now, with Europe in crisis – a crisis that can't be contained unless the ECB steps in to stop the vicious circle of financial collapse – its leaders still cling to the notion that price stability cures all ills. Last week Mario Draghi, the ECB's new president, declared that "anchoring inflation expectations" is "the major contribution we can make in support of sustainable growth, employment creation and financial stability."

This is an utterly fantastic claim to make at a time when expected European inflation is, if anything, too low, and what's roiling the markets is fear of more or less immediate financial collapse. And it's more like a religious proclamation than a technocratic assessment.

Just to be clear, this is not an anti-European rant, since we have our own pseudo-technocrats warping the policy debate. In particular, allegedly nonpartisan groups of "experts" – the Committee for a Responsible Federal Budget, the Concord Coalition, and so on – have been all too successful at hijacking the economic policy debate, shifting its focus from jobs to deficits.

Real technocrats would have asked why this makes sense at a time when the unemployment rate is 9 percent and the interest rate on US debt is only 2 percent. But like the ECB, our fiscal scolds have their story about what's important, and they're sticking to it no matter what the data say.

So am I against technocrats? Not at all. I like technocrats – technocrats are friends of mine. And we need technical expertise to deal with our economic woes.

But our discourse is being badly distorted by ideologues and wishful thinkers – boring, cruel romantics – pretending to be technocrats. And it's time to puncture their pretensions.



Editor: What Krugman is doing is kidding us with the word "technocrat" – like a mother putting a paper hat on her newborn babe proclaiming him a hallowed technocrat when she would be better advised to change his diapers.

W.K.

The Incredible Shrinking Work Force

By Doug Saunders, *The Globe and Mail*,
October 23, 2011

Three shocking events, three countries, and one ominous root cause.

In France this week, more than a million people took to the streets every day, threw paving stones at police and caused most of the economy to grind to a halt. The root of their anger was France's effort to raise the retirement age from 60 to 62 in 2018. President Nicolas Sarkozy, whose government will need to raise 32 billion euros this year to pay unfunded pension costs, told strikers that the only possible option was to "increase the duration of working life."

In Japan, the central bank lowered its prime interest rate to zero and purchased \$60 billion in private assets, in effect giving away money in an effort to provoke any sort of economic activity and put a brake on 20 years of deflation that have sent wages, prices and living standards spiralling downward. Nobody dares start a business or purchase stocks: Why would you, when your house is worth a third what you paid for it?

In Germany, Chancellor Angela Merkel shocked her country with a speech Sunday suggesting that the *multikulti* approach of forcing 3.5 million Turkish immigrants to live in culturally isolated enclaves without full citizenship had "utterly failed." On Tuesday, President Christian Wulff (like Ms. Merkel a Christian Democrat conservative) spoke in Ankara to reassure Turks that the next million immigrants would "belong in our country" and would not be treated so badly because they would make Germany "more diverse, open and connected to the world."

What unites these incidents is that they are all responses to greying populations. Around the world, as population growth rates slow and stop, countries are discovering that the proportion of working-age people in their population is shrinking, and the proportion of those who've retired and therefore depend on state and private pension, medical and care funds is rising fast.

In Japan, an aging population and commensurate shrinking work force and taxpayer base has produced 20 years of consistent deflation, rising poverty and inequality. To avoid that fate, other countries are either shifting more of the population into the working-age bracket by raising retirement ages, or by taking in large numbers of immigrants.

Without mass immigration and much higher retirement ages, now-prosperous states will become impoverished. By 2050, most Western countries will have to devote between 27 and 30 per cent of their GDP to spending on retirees and their needs, according to the bond-rating agency Standard & Poor's; this will produce fiscal deficits in most advanced countries of almost 25 per cent of GDP, making the current crisis seem minuscule by comparison.

The global economic and social effects of aging are chronicled in the American writer Ted Fishman's excellent new book *Shock of Gray*, which notes that an aging population inevitably produces a more globalized economy, a more feminized and culturally diverse society and a less generous state.

He looks at Spain, where a fifth of the population is over 65, there are now 2.7 million people, one-16th of the population, who need daily assistance in caring for themselves – a number that will double in the next 40 years. Many of the three million caregivers are family members, whose elder-care duties withdraw them from the full-time work force. The rest are Moroccan and Central American immigrants (mostly female) drawn to care homes. As it has aged, Spain has had to increase immigrants from one-20th to one-fifth of the population. As Mr. Fishman says, Spain is "a nation of people overwhelmed by the demands of care."

