THE JOURNAL OF THE COMMITTEE ON MONETARY AND ECONOMIC REFORM

COMER

$3.95 Vol. 26, No. 3 • MAY–JUNE 2014

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Publications Mail Agreement No. 41796016

The COMER Lawsuit is Picking Up Speed

AND SO IS THE COST! TO DATE, THIS ACTION HAS COST JUST OVER $215,000.

We have been fortunate on two fronts.

First, until now, one person, Bill Krehm, has carried the cost entirely. Secondly, we have an outstanding and committed lawyer, Rocco Galati, who has, in the past, trimmed his fee to lower the cost and is presently trying to encourage "two hearings for the price of one" in upcoming round three. (That is, the government's appeal on the latest decision, and *our* response to that decision.) Galati is pressing to have both heard together, before the end of the year.

Now, however, the financial burden will have to become a collective responsibility, for the government's strategy includes dragging the matter out and making it as difficult for us as possible to carry the case forward. Of course, *their* coffers are forever adequate to the task, connected as they are by a hose to the public purse.

The Lawsuit has attracted keen attention at home and abroad, and has promoted our cause. Whatever the outcome, the lesson it makes clear will advance that cause.

And given that CETA[1] may include a provision designed to end-run our legislation, and trade away our democratic control over the Bank of Canada, and our sovereign right to determine our own monetary policy, the COMER lawsuit is more important than ever.

Although we have not yet concentrated on the need to raise money, a wide variety of people have sent COMER donations ranging from the touching "widow's mite," to the most recent contribution from a Canadian living abroad, of a thousand dollars. These funds have come with expressions of thanks and enthusiasm that reflect a thirst for action that inspires hope. So far, we have collected $5,591.90. The next hearing will cost $60,000.

Please consider this a call for funds and for your fundraising expertise. We need as much support as we can now get from volunteers.

At some point, in the not too distant future, we hope to be able to afford the services of a professional fundraising organization.

Cheques should be made out to "The COMER Lawsuit" and sent to:

COMER
c/o Ann Emmett
83 Oakwood Avenue
Toronto, ON M6H 2V9

All gifts and support will be acknowledged.

Here's to us!

Ann E.

1. CETA: the Comprehensive European Trade Agreement. This is why Paul Hellyer has launched an injunction to prevent the government from signing CETA without further discussion of its contents by Canadians. www.paulhellyerweb.com www.victory-fortheworld.net Rocco Galati is representing Paul.

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Economic Reform (ER)
(ISSN 1187–080X) is published bi-monthly by COMER Publications
27 Sherbourne Street North, Suite 1
Toronto, Ontario M4W 2T3 Canada
Tel: 416-924-3964, Fax: 416-466-5827
Email: comerpub@rogers.com
Website: www.comer.org

COMER Membership: Annual dues (includes *ER* plus 1 book of your choice): CDN$50

***Economic Reform* subscription only:**
One year (6 issues): in Canada, CDN$20; Foreign, CDN$40

Send request and payment to:
COMER Publications
27 Sherbourne Street North, Suite 1
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27 Sherbourne Street North, Suite 1
Toronto, Ontario M4W 2T3

PRINTING AND DISTRIBUTION
Watt Solutions Inc., London

Printed in Canada on recycled paper.

A REVIEW BY TONY CRAWFORD

COMER v. Bank of Canada et al. Appeal for Trial

December 10, 2013, marked the second year for COMER – Committee on Monetary and Economic Reform – in Federal Court since the Canadian dollar [Loonie] became an object of claim that its governance could be found wanting in need of reform.

Canadian constitutional lawyer Rocco Galati filed Toronto Action T-2010-11 on behalf of William Krehm, Ann Emmett, and COMER on December 12, 2011. To: *restore the use of the Bank of Canada to its original purpose, by exercising its public statutory duty and responsibility. That purpose includes making interest-free loans to municipal/provincial/federal governments for "human capital" expenditures (education, health, other social services), and/or infrastructure expenditures. The [COMER] action constitutionally challenges the government's fallacious accounting methods in its tabling of the budget by not calculating, nor revealing the true and total revenues of the nation before transferring back "tax credits" to corporations and other taxpayers.*

I am neither lawyer nor banker. My expertise is IBM JAD – Joint Application Design research and development to improve the quality of IT Projects. JAD is a team approach to analyze business process redesign requirements using a point-form language to compose system specifications in a workshop setting. The object is to visualize a working business model and trial-run prototype technology before implementation. My JAD textbooks and academic work are relevant to COMER regarding research of a business model that tests bank protocol for legal compliance.

The COMER case is featured in *The Public Bank Solution* by Ellen Brown[1] published June 2013 (Ref Notes). An extract from Chapter 17, page 208, "Taking It to Court," is reprinted in the COMER *Journal*. It is a high-profile case heard December 5, 2012, by Prothonotary Justice Aalto.[2] Around August, 2013, Aalto ruled the allegations not justiciable (capable of being settled by law or by the action of a court).

The December 10, 2013, appeal motion had to be moved to a larger court to seat some fifty COMER members and supporters wanting to observe jurisprudence.

COMER asserts the Bank of Canada and Minister of Finance et al. fail Canadian citizens by not exercising monetary and financial policy in the best interests of taxpayers. My personal recall from my notes in court is as follows:

Galati argued for COMER Appellants that Justice Aalto made errors of judgment. Namely:

One, constitutional challenge should be decided by trial judge with evidence before the court rather than a "motion" granted on the merits of "pleadings";

Two, that the *Bank of Canada Act* is flawed with respect to the interpretation of the word "may" in Section 18. And three, given the court decided substantive issues over which it did not have jurisdiction in a motion to strike, Aalto did in effect prove merit…which is therefore cause for trial.

Galati spoke about forty-five minutes. Russell questioned COMER issues to do with alleged fallacious accounting and what "tax credits" the government could be hiding. Galati spoke of no taxation without representation, and he said, "The Queen gets her tax when elected officials make that provision from the budget." He referred to pre- and post-Charter of Rights, Sections 7 and 15, saying there is no case for non-constitutionality and that the Minister of Finance does not have discretionary powers. Galati said the case of omission of financial elements, reduction, elimination, or delay of required funding for human needs includes hospitals, education, social benefits, and so forth.

And, if the Minister of Finance is hiding a tax component from its citizens – that alone is a breach of protocol. He summarized the constitutional issue: "Foreigners benefit from the unfair treatment of Monetary Policy over Canadians for whom the Act was created." The judge looked to lawyer Peter Hajecek to reply for HRH Queen Elizabeth the Second et al.

Hajecek structured his defense around the *Strike* decision. He said justiciability of the matter was determined by its appropriateness for trial that tests for "…a reasonable chance of success?" He looked at Galati, "There's no tort," he denied.[3] "My friend would find it difficult to prove Canadians

could get a better deal." He argued no causal connection of harm from alleged breaches. He said the Plaintiffs must connect State action to deprivation, "That my friend cannot prove." He cited spending on nuclear missiles, but the example stirred a groan from unimpressed onlookers. Hajecek spoke to allegations quoting, "Render impotent Canadian Sovereignty," which he said was not judicial. "It is more a political attack," the lawyer objected, saying, "They want the court to rewrite the *Bank Act*." He pointed out that a Bill for originating a tax does not exist outside the House of Commons budgetary process. The lawyer for defense was uncomfortably aware of being observed. "Does the public have an interest?" Hajecek seemed to answer his own question as he turned to look at Krehm, "You only have to look at court attendance."

He remarked about age, Krehm one-hundred, Emmett an octogenarian, and Paul Hellyer former Defense Minister of Canada just turned ninety. He likened COMER "think-tank" members to an interest group in cooking and was troubled the Plaintiffs cited HRH Queen Elizabeth the Second, "The Queen!" Hajecek ended with, "I think I have wasted everyone's patience." He acknowledged he had done, and the judge nodded for him to stand down.

Justice Russell looked at Galati who reaffirmed that government suppression is the essence of the case. He told the court the judiciable question is foreign interests and damages caused by change of bank policy. Galati closed and Russell said he would refer judgment. The judge gathered up documents and cleared the court.

After the hearing, COMER assembled in the lobby and Galati was approached to discuss what happened, and to answer questions. He said he hoped the *Strike* will be reversed and that the case will go to trial. Galati is ready to continue, and file evidence for a COMER day in court.

End Notes

1. Ellen Brown JD is US Attorney, president of Public Banking Institute and author of twelve books. *The Public Bank Solution* is a comprehensive history of money, notable bankers through millennia, and banking up to and beyond the 2008 Global Credit Crunch. Brown sets public and private bank models apart like "Jekyll and Hyde" split personalities: Publicly owned banks operate in public interest by law; privately owned banks interpret law solely for privatized gain and purpose of socialized loss from public wealth.

The analysis highlights the Bank of Canada a special case (page 199): "Before 1935, the Canadian government did not have a Central Bank. It had to borrow from private banks that issued their own banknotes, with the country's largest bank, the Bank of Montreal, serving as the government's de facto banker." Page 200: "William Lyon Mackenzie King, elected Prime Minister in 1935, thought the bank should be public. He admonished: 'Until the control of the issue of currency and credit is restored to government and recognized as its most conspicuous and sacred responsibility, all talk of the sovereignty of Parliament and of democracy is idle and futile.'"