And Spain is only a few years ahead of most other countries in the aging curve.

In Japan, the first advanced country to see its population shrink and age rapidly, employers have responded the only way they know: by moving to China, which is now home to some 20,000 Japanese firms.

But even China is aging fast. The working-age population, which now makes up three-quarters of China's 1.3 billion citizens, will plummet to 66 per cent after 2035, when the country's population starts falling. Already, China's coastal cities are talking about taking in immigrant workers. "Given China's age structure today," Mr. Fishman writes, "it is in the midst of a retirement avalanche...today, for every 10 working Chinese there are two elderly dependants, but by 2050, there will be six elderly dependants for every worker."

This is not a remote or abstract crisis. Countries like Canada will soon be fighting to attract anyone we can get to work – and squeezing as much as we can from the remaining few.



Editor: "Simple solution." Try simple, serious accountancy. You educate the old and the young better and consider the key investment is prepaid. Clearly that will call for a serious manicure for speculative banking.

W.K.

Reader Mail

On December 5, 2011, Neil Dawe wrote:

Government borrowing

Hello,

There are many sites on the web that discuss a change in government policy ca. 1974, when the Government of Canada stopped borrowing money from the Bank of Canada at nearly interest-free rates to cover its shortfalls and began borrowing from the private banks (sector) at interest. However, none that I have found explain why this change was made or what the reason was for the change.

It is difficult to understand why any MP would have voted for such a change if he or she was truly working in the best interests of the country. Was it just a decision between the Finance Minister and the Governor of

the Bank of Canada? Was it voted on by parliament and, if so, there must be a reference to it in *Hansard*?

Any clarity you might shed on this matter would be appreciated.

Thank you,

Neil K. Dawe

On December 12, William Krehm wrote:

Dear Neil Dawe;

In reply, I am enclosing a copy of *Meltdown*, Volume 1, and draw your attention particularly from pages 13 to 89 – you can keep on going to the volume end and four subsequent volumes are available that carry the problem of what is inflation and what is not marketed investment by governments.

William Krehm

TTC Slashes Service on 62 Routes

By David Rider and Brendan Kennedy,
The Toronto Star, November 24, 2011

“Major” cutbacks will see passenger wait times rise by up to six minutes on busy bus lines and 501 Queen streetcar

Two long, snaking lines form on the platform at Finch Station waiting for bus 36 westbound. It’s 4:30 pm, rush hour, and in the end about a dozen people are left behind. The bus is too full to pick anyone up at the first few stops.

“Another bus is right behind me,” the driver assures those waiting at the first stop west of Yonge.

Starting January 8, that driver may not be able to make that promise, as Mayor Rob Ford’s budget cuts take a toll on 62 transit routes across the city.

The “major service cuts” to 56 bus and six streetcar routes, revealed in a memo leaked Thursday by the Toronto Environmental Alliance, touch every corner of the city. Wait times will increase from as little as 15 seconds to as much as 6 minutes, 20 seconds, with many in the 2-minute range.

Busy bus routes that will be squeezed include the 25 Don Mills, 29 Dufferin, 35 Jane and Airport Rocket. Streetcars affected include the 501 Queen and 504 King.

The TTC is also increasing wait times on the 36 Finch West bus, which was going to be replaced by a provincially funded light rail line under the Transit City plan that Ford killed after taking office last December. Ford has committed to “enhanced bus service” on Finch, prompting the TTC to consider building a dedicated bus lane.

Nancy Jules takes the 36 Finch West twice a week as part of her multi-bus commute to a cleaning job.

“Oh my goodness,” she said when she learned of the city’s plans. “If they take off any of these buses, that would be terrible.” The route needs more buses, not fewer, she says. She already often waits 30 minutes for a bus and has trouble getting to work on time. “I don’t know what I’ll do because it’s my only transportation,” Jules said.

“This is horrendous for the communities along Finch that almost had an LRT at their doorstep,” said Councillor Maria Augimeri, a TTC board member who cast the sole vote against the cuts. “Now they are going to be packed in like sardines, and it’s going to be rush hour all day.”

TTC chair Karen Stintz said in an inter-

view that nobody likes reduced service, but riders have made it clear they don’t want poorly used routes axed entirely.

“So if we have to make adjustments, and no routes are to be cut, then we have to change the standards,” Stintz said. “It has been difficult to meet demand with a reduced subsidy, but this was seen as the best option.”

She couldn’t say why the TTC didn’t reveal affected routes until after environmental group leaked it. The TTC had planned to wait until next week.

Longer waits and more crowding are also coming to the 85 Sheppard East bus, to be replaced long-term, according to Ford’s transit plan, by a subway extension funded by the city and the private sector, as well as to the Eglinton 32 and 34 buses, to be replaced by the provincially funded crosstown LRT scheduled for completion in 2020.

“It’s the wrong direction for a transit system when you have 500 million customers a year – a record number – and growing,” Jamie Kirkpatrick, TEA’s public transit campaigner, said of the service cuts.

“It makes me wonder whether commissioners actually knew the severity of cuts that would be the result of budget decisions they made in September.”

The TTC board voted for the service cuts to help meet Ford’s directive that all city departments and agencies slash spending by 10 per cent, in the TTC’s case \$70 million. Some departments, most notably the Toronto Police Service, are far from making that target.

The TTC will save \$15 million per year by reversing service enhancements made as part of its ridership growth strategy, back to 2004 levels.

That means, during rush hour, buses will have to get 10 per cent more crowded before another bus will be put on the route, extending wait times. “Crowding standards” are also being increased for buses and streetcars in off-peak hours.

After TEA leaked the memo, the TTC rushed out the list and a news release confirming “reductions to 52 bus routes in the peak periods, and 36 reductions to bus and streetcar service in the off-peak periods.”

“Customers will experience longer wait times and more crowded vehicles in some cases. The TTC is also increasing service in January, with 21 bus and streetcar routes

seeing an increase in service,” the release said.

The increases are tiny compared to the cuts, however. In a November 16 internal memo, Mitch Stambler, a senior TTC service planning officer, wrote that the “major service cuts” will chop about 4,350 hours of service per month. (That includes time being lost simultaneously on different routes.)

Augimeri said the cuts amount to 204,724 fewer vehicle trips per year across the city, 16,018 along the already packed Finch corridor and 22,256 in Downsview.

TTC spokesman Brad Ross said the utility had planned to reveal the affected routes next week. “We usually give riders about two weeks notice...and, with Christmas and the holidays coming up, we felt that would have been sufficient notice” before January 8, he said.

No notice is enough for Hailee Gibson, 25, a University of Toronto student who has lived in crowded Bangkok, Sao Paulo and South Korea, and says Toronto has by far the worst public transit.

“I would never wait this long in Bangkok,” Gibson said, as she waited for the Finch West bus that takes her to campus five days a week. Gibson says she has to leave extra early in the morning to ensure she gets a ride. “If you don’t leave at 7:45 am or earlier, you won’t get picked up.”



Editor: To properly access the full cost of our suppressed crucial history, we must reach the misleading budgets that have taken over. Human capital that had been recognized as the most crucial investment a government could make, fully paid for in advance came to be treated as a cost. That was at least a double distortion of the falsification of government accounts – converting a key asset – not only wiping out a prepaid capital asset but treating it as something owed as a liability. But was the merest beginning. Having cooked the books to show a non-existent debt position made possible for the government to take advantage of the numerous privileges of state power – it has been put in the position of an undischarged bankrupt. So instead of benefiting from its advanced information on bridges harbours, and other vital public infrastructures, it finds itself selling such items for a song. That has led to the debasement of the state treasury to the role of a hopelessly unsuccessful gambler unaware of where his next meal is coming from.

W.K.

Rapid Action on the Euro Is Ruled Out by Merkel

By Steven Erlanger and Nicholas Kulish,
The New York Times, November 24, 2011

Paris – Quashing recent speculation of a softening in Germany’s hard-line stance on the euro, Chancellor Angela Merkel repeated on Thursday her firm opposition either to bonds issued jointly by the euro zone countries or to an expansion of the role of the European Central Bank as quick responses to the sovereign debt crisis.

“Nothing has changed in my position,” she said at a news conference with Prime Minister Mario Monti of Italy and the French president, Nicolas Sarkozy, in Strasbourg, in eastern France.