The new Bank of Canada started as a private bank in 1935 until 1938 when the *Bank Act* was amended that made it a publicly owned self-funding institution. Operation of the Bank of Canada is defined by Statute, the government has duty of oversight and accountability, and the assets of the Bank of Canada belong to the people of Canada. It is the only public-bank among G20 nations. 1974 saw the end of Canadian self-funded money when the BIS – Bank of International Settlements – established policy that for the sake of "financial stability" governments must borrow from private global banks. Page 207: "Thus in 1993, 91 percent of the debt consisted of interest charges.... By 2012, the government had paid C$1 trillion in interest – twice its national debt. Interest on the debt is now the government's largest budget expenditure – larger than health care, senior entitlements or national defense." Page 208: "If the Canadian government had continued to fund itself as it had before the mid-1970s, estimates are that Canada would now be operating with a surplus of C$13 billion." The federal government passed budget cuts in 2012 to service an outstanding C$581 billion debt that Brown writes could have been avoided if Canadians had used its own Bank to rent its own money. Page 204: "...private banks create the money they lend just the

Continued on page 20

Decision of Federal Court (Russell, J.) in COMER Appeal from Motion to Strike

By Rocco Galati

In its 59-page decision of April 24, 2014, the Federal Court (Justice Russell), substantially over-turned the decision of Prothonotary Aalto which had struck the claim, with no opportunity to amend it.

Justice Russell, in over-turning the decision of Prothonotary Aalto, ruled as follows:

1. That the declaratory relief sought, which is the bulk of the claim, as to the meaning of, and misuse of the Bank of Canada provisions, as they relate to interest-free loans for human capital infrastructure, as well as the Finance Minister's fudging of the numbers in the budgetary process, *IS* justiciable and can proceed.

2. That the tort and Charter claims need elaboration and need to be amended if to proceed. (Random House Dictionary: a tort is a wrongful act, not including a breech of contract or trust, which results in injury to another's person, property, reputation or the like, and for which the injured party is entitled to compensation.)

3. That, while Prothonotary Aalto had found that the plaintiffs had standing, and the Federal Court had jurisdiction, Justice Russell did not pronounce on these issue(s) pending the re-amended statement of claim.

Both the government, and COMER, have appealed.

The government has appealed in the main, and bulk of the ruling, that the action can proceed.

COMER has appealed on the narrow issue that the Court should only have left struck the tort and Charter portion(s) of the claim and found, as the Court below had found, that standing of the parties, and jurisdiction of the Court, with respect to the (bulk) declaratory part of the action, can proceed without the need to redraft the whole thing which in essence would mean only redrafting the tort and Charter portions.

Lawyers for the government and COMER, have agreed not to redraft the claim now, but await the ruling of the Federal Court of Appeal after which point the extent, if any, of the required redrafting of the Statement of Claim, will be clear. (Rather than having to possibly amend twice).

All in all, and in summary, the decision of the Federal Court was a victory for COMER at this stage of the proceedings.■

Just Us, With a Ballot: A Call to Action in Response to the Fair Elections Act

By Paul McMurray

The prospects for any kind of rational monetary reform look exceedingly dim. Most are blissfully unaware that we are only a few legislative steps away from a one-party state with fiscal and monetary policies that will serve modern parasitic finance.

The "why" to this declaration is intricate but quite understandable if you are willing to do the research. The simple answer is that the looming prospect of passage of Bill C-23 *The Fair [sic] Elections Act* will entrench the Conservative Party, which, to the benefit of some, acts as a lobby and political surety for commercial banking, and is likely to ensure that commercial banking continues to hold almost all federal and provincial debt. The national debt will thus be a permanent fixture of the tax/usury burden assumed by all present and future generations of Canadians.

The Senate is looking like our last line of defense! And if that fails, only a miraculous enlightenment of voters will give a chance to a Party or coalition that will safeguard the interests of all Canadians. We will all need to anticipate voter suppression techniques and unfair advantages to the governing party during election campaigns.

How we got to this juncture has escaped the scrutiny of almost all media (knowingly or unknowingly). The wave after wave of legislation enabling electoral fraud and voter suppression and the subsequent effects were only first evident to the eyes of Elections Canada bureaucrats and researchers but have become evident to members of a little known committee called the Elections Canada Advisory Committee of Political Parties (ACPP), presided over by the chief electoral officer, Marc Mayrand, and his technical staff. Containment of the truth was impossible in this committee of political players from every stripe.

An Unlikely Duo. Only the polity of fringe parties initially protested the rise of voter suppression within this mandated forum of the ACPP. Two people in particular from polar opposites of the so called political spectrum were in attendance and were discovering they were on the same page, irrespective of their ideological gulf: Will Arlow of the Canadian Action Party and Anna DiCarlo of the Communist Party of Canada Marxist Leninist. They are both representatives in the Elections Canada Advisory Committee of Political Parties (the ACPP) because the law mandates that they be allowed to attend. Perceived by some as a strange duo fighting for electoral integrity, they were initially the only voices in the room that saw an emerging constitutional problem of the system's becoming hindered from delivering free and fair elections. Now almost all the small parties are united in opposition against the Conservative party on the question of incremental legislative election rigging.

Re-written History Adds Bulk to C-23. The ACPP is a liaison initiative between Elections Canada and all registered political parties in Canada. It discusses proposed solutions to problems related to delivering an efficient electoral service to Canadians within the framework and prescriptions of the *Canada Elections Act.* For some strange reason, within Bill C-23 the writers of such a bill claim that they are legally initiating and establishing the ACPP, when this committee has been operational for, at the very least, 7 years! How weird is that? Should they also legally claim that they invented the wheel and demand retroactive royalties? That would be some royal ascension.

Recent Voter-fraud Tools. Some key amendments to the *Canada Elections Act* have created a voter suppression juggernaut that has been disenfranchising eligible voters for over 7 years. One was *The Amendments to the Elections Act and Public Service Act* and it received royal assent in June of 2007, known as bill C-31 before it was enacted. It all but destroyed the secret ballot, and is described later in this article. Another was *An Act to amend the Canada Elections Act (verification of residence),* which got Royal Assent later the same year, on December 14, 2007, which had been Bill C18. These were the two key amendment vehicles that set up the voter suppression twins of voter identity challenges and the enabling of direct robocall voter suppression as the way to a Conservative majority.

Ottawa, We Have a Problem Called Desnethé! In or around 2007, Elections Canada noticed that large numbers of aboriginals, poor, homeless, students and transient urban workers were being excluded from voter eligibility in federal elections. One electoral district this was happening in was the Desnethé Missinippi Churchill River riding encompassing all of northern Saskatchewan. One has to wonder if a motivator for the legislation was that the excluded voters were supporting a former Progressive Conservative, David Orchard, who had been betrayed in the process that resulted in the forming of the current Conservative Party.

The aforementioned *Verification of Residence Act* (the former Bill C-18) prescribed that a civic address and proof of residence of the voter at that numbered street address was a requirement for federal voter eligibility. That meant anyone with just a rural route address was excluded and had to be vouched for before they could vote. As a further restrictive measure, individual eligible and identified voters were denied the ability to vouch for more than one constituent at a time. The northern Saskatchewan riding of Desnethé was an early warning that the new rules regarding civic address and limited vouching would disenfranchise a significant minority of previously eligible voters.

Moi? Further to this assertion that serious disenfranchisement was emerging, came a story out of the Advisory Committee of Political Parties (ACPP). An Elections Canada official told the story of a gathering of polling officers who had come together to brainstorm problems that might emerge in an impeding by-election. One of the polling officials on impulse asked these Elections Canada officials to produce in the room identification as if they were going to vote. The result was shocking in that not one person in the room could produce papers that would enable them to vote. Elections Canada employees, by this straw poll of eligibility, could not vote in an election without additional identification proving conclusively they had a street-number civic address. To some in the room this realization was truly frightening.

Voter Fraud? What Voter Fraud? With the excuse of voter fraud as a growing problem, the Conservatives sounded the alarm even though no evidence existed that voter fraud was the deciding factor in any political federal election in Canada. This fact was recently exposed in the Legislative

Committee examining Bill C-23, and it challenged Minister Poilievre's claims that the vouching is a problem that facilitates voter fraud. His claims were refuted by Harry Neufeld, the author of the study commissioned by Elections Canada to examine administrative errors.

In a political scrum after his appearance before that committee, Mr. Neufeld challenged the reporters present to try being an election official. He stated the challenges involved having to remember 17 administrative exceptions, read and remember a hundred-page manual and on the first day of work do a perfect job, after having had only two or three hours of training. Mr. Neufeld used the word "impossible" when describing the demands associated with fulfilling polling duties and perfect job performance with all the restraints and the few resources given to election workers.

This same study had been misquoted by Minister Poilievre to bolster his claims that vouching enables voter fraud. In the course of a 6-month review of problems of non-compliance with rules and standards by Elections Canada staff, the Neufeld Report had constantly been quoted inaccurately and out of context by Democratic Reform Minister, Pierre Poilievre.

Subsequently, Harry Neufeld testified before a Parliamentary legislative committee examining Bill C-23, where he refuted all claims by Pierre Poilievre that the Neufeld report was clear evidence that vouching should be eliminated.

Reason for All Those Vouching Errors. Will Arlow of the Canadian Action Party (CAP) has cited the 17-day rule as a prime reason that administrative errors with regard to vouching were so numerous, as well as the lack of relief staff for the main polling staff in elections. Mr. Arlow, after his interview on a ThatChannel.com show, *Independent Nation,* told me that polling position hiring is, by law, frozen until 17 days before a federal election, waiting for party staffing recommendation lists. He believes this is at the heart of the vouching admin errors: the impossible time constraints to interview, hire, and train staff.

Vouching was sabotaged, in the first place, by those who wrote and now maintain this law. Bill C-23 seeks to "correct" the problem by eliminating vouching altogether. This measure of eliminating vouching is estimated to potentially prevent voting by 100,000 to 520,000 Canadians. This measure alone may, at the very least, enable a sustained Conservative minority, election after election, and it is potentially the biggest attempt at electoral suppression in the history of Canada. *The Fair Elections Act* is worthy of an historic voter backlash of biblical proportions.

Micro-targeting with RoboCall Suppression Techniques. Another earlier legislated and entrenched law to ascertain and strengthen the momentum of voter suppression is more precise and uses off-the-shelf computer technology. Vote-shaving the poor was not enough in the federal election in 2011. To target electoral races that were close and made the difference between a minority and a majority government, micro-targeting voter suppression was needed. *The Amendment to the Elections Canada Act and Public Service Act,* of June 22, 2007, fit the bill exactly. It provided several tools for voter suppression.

One such tool was externalizing the unique voter identification that resides in the Elections Canada database of voters. This Act gave it to the political parties via the list of electors, enabling a more accurate record of voting trends could be kept. Many parties like this facility. What the smaller parties do not realize is that a Party with more resources gets an unfair advantage with it. The well-heeled Conservatives could pre-poll for party affiliation by using constituency contact services, soliciting visitors to their website and carefully recording every contact the party had with voters who revealed their political preference. This voter intelligence initiative could easily profile enough vulnerable voters in readiness for robocall misdirection. All that was needed was an early-warning tool that could in almost real time reveal how a political race was going.

Another Voter Suppression Enabler: The Elections Bingo Card. The Elections Canada bingo card fulfills the role of an early warning system to tell political parties how an election is trending poll by poll during the election. The official name of the bingo card is the "Statement of Electors Who Have Voted on Polling Day." This has given all political parties the ability to have a live information feed every half hour during the election by identifying exactly who has voted and when. The bingo card is a tear-off sheet issued by the poll clerk every half hour given to party scrutineers. This live feed enables a party to track and identify their voter-support base as well as a rival party's voter base when merged with pre-poll intelligence linked through the unique identifier number. Will Arlow, in a video produced by the YouTube channel called "The Counter Agenda Project" has declared that the bingo card is a voter suppression tool created with no democratic impulse by the Conservative Party.

Bill C-23, Serial Cheating Emerging From Stealth Mode. The act to possibly tilt the Conservative party to continual majority electoral victories is the passage of Bill C-23, the *Fair Elections Act.* Not only may as many as half a million voters be made ineligible. The proposed legislation enables the two leading parties omit to put forward partisan candidates for polling jobs.

But the biggest support that the new amendments provide to cheating is that they delay and possibly extinguish any consequence for electoral fraud by big parties. Separating the office of Commissioner from the arm's-length Elections Canada and positioning him under the authority of the Public Prosecutor's office impedes prosecution. It seems our electoral system will be muzzled, suppressed and lawless. This future is truly frightening.

To illustrate more clearly how this works, here is an excerpt of an interview by Hugh Reilley, of ThatChannelTV, and co-host Bahman Yazdanfar, with Will Arlow on February 20, 2014:

"**Will Arlow:** The Conservatives …. took the decision to lay charges away from the Commissioner and gave it to the Director of Public Prosecutions.

"Now, this new legislation [Bill C-23] takes the Commissioner, himself, out of Elections Canada's offices, and sequesters him in the Director of Prosecutions and, and makes the Commissioner of Elections accountable and reportable to only the DPP [Director of Public Prosecutions]. And the DPP reports only to the Solicitor General of Canada, and does so only once a year.

"So if there's an investigation going on about electoral fraud, which there sure ought to be, with the Robocall scandal – we've had two, by the way. There have been two Robocall scandals. So, all those kinds of things, Canadians wouldn't even know about it, because the Chief Electoral Officer [Marc Mayrand at present] won't be able to talk about it, and the Commissioner won't be able to talk about it to anybody but the Director of Public Prosecutions.

"**Hugh Reilley:** Right, and of course justice delayed is justice denied.

"**Will Arlow:** Denied!

"**Bahman Yazdanfar:** Not to mention that the DPP [Deputy Public Prosecutor] is closely associated with the Prime Min-

ister's office.

"**Will Arlow:** Of course!"

Recently, the Director of Public Prosecutions, himself, has gone on the public record as saying he was not consulted before the move was made to draw investigation closer to prosecution. In a CP article published online in *The Globe and Mail* on April 6, 2014, bearing the title: "Public prosecutor not consulted on new role planned in election law overhaul," Joan Bryden says:

"The Harper government did not consult the Director of Public Prosecutions about its controversial plan to put him in charge of the investigative arm of Elections Canada – a move that departs from a longstanding principle that prosecutors and investigators should be kept separate.

"The plan to hive off the commissioner of elections from Elections Canada and move him under the auspices of the director of public prosecutions is a key component of a proposed overhaul of election laws, which has been almost universally panned by Canadian and international electoral experts."

The Senate is our Last Resort. And the irony of ironies is that our last defense against the Conservative debauching of the Canadian electoral system is the Canadian Senate. No wonder that this last sober refuge of second thought is being attacked by the Conservatives. No wonder the Prime Minister has put media personalities forward as senators who were unqualified to withstand the ethical and intellectual rigors of the Senate. This government's dark agenda is to attack every democratic institution in the country and hope the civil polity will disengage and walk away in disgust. When this happens, the Conservatives will rule for coming generations.

The current actions of the Conservative Party challenge the electorate to cast Stephen Harper and his brethren into the wilderness of oblivion forever. We need a miracle to become manifest in our country. We need it for real. We need it soon. This is the great Canadian project: save Canadian democracy! It can be done without blood and it needs all of us. Just us, with a ballot.

At the time of writing, a press conference is being planned in Ottawa for Friday, April 11, 2014, with ACPP representatives of small parties opposed to Bill C-23. An invitation has been extended to the mainstream parties to participate.

Note: The full citation is: Bill C-23, Second Session, Forty-first Parliament, 2013-2014, The *Fair Elections Act: An Act to amend the Canada Elections Act and other Acts and to make consequential amendments to certain Acts.*

Our Comment

What a golden opportunity for the "Beleaguered house of sober second thought" to prove its worth!

Perhaps its members would welcome some support and encouragement.

Here's how they may be reached: http://bit.ly/1oD0MRN

As well, mail can be sent postage-free to any senator at the following address:

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Why We're in a New Gilded Age

Paul Krugman, The New York Review of Books, May 8, 2014

Capital in the Twenty-First Century

Review of a book by Thomas Piketty

Thomas Piketty, professor at the Paris School of Economics, isn't a household name, although that may change with the English-language publication of his magnificent, sweeping meditation on inequality, *Capital in the Twenty-First Century.* Yet his influence runs deep. It has become a commonplace to say that we are living in a second Gilded Age – or, as Piketty likes to put it, a second Belle Époque – defined by the incredible rise of the "one percent." But it has only become a commonplace thanks to Piketty's work. In particular, he and a few colleagues (notably Anthony Atkinson at Oxford and Emmanuel Saez at Berkeley) have pioneered statistical techniques that make it possible to track the concentration of income and wealth deep into the past – back to the early twentieth century for America and Britain, and all the way to the late eighteenth century for France.

The result has been a revolution in our understanding of long-term trends in inequality. Before this revolution, most discussions of economic disparity more or less ignored the very rich. Some economists (not to mention politicians) tried to shout down any mention of inequality at all: "Of the tendencies that are harmful to sound economics, the most seductive, and in my opinion the most poisonous, is to focus on questions of distribution," declared Robert Lucas Jr. of the University of Chicago, the most influential macroeconomist of his generation, in 2004. But even those willing to discuss inequality generally focused on the gap between the poor or the working class and the merely well-off, not the truly rich – on college graduates whose wage gains outpaced those of less-educated workers, or on the comparative good fortune of the top fifth of the population compared with the bottom four fifths, not on the rapidly rising incomes of executives and bankers.

It therefore came as a revelation when Piketty and his colleagues showed that incomes of the now famous "one percent," and of even narrower groups, are actually the big story in rising inequality. And this discovery came with a second revelation: talk of a second Gilded Age, which might have seemed like hyperbole, was nothing of the kind. In America in particular the share of national income going to the top one percent has followed a great U-shaped arc. Before World War I the one percent received around a fifth of total income in both Britain and the United States. By 1950 that share had been cut by more than half. But since 1980 the one percent has seen its income share surge again – and in the United States it's back to what it was a century ago.

Still, today's economic elite is very different from that of the nineteenth century, isn't it? Back then, great wealth tended to be inherited; aren't today's economic elite people who earned their position? Well, Piketty tells us that this isn't as true as you think, and that in any case this state of affairs may prove no more durable than the middle-class society that flourished for a generation after World War II. The big idea of *Capital in the Twenty-First Century* is that we haven't just gone back to nineteenth-century levels of income inequality, we're also on a path back to "patrimonial capitalism," in which the commanding heights of the economy are controlled not by talented individuals but by family dynasties.

It's a remarkable claim – and precisely because it's so remarkable, it needs to be examined carefully and critically. Before I get into that, however, let me say right away that Piketty has written a truly superb book. It's a work that melds grand historical sweep – when was the last time you heard an economist invoke Jane Austen and Balzac? – with painstaking data analysis. And even though Piketty mocks the economics profession for its "childish passion for mathematics," underlying his discussion is a tour de force of economic modeling, an approach that integrates the analysis of economic growth with that of the distribution of income and wealth. This is a book that will change both the way we think about society and the way we do economics.

What do we know about economic inequality, and about when do we know it? Until the Piketty revolution swept through the field, most of what we knew about income and wealth inequality came from surveys, in which randomly chosen households are asked to fill in a questionnaire, and their answers are tallied up to produce a statistical portrait of the whole. The international gold standard for such surveys is the annual survey conducted once a year by the Census Bureau. The Federal Reserve also conducts a triennial survey of the distribution of wealth.

These two surveys are an essential guide to the changing shape of American society. Among other things, they have long pointed to a dramatic shift in the process of US economic growth, one that started around 1980. Before then, families at all levels saw their incomes grow more or less in tandem with the growth of the economy as a whole. After 1980, however, the lion's share of gains went to the top end of the income distribution, with families in the bottom half lagging far behind.