But with signs of spreading contagion – a weak bond sale on Wednesday in Germany that lifted rates there, rates on sovereign debt rising to unsustainable levels in Italy and Spain, and interbank lending in Europe beginning to dry up – questions remained about just how long Germany can resist the persistent calls for action.

The German newspaper *Bild* reported Thursday that the Merkel government was inching toward accepting so-called euro bonds, at least in some form, even if the public stance remained against them, and that some of her party said there could be a trade-off for treaty changes. “We aren’t saying never,” Norbert Barthle, a legislator from her coalition, told journalists. “We’re just saying no euro bonds under the current conditions.”

That could be some time. France and Germany say euro bonds will make sense only down the road, when there is more convergence and growth, and when Paris and Berlin will not be on the hook for all the other weaker economies. France, however, wants to use the European Central Bank more aggressively to backstop vulnerable euro zone economies while they reform themselves.

Mrs. Merkel and other German officials fear that giving in to the calls for collective bonds or using the European Central Bank as a lender of last resort will ease pressure on the debtor nations, allowing them to avert the drastic structural changes that Berlin says they need to make to become competitive, while making Germany and other creditors liable for their debts.

There was no hint of any softening from Mrs. Merkel after the leaders of the three largest economies in the euro zone met

Thursday to try to reassure the markets about the future of the currency, vowing to work together on German-inspired treaty changes to promote more economic discipline and convergence.

Those treaty changes, which could take years to draft, ratify and put in effect, will have little impact on the current market anxiety over the euro, which has seen the interest rates on Italian, Spanish and French bonds rise sharply over German ones, and a growing distaste among investors even for the previously rock-solid German bonds.

The three leaders finished their luncheon meeting in Strasbourg by expressing confidence that the independent central bank would do the right thing for the currency, presumably continuing to buy enough bonds to keep the interest rates on European sovereign debt from becoming unsustainable.

“We all stated our confidence in the European Central Bank and its leaders, and stated that in respect of the independence of this essential institution we must refrain from making positive or negative demands of it,” Mr. Sarkozy told the news conference.

But Mr. Sarkozy’s frustration with German intransigence was evident. “I am trying,” Mr. Sarkozy said, “to understand Germany’s red lines.”

Mr. Sarkozy, who has been pressuring Berlin to let the bank act more decisively to support Italy and Spain and halt a rush out of euro zone bonds and banks, said that joint proposals to modify European Union treaties would be presented ahead of a summit meeting on December 9.

The modifications, sought by Germany but supported by France, would allow the European Union greater oversight of national budgets and statistics, create debt limits for governments and try to create more convergence on policies like pension ages and tax levels.

But Mrs. Merkel made it clear that any new treaty changes would not touch the charter of the central bank.

A Bad Case of Dropsy Mistaken for State Policy

The markets were predictably disappointed with the German position. The yield on Italian 10-year bonds, the broad cost of government borrowing, crept back

above 7 percent on Thursday as European stocks fell for a sixth day. The markets were also affected by remarks from the chief economist of the Organization for Economic Cooperation and Development, Pier Carlo Padoan, who warned in an interview with the newspaper *La Stampa* that while a euro-zone recession could still be avoided, forthcoming forecasts showed “declining and very weak growth.”

But on Thursday, as growth figures for Europe neared recession levels, the ratings agency Fitch downgraded Portugal’s debt to junk status, in the latest sign investors are growing warier about the ability of euro zone countries to repay their debts.

France, weaker than Germany, has tried to pull Berlin along toward a more activist posture. The French prime minister, François Fillon, told members of the governing party this week that “we are stuck with a major difficulty – to convince Germany that we should arm the euro zone with an instrument of defense for our currency with a certain evolution of the role of the central bank.”

The bank, which is independent by charter, has been bending its rules and was authorized by the euro zone countries in July to buy bonds in the secondary market, at least until a separate European Financial Stability Facility was functioning at a larger figure of 440 billion euros. That happened only in mid-October, but it is not large enough to cover Spain and Italy, and efforts to leverage it upward and find new funds for it have so far failed. So the bank has kept buying.