Historically, other countries haven't been equally good at keeping track of who gets what; but this situation has improved over time, in large part thanks to the efforts of the Luxembourg Income Study (with which I will soon be affiliated). And the growing availability of survey data that can be compared across nations has led to further important insights. In particular, we now know both that the United States has a much more unequal distribution of income than other advanced countries and that much of this difference in outcomes can be attributed directly to government action. European nations in general have highly unequal incomes from market activity, just like the United States, although possibly not to the same extent. But they do far more redistribution through taxes and transfers than America does, leading to much less inequality in disposable incomes.

Yet for all their usefulness, survey data have important limitations. They tend to undercount or miss entirely the income that accrues to the handful of individuals at the very top of the income scale. They also have limited historical depth. Even US survey data only take us to 1947.

Enter Piketty and his colleagues, who have turned to an entirely different source of information: tax records. This isn't a new idea. Indeed, early analyses of income distribution relied on tax data because they had little else to go on. Piketty et al. have, however, found ways to merge tax data with other sources to produce information that crucially complements survey evidence. In particular, tax data tell us a great deal about the elite. And tax-based estimates can reach much further into the past: the United States has had an income tax since 1913, Britain since 1909. France, thanks to elaborate estate tax collection and record-keeping, has wealth data reaching back to the late eighteenth century.

Exploiting these data isn't simple. But by using all the tricks of the trade, plus some educated guesswork, Piketty is able to produce a summary of the fall and rise of extreme inequality over the course of the past century. It looks like Table 1.

As I said, describing our current era as a new Gilded Age or Belle Époque isn't hyperbole; it's the simple truth. But how did this happen?

Piketty throws down the intellectual gauntlet right away, with his book's very title: *Capital in the Twenty-First Century*. Are economists still allowed to talk like that?

It's not just the obvious allusion to Marx that makes this title so startling. By invoking capital right from the beginning, Piketty breaks ranks with most modern discussions of inequality, and hearkens back to an older tradition.

The general presumption of most inequality researchers has been that earned income, usually salaries, is where all the action is, and that income from capital is neither important nor interesting. Piketty shows, however, that even today income from capital, not earnings, predominates at the top of the income distribution. He also shows that in the past – during Europe's Belle Époque and, to a lesser extent, America's Gilded Age – unequal ownership of assets, not unequal pay, was the prime driver of income disparities. And he argues that we're on our way back to that kind of society. Nor is this casual speculation on his part. For all that *Capital in the Twenty-First Century* is a work of principled empiricism, it is very much driven by a theoretical frame that attempts to unify discussion of economic growth and the distribution of both income and wealth. Basically, Piketty sees economic history as the story of a race between capital accumulation and other factors driving growth, mainly population growth and technological progress.

To be sure, this is a race that can have no permanent victor: over the very long run, the stock of capital and total income must grow at roughly the same rate. But one side or the other can pull ahead for decades at a time. On the eve of World War I, Europe had accumulated capital worth six or seven times national income. Over the next four decades, however, a combination of physical destruction and the diversion of savings into war efforts cut that ratio in half. Capital accumulation resumed after World War II, but this was a period of spectacular economic growth – the *Trente Glorieuses*, or "Glorious Thirty" years; so the ratio of capital to income remained low. Since the 1970s, however, slowing growth has meant a rising capital ratio, so capital and wealth have been trending steadily back toward Belle Époque levels. And this accumulation of capital, says Piketty, will eventually recreate Belle Époque–style inequality unless opposed by progressive taxation.

Why? It's all about r versus g – the rate of return on capital versus the rate of economic growth.

Just about all economic models tell us that if g falls – which it has since 1970, a decline that is likely to continue due to slower growth in the working-age population and slower technological progress – r will fall too. But Piketty asserts that r will fall less than g. This doesn't have to be true. However, if it's sufficiently easy to replace workers with machines – if, to use the technical jargon, the elasticity of substitution between capital and labor is greater than one – slow growth, and the resulting rise in the ratio of capital to income, will indeed widen the gap between r and g. And Piketty argues that this is what the historical record shows will happen.

If he's right, one immediate consequence will be a redistribution of income away from labor and toward holders of capital. The conventional wisdom has long been that we needn't worry about that happening, that the shares of capital and labor respectively in total income are highly stable over time. Over the very long run, however, this hasn't been true. In Britain, for example, capital's share of income – whether in the form of corporate profits, dividends, rents, or sales of property, for example – fell from around 40 percent before World War I to barely 20 percent circa 1970, and has since bounced roughly halfway back. The historical arc is less clear-cut in the United States, but here, too, there is a redistribution in favor of capital underway. Notably, corporate profits have soared since the financial crisis began, while wages – including the wages of the highly educated – have stagnated.

Table 1: Income Shares

	Low Inequality (Scandinavia 1970s/1980s)	*Medium Inequality (Europe 2010)*	*High Inequality (Europe 1910, US 2010)*
Top 1%	7%	10%	20%
Next 9%	18%	25%	30%
Next 40%	45%	40%	30%
Bottom 50%	30%	25%	20%

A rising share of capital, in turn, directly increases inequality, because ownership of capital is always much more unequally distributed than labor income. But the effects don't stop there, because when the rate of return on capital greatly exceeds the rate of economic growth, "the past tends to devour the future": society inexorably tends toward dominance by inherited wealth.

Consider how this worked in Belle Époque Europe. At the time, owners of capital could expect to earn 4–5 percent on their investments, with minimal taxation; meanwhile economic growth was only around one percent. So wealthy individuals could easily reinvest enough of their income to ensure that their wealth and hence their incomes were growing faster than the economy, reinforcing their economic dominance, even while skimming enough off to live lives of great luxury.

And what happened when these wealthy individuals died? They passed their wealth on – again, with minimal taxation – to their heirs. Money passed on to the next generation accounted for 20 to 25 percent of annual income; the great bulk of wealth, around 90 percent, was inherited rather than saved out of earned income. And this inherited wealth was concentrated in the hands of a very small minority: in 1910 the richest one percent controlled 60 percent of the wealth in France; in Britain, 70 percent.

No wonder, then, that nineteenth-century novelists were obsessed with inheritance. Piketty discusses at length the lecture that the scoundrel Vautrin gives to Rastignac in Balzac's *Père Goriot*, whose gist is that a most successful career could not possibly deliver more than a fraction of the wealth Rastignac could acquire at a stroke by marrying a rich man's daughter. And it turns out that Vautrin was right: being in the top one percent of nineteenth-century heirs and simply living off your inherited wealth gave you around two and a half times the standard of living you could achieve by clawing your way into the top one percent of paid workers.

You might be tempted to say that modern society is nothing like that. In fact, however, both capital income and inherited wealth, though less important than they were in the Belle Époque, are still powerful drivers of inequality – and their importance is growing. In France, Piketty shows, the inherited share of total wealth dropped sharply during the era of wars and postwar fast growth; circa 1970 it was less than 50 percent. But it's now back up to 70 percent, and rising. Correspondingly, there has been a fall and then a rise in the importance of

inheritance in conferring elite status: the living standard of the top one percent of heirs fell below that of the top one percent of earners between 1910 and 1950, but began rising again after 1970. It's not all the way back to Rastignac levels, but once again it's generally more valuable to have the right parents (or to marry into having the right in-laws) than to have the right job.

And this may only be the beginning. Figure 1 shows Piketty's estimates of global r and g over the long haul, suggesting that the era of equalization now lies behind us, and that the conditions are now ripe for the reestablishment of patrimonial capitalism.

Given this picture, why does inherited wealth play as small a part in today's public discourse as it does? Piketty suggests that the very size of inherited fortunes in a way makes them invisible: "Wealth is so concentrated that a large segment of society is virtually unaware of its existence, so that some people imagine that it belongs to surreal or mysterious entities." This is a very good point. But it's surely not the whole explanation. For the fact is that the most conspicuous example of soaring inequality in today's world – the rise of the very rich one percent in the Anglo-Saxon world, especially the United States – doesn't have all that much to do with capital accumulation, at least so far. It has more to do with remarkably high compensation and incomes.

Capital in the Twenty-First Century is, as I hope I've made clear, an awesome work. At a time when the concentration of wealth and income in the hands of a few has resurfaced as a central political issue, Piketty doesn't just offer invaluable documentation of what is happening, with unmatched historical depth. He also offers what amounts to a unified field theory of inequality, one that integrates economic growth, the distribution of income between capital and labor, and the distribution of wealth and income among individuals into a single frame.

And yet there is one thing that slightly detracts from the achievement – a sort of intellectual sleight of hand, albeit one that doesn't actually involve any deception or malfeasance on Piketty's part. Still, here it is: the main reason there has been a hankering for a book like this is the rise, not just of the one percent, but specifically of the American one percent. Yet that rise, it turns out, has happened for reasons that lie beyond the scope of Piketty's grand thesis.

Piketty is, of course, too good and too honest an economist to try to gloss over inconvenient facts. "US inequality in 2010," he declares, "is quantitatively as extreme as in old Europe in the first decade of the twentieth century, but the structure of that inequality is rather clearly different." Indeed, what we have seen in America and are starting to see elsewhere is something "radically new" – the rise of "supersalaries."

Capital still matters; at the very highest reaches of society, income from capital still exceeds income from wages, salaries, and bonuses. Piketty estimates that the increased inequality of capital income accounts for about a third of the overall rise in US inequality. But wage income at the top has also surged. Real wages for most US workers have increased little if at all since the early 1970s, but wages for the top one percent of earners have risen 165 percent, and wages for the top 0.1 percent have risen 362 percent. If Rastignac were alive today, Vautrin might concede that he could in fact do as well by becoming a hedge fund manager as he could by marrying wealth.

What explains this dramatic rise in earnings inequality, with the lion's share of the gains going to people at the very top? Some US economists suggest that it's driven by changes in technology. In a famous 1981 paper titled "The Economics of Superstars," the Chicago economist Sherwin Rosen argued that modern communications technology, by extending the reach of talented individuals, was creating winner-take-all markets in which a handful of exceptional individuals reap huge rewards, even if they're only modestly better at what they do than far less well paid rivals.

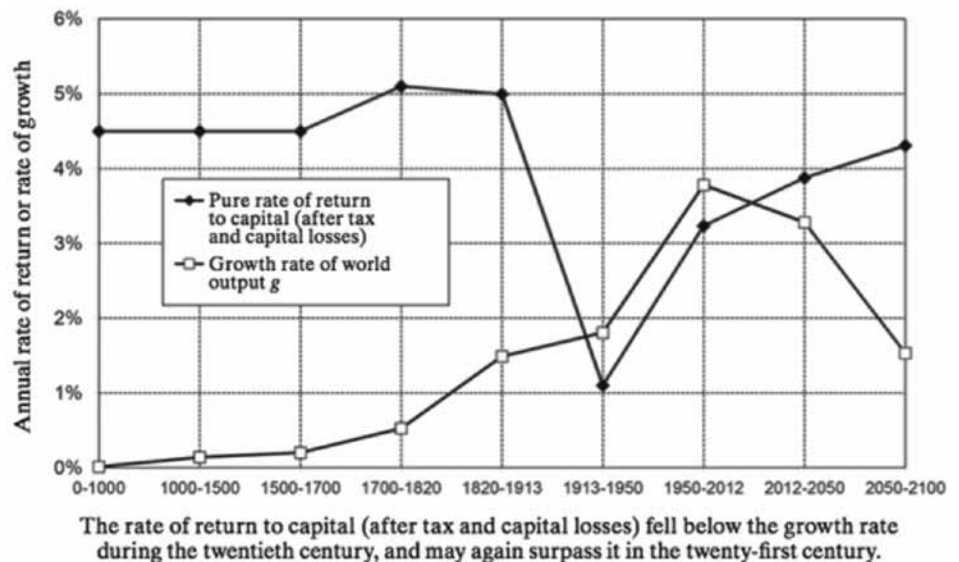
Piketty is unconvinced. As he notes, conservative economists love to talk about the high pay of performers of one kind or another, such as movie and sports stars, as a way of suggesting that high incomes really are deserved. But such people actually make up only a tiny fraction of the earnings elite. What one finds instead is mainly executives of one sort or another – people whose performance is, in fact, quite hard to assess or give a monetary value to.

Who determines what a corporate CEO is worth? Well, there's normally a compensation committee, appointed by the CEO himself. In effect, Piketty argues, high-level executives set their own pay, constrained by social norms rather than any sort of market discipline. And he attributes skyrocketing pay at the top to an erosion of these norms. In effect, he attributes soaring wage incomes at the top to social and political rather than strictly economic forces.

Now, to be fair, he then advances a possible economic analysis of changing norms, arguing that falling tax rates for the rich have in effect emboldened the earnings elite. When a top manager could expect to keep only a small fraction of the income he might get by flouting social norms and extracting a very large salary, he might have decided that the opprobrium wasn't worth it. Cut his marginal tax rate drastically, and he may behave differently. And as more and more of the supersalaried flout the norms, the norms themselves will change.

There's a lot to be said for this diagnosis, but it clearly lacks the rigor and universality of Piketty's analysis of the distribution of and returns to wealth. Also, I don't

Figure 1: After-tax Rate of Return vs. Growth Rate at the World Level, from Antiquity until 2100



think *Capital in the Twenty-First Century* adequately answers the most telling criticism of the executive power hypothesis: the concentration of very high incomes in finance, where performance actually can, after a fashion, be evaluated. I didn't mention hedge fund managers idly: such people are paid based on their ability to attract clients and achieve investment returns. You can question the social value of modern finance, but the Gordon Gekkos out there are clearly good at something, and their rise can't be attributed solely to power relations, although I guess you could argue that willingness to engage in morally dubious wheeling and dealing, like willingness to flout pay norms, is encouraged by low marginal tax rates.

Overall, I'm more or less persuaded by Piketty's explanation of the surge in wage inequality, though his failure to include deregulation is a significant disappointment. But as I said, his analysis here lacks the rigor of his capital analysis, not to mention its sheer, exhilarating intellectual elegance.

Yet we shouldn't overreact to this. Even if the surge in US inequality to date has been driven mainly by wage income, capital has nonetheless been significant too. And in any case, the story looking forward is likely to be quite different. The current generation of the very rich in America may consist largely of executives rather than rentiers, people who live off accumulated capital, but these executives have heirs. And America two decades from now could be a rentier-dominated society even more unequal than Belle Époque Europe.

But this doesn't have to happen.

At times, Piketty almost seems to offer a deterministic view of history, in which everything flows from the rates of population growth and technological progress. In reality, however, *Capital in the Twenty-First Century* makes it clear that public policy can make an enormous difference, that even if the underlying economic conditions point toward extreme inequality, what Piketty calls "a drift toward oligarchy" can be halted and even reversed if the body politic so chooses.

The key point is that when we make the crucial comparison between the rate of return on wealth and the rate of economic growth, what matters is the *after-tax* return on wealth. So progressive taxation – in particular taxation of wealth and inheritance – can be a powerful force limiting inequality. Indeed, Piketty concludes his masterwork with a plea for just such a form of taxation. Unfortunately, the history covered in his own book does not encourage optimism.

It's true that during much of the twentieth century strongly progressive taxation did indeed help reduce the concentration of income and wealth, and you might imagine that high taxation at the top is the natural political outcome when democracy confronts high inequality. Piketty, however, rejects this conclusion; the triumph of progressive taxation during the twentieth century, he contends, was "an ephemeral product of chaos." Absent the wars and upheavals of Europe's modern Thirty Years' War, he suggests, nothing of the kind would have happened.

As evidence, he offers the example of France's Third Republic. The Republic's official ideology was highly egalitarian. Yet wealth and income were nearly as concentrated, economic privilege almost as dominated by inheritance, as they were in the aristocratic constitutional monarchy across the English Channel. And public policy did almost nothing to oppose the economic domination by rentiers: estate taxes, in particular, were almost laughably low.

Why didn't the universally enfranchised citizens of France vote in politicians who would take on the rentier class? Well, then as now great wealth purchased great influence – not just over policies, but over public discourse. Upton Sinclair famously declared that "it is difficult to get a man to understand something when his salary depends on his not understanding it." Piketty, looking at his own nation's history, arrives at a similar observation: "The experience of France in the Belle Époque proves, if proof were needed, that no hypocrisy is too great when economic and financial elites are obliged to defend their interest."

The same phenomenon is visible today. In fact, a curious aspect of the American scene is that the politics of inequality seem if anything to be running ahead of the reality. As we've seen, at this point the US economic elite owes its status mainly to wages rather than capital income. Nonetheless, conservative economic rhetoric already emphasizes and celebrates capital rather than labor – "job creators," not workers.

In 2012 Eric Cantor, the House majority leader, chose to mark Labor Day – Labor Day! – with a tweet honoring business owners: "Today, we celebrate those who have taken a risk, worked hard, built a business and earned their own success."

Perhaps chastened by the reaction, he reportedly felt the need to remind his colleagues at a subsequent GOP retreat that most people don't own their own businesses – but this in itself shows how thoroughly the party identifies itself with capital to the virtual exclusion of labor.

Nor is this orientation toward capital just rhetorical. Tax burdens on high-income Americans have fallen across the board since the 1970s, but the biggest reductions have come on capital income – including a sharp fall in corporate taxes, which indirectly benefits stockholders – and inheritance. Sometimes it seems as if a substantial part of our political class is actively working to restore Piketty's patrimonial capitalism. And if you look at the sources of political donations, many of which come from wealthy families, this possibility is a lot less outlandish than it might seem.

Piketty ends *Capital in the Twenty-First Century* with a call to arms – a call, in particular, for wealth taxes, global if possible, to restrain the growing power of inherited wealth. It's easy to be cynical about the prospects for anything of the kind. But surely Piketty's masterly diagnosis of where we are and where we're heading makes such a thing considerably more likely. So *Capital in the Twenty-First Century* is an extremely important book on all fronts. Piketty has transformed our economic discourse; we'll never talk about wealth and inequality the same way we used to.

Our Comment. This book has been out of print and is much in demand. It is being re-printed and copies will soon be available at Another Story Book Store, where they have been on order for some time. Telephone 416-462-1104. *Élan*

BookStore

Books by Hazel Henderson, W.F. Hixson and William Krehm can be ordered online at www.comer.org.

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Canada Post Is Not on Life Support, It Is Being Murdered

By Mike Palecek, rabble.ca, Dec. 17, 2013

Canada Post's recent announcement that they intend to end door to door delivery has shocked many. After all, Canada would be the first industrialized country to do so. Every other G8 country seems to be able to deliver their mail from door-to-door, but Canada Post has other plans.

The Harper government and their lackeys at Canada Post would have you believe that mail delivery is no longer financially viable. In fact, the company has lost money only once this century, and that was the year they decided to lock out their workers.

A quick look at the numbers shows that their arguments just don't add up.

The Canada Post Group made a before-tax profit of 127 million dollars in 2012; after 2011's lockout and after being forced to settle a 200+ million dollar lawsuit they posted a loss of 327 million dollars; in 2010 they made a profit of 443 million dollars; in 2009 the corporation had a net profit of 281 million dollars.