Some economists, like Richard Portes of the London Business School, have argued that the bank, in the name of monetary stability, could move to cap the spreads on bonds by simply announcing that it would buy any euro zone bonds at a certain rate. But the bank’s board would need to feel it has political cover for such a policy, Mr. Portes said.

“It’s very hard for Germany to bail out other European countries unless it’s on the verge of catastrophe,” said Jakob von Weiz-

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säcker, an official at the economics ministry of Thuringia State and a fellow at Bruegel, a Brussels research institution. His concern was that leaders may not be able to react fast enough to a crisis, like a run on the banks.

“My main worry is that the kind of bank run you would expect could go very fast. Then you’re left with the shatters of the euro and the shatters of the misguided policy,”

Mr. von Weizsäcker said.

The three leaders of the three largest economies agreed to meet again in Rome. It was a sign that with Mr. Monti at the helm rather than Silvio Berlusconi, Italy could play a larger role in forging policy. Mr. Sarkozy and Mrs. Merkel have led what at times has seemed like a French-German dialogue to the exclusion of other member

states, prompting criticism that European structures were being bypassed.



Editor: Which all raises and leaves us with the problem of taking all this in stride. Our governments, pilfered of their authority, are left with little respect or credibility.

W.K.

Another Reason for an Integral Concept of Investment in Human Capital as Society’s Most Essential Investment, Not Just Another Expense

The Toronto Star (*“The mother of all pregnancy studies” by Theresa Boyle, November 30, 2011*) places the issue of maternity in the required perspective, not as another budgetary detail, but a key item in the view of investment in human capital as a prepaid crucial investment.

At 38, Nicole Dowling is part of a growing demographic. She is a first-time mother who experienced a few bumps on the royal road to parenthood.

The largest Canadian study ever done on risks associated with advanced maternal age, released Thursday, examined more than one million hospital births from 2006 to 2009 to measure the impact that advanced maternal age can have on both mothers and their babies.

Almost one in every five births is to a mother over 35, an age when risks associated with pregnancy and childbirth start increasing. Risks rise significantly after age 40, the study noted.

Three weeks ago, Dowling gave birth to a son. After she had difficulties conceiving, went on bedrest for 12 weeks to prevent a premature delivery and then had a Caesarian section, the Toronto lawyer feels blessed

that baby Brendan is thriving.

“Relieved is a word I would use,” she said. “I am a hopeful story.”

Findings of the Canadian Institute for Health Information study, *In Due Time. Why Maternal Age Matters*, include:

- Half of all first-time mothers age 40 and older have Caesarian sections. That compares to 41.3 per cent of first-time mothers age 35 to 39 and 27.1 for those age 20 to 34.

- The risk of delivering prematurely (before the 37th week of pregnancy) is one in 11 in the 35-to-39 age group and one in nine in the 40-and-older group, compared to only one in 13 babies among mothers age 20 to 34.

- One out of every 127 babies born to a mother age 40 and older had chromosomal disorders such as Down syndrome, compared with one out of 370 born to mothers 35 to 39 and one out of 1,000 babies whose mothers were 20 to 34.

Because of her age, Dowling had genetic counseling and was tested for such disorders at Mount Sinai Hospital early on in her pregnancy.

The proportion of women 35 and older

having babies varies across the country and is highest in Toronto, where 31.5 per cent of all births are to women in this age group. The national average is almost 20 per cent, up from 15 per cent just five years ago and the number is expected to continue to grow.

“Overall, we find that older moms are more likely to live in urban centers. They are more likely to be in a higher socio-economic status and have higher levels of education,” explained Kathleen Morris, director of Health system analysis with CIHI.

Morris noted that other studies have indicated many women deliberately delay childbirth, because they want to get established, buy homes, and start careers. On the upside, older moms are more likely to be financially secure and breast-feed, factors that contribute to the health of their children.

The findings highlight the need for good prenatal care and screening for potential problems, Morris said.

Having another baby might be the furthest thing away from the mind of someone who has just given birth, but Dowling is already mulling the prospect. Mindful of the increased risks that come with age, she doesn’t want to wait too long.

“I definitely know it’s a lot harder after 40. I would like it sooner than later.”



Editor: These skewed distortions of a logical handling of these problems would be assured if society recognized as it once did, that investment in human capital is not a spending but a social investment, the most productive in fact that society can make. That must be restored and taken out of hands of politicians and speculative financiers.

W.K.