Anyone can see these numbers for themselves in the financial reports on Canada Post's website. Year after year, Canada Post makes profit, and yet year after year they cry poor. For postal workers, this is nothing new; it is the same old song and dance.

Having been challenged on the profitability of the corporation, Canada Post has scrambled to find a new excuse for eliminating door-to-door delivery. The new line is that the Canada Post Pension Plan is running a 6.5 billion dollar solvency deficit, forcing them to make these changes. This argument is patently absurd.

It is true that there is a solvency deficit with the Canada Post Pension Plan, but what does this mean exactly? It means that if Canada Post were to suddenly disappear, the pension plan would be 6.5 billion dollars short of being able to pay everyone's pension.

In short, this is only a hypothetical scenario designed to test the stability of the plan. Other pension plans are not forced to meet this test and many would not pass it. On a going-concern basis, Canada Post's pension plan has no problem meeting its obligations.

Federal regulations require that Canada Post make special payments over a period of five years in order to eliminate the solvency deficit. But Canada Post has just been given a four-year reprieve from these payments. This means that this pension deficit will not cost them a dime for at least four years. Again, their talking points do not hold water.

What's more, the only reason for this solvency deficit is the federal government's policy of keeping interest rates low to stimulate the economy. The Canada Post Pension Plan had no problems before interest rates hit historic lows. Rates will not stay this low forever and just a two per cent rise in interest rates would solve the deficit "problem." It is likely that the solvency deficit in the pension plan will take care of itself.

Canada Post is creating a crisis to justify its agenda. They talk of saving money with this plan, but they aren't being forthcoming with the costs of implementing it.

How much will it cost to purchase, install and maintain community mailboxes for over 5,000,000 addresses? How about the thousands of new vehicles they will need to purchase, insure and maintain? Are they going to need a capital injection from the government, or do they plan to borrow more money as they did to finance their two-billion-dollar failure they call the Modern Post?

Canada Post's main talking point is that they don't want to become a burden on tax payers. Notice that this in itself is an admission that they are presently not a burden on taxpayers – quite the opposite!

Canada Post Corporation has actually returned one billion dollars to the federal government over the last decade in the form of dividends and corporate taxes. But what neither the Conservatives nor the corporation seem to want to admit is that eliminating 8,000 letter carrier jobs will cost the federal government as much as 50 million dollars a year in personal income tax. That isn't counting the spinoff effects of good jobs being eliminated in communities across the country.

It is funny that the right wing defends trickle-down economic theories when they are justifying profits, but refuses to apply the same arguments to the economic impact of cuts.

The Conservative government has insisted that the only option for Canada Post is cuts. They refuse to entertain the idea of expanding services to bring in additional revenue as post offices around the world have done. This is because of an ideologically entrenched idea that a crown corporation shouldn't do anything that the private sector is capable of doing.

This nonsense is the reason they refuse to consider postal banking as a viable alternative, despite a recent report from Canadian Centre for Policy Alternatives explaining multiple options for how they could do just that. This is the reason they refuse to sell a broader range of products in their stores, despite having the largest retail network in the country. The Harper government is more concerned with protecting the profits of private companies than ensuring the viability of the public post office.

Why would Canada Post want to impose such measures on itself if they weren't absolutely necessary? It is no secret that Stephen Harper isn't a big fan of the public sector. So when he needed a new CEO for this crown corporation, he hired the head of the Canada and Latin America division of Pitney Bowes.

For those who are not familiar with Pitney Bowes, they are the largest private mail supply company in the world. They are also a company that specializes in picking up the pieces of privatized postal services. Earlier this year, Pitney Bowes published a study urging the privatization of the United States Postal Service, and have been lobbying heavily to do exactly that.

Now, one of their top bosses is running Canada Post. His predecessor, Moya Greene was also a privatization expert. She oversaw the privatization of CN Rail before coming to Canada Post, but she moved on to the Royal Mail in the UK before she could

About Our Commenters

Élan is a pseudonym representing two of the original members of COMER, one of whom is now deceased. The surviving member could never do the work she is now engaged in were it not for their work together over many years. This signature is a way of acknowledging that indebtedness.

Hélène St. Jacques is an expert consumer and market researcher with a history that spans many food, health, social justice and environmental sectors. Her experience includes working on local, national and international fronts with large- and small-size public and private sector organizations. She has a BA from the University of Waterloo and a MEd from the University of Toronto.

finish the job here. The Royal Mail has just been privatized.

Canada Post CEO Deepak Chopra was not hired to fix the post office; he was hired to destroy it. The simple truth is that the public post office is one of the most valuable assets in the country. It occupies prime real estate in every city in Canada. Its retail network is the largest in the country, with over 6,000 locations. Its distribution network is also the largest in Canada, with thousands of delivery vans and tractor-trailers.

The private sector is salivating at the prospect of getting their hands on this network precisely because of the money they could make with it. But in order to do this, they first need to slash the service and push it over a financial cliff. When they finally move to privatize Canada Post, they want to get it cheap.

Mike Palecek is a National Union Representative with Canadian Union of Postal Workers (CUPW).

Our Comment. Thank you Mike Palecek for so succinct and compelling a case! Canadians should all know these facts. Surely, then they would rise in defence of this all-important commons. *Élan*

Corporate Power, Government Subservience

By Ed Finn, CCPA's Senior Editor, November 1, 2013

Most people want corporate power curbed – governments don't.

Several years ago, an Ipsos Global Public Affairs poll disclosed that a large majority of the world's "most informed, engaged and connected" citizens believe corporations are far too powerful and that their activities should be more effectively regulated.

At the time, my reaction to that survey of social and political activists in 22 countries was a mixture of astonishment and elation. It was mind-blowing to learn that so many of the most informed and active people in so many countries (an awesome average of 74% of them) shared our deep concerns about excessive corporate power and wanted it curtailed.

The implication was that there was no longer any need to spend much time or effort exposing corporate infamy. Most people, according to Ipsos, were already fully aware of the social, economic and environmental harm that big business firms were causing – and they wanted a prompt and concerted government crackdown.

It was exhilarating to learn that so many people in so many countries wanted corporate abuses stopped. But in the years that have passed since that poll, the majority worldwide opinion it reported still hasn't been translated into appropriate government action in most of the world's leading industrial nations.

Think about this political delinquency for a minute and you begin to see that the Ipsos poll was a deeply disturbing one. Its message was that corporate power is now so deeply entrenched that politicians shrink from challenging it, no matter how popular strong controls and regulation might be with the most informed and engaged voters.

Such voters admittedly comprise a minority of the people who actually cast ballots in most elections. But you have to assume they are also the most educated and influential citizens, and that, properly disseminated, their views would sway the less well-informed voters.

This indeed seems to be happening in some countries in Europe and Latin America, where populist left-leaning governments have started to crack down on the most damaging and irresponsible corporate wrongdoing. Even in most of these countries, however, the power vested in large global firms by their financial might and by international trade agreements still deters substantive government restraint.

In the United States and Canada, even modest efforts to reduce corporate power have been missing. If anything, Big Business has been given even greater freedom to run rampant over the public interest. The anti-corporate mindset revealed by the Ipsos poll is nowhere to be seen in government policies and priorities.

The CEOs are so confident their influence will prevail politically that they no longer care if they've lost broad public support. Their unbridled pursuit of profit at any cost has ravaged the environment, led to mass outsourcing and layoffs, soaring oil prices, and a prolonged recession. They shrug off multi-million-dollar CEO salaries, growing inequality, unfair tax systems, even corporate scandals. A few of the worst business rogues have been fined or jailed, but mainly because their misdeeds hurt other big investors, not because of the thousands of workers and pensioners who were victimized.

The business leaders probably laughed at the results of the global Ipsos poll: "So the best and brightest citizens don't like our methods. So what? The politicians they choose to elect to form governments are our pals or puppets. They either share our free-market ideology or they're too scared to confront us. Governments will never seriously get in our way, no matter how many people want them to."

Is this supreme arrogance warranted? Are the big corporations now so domineering that they can safely ignore public opinion? Has plutocracy really supplanted democracy?

Three-quarters of the well-informed citizens polled by Ipsos said they believe corporations are now more powerful than governments. That's true, however, only in the sense that most of this power was ceded to corporations by governments. When the first companies were set up, they had little independent power and were kept on a tight leash. But as time went by, business lobbying and bribery led to more and more power being conferred on companies. Laws and judicial decisions consolidated their strength, and deregulation and global trade deals vastly extended it.

It's true that the immense power governments have yielded to corporations can be taken back, or at least curbed. What's missing are politicians and governments willing to tackle this urgently needed reform. There's no major political party in Canada, for example, that will even promise to withdraw from NAFTA, despite all its devastating economic impacts – and even though there's a built-in escape clause.

So there's a gaping disconnect between what informed voters want their governments to do to stop corporate abuse and what their governments are willing to do. Unless this political chasm is bridged – unless governments start governing for all citizens instead of just the corporate élite – simply exposing and denouncing corporate excesses will continue to be futile.

The Ekos Global Public Affairs survey revealed the worldwide extent of this problem. Workable solutions are obviously available, but not – in most developed Western nations – governments inclined to implement them.■

How PM Harper Plans to Sell Out Canada to the International Banking Cartel

Have you ever wondered why the government talks incessantly about "the national debt," and why we constantly need to have cutbacks and austerity in every service that would benefit the people, all because of "the national debt"?

This is a little known history of the Canadian national debt and the incredible story of how it became the monster that it is today. The astonishing thing is that it became that monster as the result of an action taken by the Government of Canada and the Bank of Canada in 1974. While it is rather contentious among some people as to the level of government involvement, the impact on Canada was devastating. In any case, what took place was the greatest financial fraud ever perpetrated against the people of Canada.

First, a little background. I think it is fair to say that most of us tend to view Canadian politicians with a variety of opinions ranging from trust, to skepticism, to outright distrust depending on the politician involved. Most of these opinions are based on our beliefs concerning what we feel is best for the country. Our beliefs may or may not coincide with the beliefs of any given politician, and thus the conflict. It goes without saying that in spite of the differences we may have with a politician, the overriding understanding is that the politician is supposed to work for the people of Canada and in the best interests of the country, whether or not we agree with his or her approach.

What if you then come upon a situation where the government turned on the people of Canada, which it did in 1974 with a decision that was unconstitutional, if not subversive in nature, but did it with such subtlety that most people don't even know it took place. Even worse, Prime Minister Harper is now attempting to pass a piece of legislation that would forever make it impossible to reverse what the government and the Bank of Canada did in 1974.

And that ladies and gentlemen is what the Harper government is about to do unless we stop them.

A Bit of History

This link, http://bit.ly/1iA1Azg, leads to a video by Paul Hellyer, a former Minister of Defense under Prime Minister Lester B. Pearson. Please watch it.

Mr. Hellyer explains that up until 1974 the various levels of government in Canada borrowed most of their money from the Bank of Canada at very low interest rates. As Mr. Hellyer explains, the ability to borrow money from the Bank of Canada pulled us out of the Great Depression, paid for WWII, and enabled the creation of important projects like the St. Lawrence Seaway and other parts of our national infrastructure.

But in 1974, that all changed when the government of Pierre Trudeau decided that the various levels of government in Canada would henceforth have to borrow most of their money from commercial banks, obviously at higher rates of Interest. It is no wonder that 1974 became the year our national debt really started to take off and has now arrived at its current level of over 600 billion dollars.

Since 1974 we have paid approximately 1.1 trillion dollars in interest on the debt, interest that never should have accumulated. And now we find ourselves in a government-imposed situation of austerity because of our tremendous debt. Think of the investments we could have made in Canada had we not had this burden of debt which we owe to the commercial banks.

Figure 1 gives an excellent representation of how our national debt suddenly soared after 1974 as a result of the change in government policy:

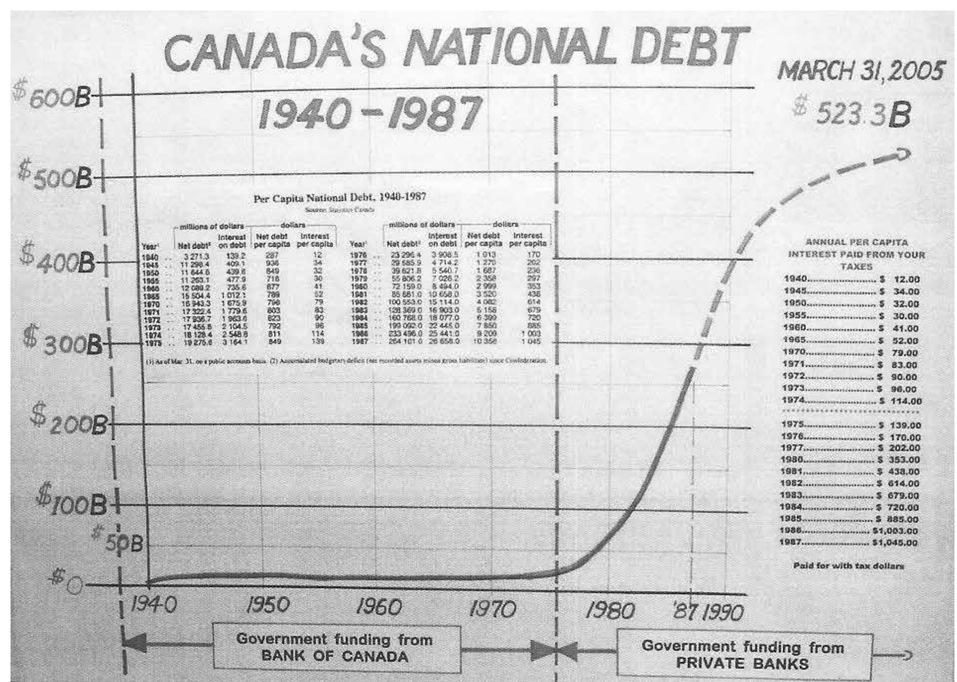
It never had to happen.

The fact that this did happen raises a very serious question: If the government was really acting in the best interests of the country, why would it do such a thing? Not only that, why would the governments of various political stripes who have been in power since 1974, do nothing to reverse such a decision?

The answer to that question is more than a little frightening. I would suggest to you that most politicians who rise to a certain level in Canada are very soon made aware of the real power to whom they answer, and it is most certainly not the people of Canada.

It is the banking cartel to whom Mr. Hellyer refers in the video. His description of them as "the greediest, most ruthless cartel in history" is very accurate. It should come as no surprise to you that these are the same people who are behind the ongoing attacks against the natural health industry in Canada and all over the world. That is just part of what they have been up to.

Figure 1



Per Capita National Debt, 1940-1987

Source: Statistics Canada

Year[1]	millions of dollars: Net debt[2]	millions of dollars: Interest on debt	dollars: Net debt per capita	dollars: Interest per capita	Year[1]	millions of dollars: Net debt[2]	millions of dollars: Interest on debt	dollars: Net debt per capita	dollars: Interest per capita
1940	3 271.3	139.2	287	12	1976	23 296.4	3 908.5	1 013	170
1945	11 298.4	409.1	936	34	1977	29 585.9	4 714.2	1 270	202
1950	11 644.6	439.6	849	32	1978	39 621.8	5 540.7	1 687	236
1955	11 263.1	477.9	718	30	1979	55 806.2	7 026.2	2 358	297
1960	12 089.2	735.6	677	41	1980	72 159.0	8 494.0	2 999	353
1965	15 504.4	1 012.1	789	52	1981	85 681.0	10 658.0	3 520	438
1970	16 943.3	1 675.9	796	79	1982	100 553.0	15 114.0	4 082	614
1971	17 322.4	1 779.6	803	83	1983	128 369.0	16 903.0	5 156	679
1972	17 936.7	1 963.6	823	90	1984	160 768.0	18 077.0	6 399	720
1973	17 455.8	2 104.5	792	96	1985	199 092.0	22 445.0	7 850	885
1974	18 128.4	2 548.8	811	114	1986	233 496.0	25 441.0	9 209	1 003
1975	19 275.6	3 164.1	849	139	1987	264 101.0	26 658.0	10 358	1 045

(1) As of Mar. 31, on a public accounts basis. (2) Accumulated budgetary deficit (net recorded assets minus gross liabilities) since Confederation.

Note: Should anyone suggest to you that allowing the Bank of Canada to create money and lend it to government would be "inflationary," that is absolutely false. Inflation is a factor of quantity printed and the value attached, not the source of its creation.

If you want to learn more about the history of the Bank of Canada and monetary reform I urge you to read *A Power Unto Itself: The Bank of Canada – The Threat To Our Nation's Economy* by William Krehm, a patriotic Canadian who is the only surviving founding member of the Committee on Monetary and Economic Reform (COMER).

Pending Danger

PM Harper has inserted a clause in CETA (his pending trade agreement with Europe), that would permanently eliminate the right of the Bank of Canada to create money for the various levels of government in Canada, thus permanently securing the original change by the government and the Bank of Canada in 1974. This is more than likely a response to the efforts of COMER who have taken the government to court to restore the use of the Bank of Canada to lend money to the various levels of government.

What You Can Do

First, as Paul Hellyer has requested in the video, please provide whatever financial support you can to COMER. They are pursuing an injunction against the Harper government to force them to remove the clause in the CETA agreement that would forever end the right of the Bank of Canada to lend money to the governments of Canada. Financial support for COMER is critical.

You can go to www.victoryfortheworld.net and click on the link to contribute to COMER's injunction via PayPal.

Second, send this letter to everyone you know, and explain the importance of what is happening to the people of Canada. Talk to as many people as possible.

Third, call or write a letter to your MP to communicate your concerns re this issue. Don't send e-mails. They rarely read them, let alone respond to them

If you have any questions about this situation, please feel free to contact me by e-mail at the address below.

Take care and thank you for your support, and for taking the time to read this letter.

Sincerely,

Rick Tufts, Nutritionist
Toronto, Ontario
E-mail: rtufts4health@aol.com (subject line: Bank of Canada Situation)

Iceland Continues Economic Rejuvenation by Purging Financial Parasites

By Pete Papaherakles, JUSTnews, Canadian Unitarians for Social Justice, volume 17, no. 2, spring, 2014. Government and Human Rights Issue.

Iceland is showing the world what real independence from the bankers means. The Nordic island has become the first country to criminally charge a world leader as a result of the 2008 economic crisis. Former Prime Minister Geir Haarde, 73, was found guilty of "failing to adequately inform other Icelandic officials of events that led up to the 2008 financial crisis" according to an April 23, 2012, *New York Times* article.

No Jail Sentence

As part of Haarde's final verdict, two of the original six charges were dropped and the other three were cleared. These included "gross neglect of duty" and "failure to reduce the size of the banking system," charges that were more serious and could have put him behind bars for years.

Haarde, who served as Iceland's prime minister from June 2006 to February 2009, will not actually have to serve any jail time but the trial was indicative of Iceland's re-establishment of its sovereignty after defaulting on the bankers. As many as 90 bankers and politicians are expected to be brought to trial this year for crimes related to the targeted debt crisis Iceland faced.

Citizens Demand Action

Iceland was the only European country that dared to default on the bankers. In February 2011 Iceland's President Olafur R. Grimsson refused to sign a $5 billion bailout bill and told the bankers he was going to put the bill to a referendum. Although 44 of the 63 members of Parliament had passed the bill, Grimsson said he was responding to a popular demand for a plebiscite after more than 42 thousand of Iceland's 318 thousand inhabitants signed a petition asking him to block it.

Default Not Catastrophic

Icelanders absorbed some of the costs but forced foreign investors to take the biggest hit. Not deterred by horror stories about an "unthinkable economic demise" that have prevented countries like Greece and Portugal from defaulting, Iceland has proved that default was the best thing it could have done. As a result, not only has the economy not collapsed since last year, but its gross domestic product is expected to increase by 2.6% this year. Much of that growth is based on increased production, mainly in tourism and the fishing industry. In contrast, most other European economies are either stagnant or in decline. Even the Times article admitted that many economists say Iceland's recovery was aided by the collapse of the banks.

Iceland's recovery is a shining example for countries like Greece, Ireland and Spain to follow. History has proven that countries experience growth once they get out from under the parasitic burden of debt to the bankers. National Socialist Germany from 1933-39 is a perfect example.

Real wealth is measured in terms of growth in agriculture, manufacturing and services. Greece and Spain have more than half of their highly energetic youth unemployed, producing nothing. In the US, 55 thousand factories have shut down in the last decade.

Justice and Dignity Regained

Iceland has shown that with regained sovereignty comes justice and dignity. Corrupt politicians and bankers can be brought to trial. Further asserting its independence, Iceland was the first country, last fall, to recognize Palestine as an independent nation, a move no country under the yoke of the international bankers has had the guts to do.

Peter Papaherakles, a US citizen since 1986, was born in Greece. He is American Free Press's (AFP) outreach director. This article was published on American Free Press's website May 21, 2012.

From Austerity to Prosperity: The Public Bank Solution

Third Millennium Press, Baton Rouge, Louisiana 70808, publicbankinginstitue.org

The Public Banking Solution is an outstanding history of money, notable bankers through the ages, and banking methods up to and beyond the 2008 Global Credit Crunch. The writer is Ellen Brown, JD, US attorney, president of the Public Banking Institute (PBI), and author of 12 books. The title promotes the theme that public banks serve people better than private banks and Brown reveals how present monetary policy favours financiers at the expense of taxpayers the world over.

And yet, private banking has been meticulously and systematically forced upon people since the earliest, even biblical days of money…

If my postgrad professor had wanted a book report for a scholarly grade, a study of money according to Ellen Brown would have changed my life. I'd have become wary of bankers, knowing that they had subjugated financial institutions at home and abroad, as well as vanquished banks of war-conquered nations. I'd have known more about bank moneymaking schemes, and how to avoid debt to avaricious people with an insatiable greed for money and an abnormal hatred of parting with it.

Ellen Brown is a must read for everyone wanting self-preservation in a world seriously tilted for bankers. She unfolds, in marvelous detail, an analysis of what "filthy lucre" is, and where it goes.

Brown's book paints a picture of one of the most heavily government-subsidized industries on the planet. It sets public and private bankers apart like "Jekyll and Hyde" split personalities! Publicly owned banks operate in the public interest by law; privately owned banks make and use law for the sole purpose of privatized gains from socialized losses. Politicians of almost all stripes appear to champion capitalistic private banks over altruistic public banks; governments seem to endorse willingly if, indeed, not willfully monetary policies that favour private banks while bestowing deficit economies upon their taxpayers. This book is a study of socioeconomic trials of national monetary policy under constant pressure from international banks for a "new world order."

Brown traces the history of public banking from many perspectives, with reference to specific examples that demonstrate the pattern of recurrent efforts to recover fro a failed system of private banks through recourse to a system of publicly owned banks, operating in the public interest.

Chapter 17, "The Canadian Movement for Monetary Sovereignty: Rise and Fall," outlines, with her usual remarkable clarity, Canada's struggle to construct and maintain its public central bank.[1]

The 2008 financial crisis followed deregulation and "exotic" derivatives in default, and triggered the largest seizure of financial conduits in history. The global response to failed private banks has been to recapitalize "toxic loans" at even greater expense to taxpayers.

The volume starts with an overview of how banks work and where money, earned as wages duly taxed, comes from. Ancient clay tablets counted transaction types in trade as the first evidence of money, long before metal coins, and paper credit as banknotes. China has used paper notes as money since the tenth century, when Marco Polo described the practice from his travels in the Orient. England had a wooden "tally stick" version of money that was used to settle tax as duty owed King Henry the First, around the twelfth century.

Across Europe, money emerged as coins and banknotes, assigned a sovereign face value and lent to agreeable debtors.

The book describes a bank revolution that started with Italian zero-balance, double-entry bookkeeping, invented in the thirteenth century, that became standard practice across Europe in the fifteenth. Every payment appears twice, in different accounts, once as a credit and once as a debit. The totals of all credit and debit entries must be equal. Credit

Used was reckoned as money from debt that charged interest for the cost of money.

Fudged numbers spawned more money from higher quotients of loans to deposits. Savings on the credit side were bank liabilities that paid interest on principal until the principal had been paid. When credit exceeded deposits, it magically created money from a less than zero negative difference that was a breach of protocol. Indeed, bankers who were tempted and failed to collect debt as money were sent to jail and even hanged for not holding deposits in full reserve, which was gold in those days. Italian banks also developed Bills of Exchange through which any person with adjudicated credit could order another person, or a bank, to pay a third party.

Cheques moving paper instead of gold became an accepted form of currency. The mediaeval system involved a central clearing function to balance credit carried in trust between banks. The "chequebook money" system allowed people to handle IOU promises like money.

The benefit of personal credit added to the money supply. This stimulated trade and economic growth. The more personal credit, the less real gold banks had to move in trade. While this made trade easier and safer, it also led to the "fractional reserve" system, whereby banks are allowed to lend more than they have. Minimum reserve requirements have not safeguarded their ability to meet their obligations. Over time, it has become possible For banks to craft numbers for an increased ratio and an ever lower fractional reserve.

Banking methods spread further afield and credit crossed international boundaries. That made it necessary to manage the exchange of products and services in multiple currencies. The Bank of Sweden created the first private Central Bank under government control in 1668. The UK government followed in 1694 with a charter that allowed financiers to operate the Bank of England as a private central bank authorized to print national banknotes as legal tender. The UK was the first government to carry national deficits to private creditors, funding war from never-ending debt on which taxpayers paid interest on permanent loans constantly rolled over in perpetuity. English law was the first to enforce the fractional reserve system, permitting the central bank to print more money than it had gold that its make promised to pay all its bearers on demand. Westernized nations adopted similar rules in Bank Acts around the world.

In Europe, France created a Central Bank in 1803 and sovereign nations did the same throughout the nineteenth century. In the USA, President Taft authorized income tax, and President Wilson saw the *Federal Reserve Bill* into law in 1913. In 1929, an international central bank was created to handle First-World-War reparations. It was called the Bank for International Settle-

ments (BIS). It still watches over national central banks that oversee domestic banks. Money was pegged to a troy ounce of gold from 1944 until 1971 when US President Nixon removed the US dollar from the gold standard. The USA pushed all reserve currencies into "fiat" money.

Money the world over became legal tender by decree fiat from the Latin meaning, "something done"… Let it be."[2]

Modern banks continue to use four-hundred-year-old mediaeval math with ever increasing computer-lightning speed and massive volume The author reviews the actions of the BIS, the Financial Stability Board (FSB), and the International Monetary Fund (IMF), as "exotic" derivatives that emerged from deregulation and culminated in the catastrophe of 2008.

The *Public Bank Solution* is a compelling read about he dark secrets of banking. With clear examples, Brown dispels any doubt that public banks differ from private banks: "…private banks create the money they lend just the same as public banks do. The difference is that a publicly owned bank returns the interest to the government and the community, while a privately owned bank siphons it into private accounts, progressively drawing money out of the productive economy."[3]

She points out that North Dakota, the only state in the USA that owns its own bank, was saved from worsening debt in the financial crisis of 2008, by control of its own monetary policy. Not so the Bank of Canada, which is the only publicly owned Central Bank in the G20. Its operation is defined by statute. The government has the *duty* of oversight and accountability, and the assets of the Bank of Canada belong to the people of Canada.

Ellen Brown reviews some of the benefits enjoyed by Canadians between 1939 and 1974, through the use of government-created money. She notes that this was done "without sparking price inflation or driving up the federal debt."[4]

She explains that 1974 saw the end of Canadian self-funded credit when the BIS established a "financial stability" policy that all governments must borrow from private global banks. She quotes the Canadian Auditor General who, in his 1993 annual report, acknowledged that "most of the government's debt consisted of interest charges."

By 2012, she notes, the government had paid C$1 trillion in interest – *twice* its national debt – that now, the government's single largest budget expenditure – larger than health care, senior entitlements or national defense – is interest on the debt. "If," she writes, "the Canadian Government had continued to fund itself as it had before the mid-1970s, estimates are that Canada would now be operating with a surplus of C$13 billion."[5]

"*The Public Bank Solution* is the most comprehensive review of how the global financial system has now evolved into a predatory, interlocking apparatus which extracts real wealth from productive activities and local economies while exploiting the ecological, life-supporting, planetary ecosystem which humanity and all species rely on."[6]

Doing as conventional banks must do is a distant thing of the past. Ellen Brown has written a fascinating book that was a gift to me. I can't pass my copy on. It's a constant reminder of usurism that I can't believe is banking. My volume is read, dog-eared, coffee stained, reread and splotched from felt-tip markers. If I meet the author, I want it signed, "To Tony, Canadian citizen and proud owner of the public bank of Canada," Ellen Brown.

End Notes

1. This chapter was printed in its entirety, in COMER, vol. 25, no. 6, June 2013, and can be read at comer.org.
2. Fiat money is money which has not intrinsic volume but has exchange value because it is generally accepted. *Oxford Dictionary of Economics.*
3. *The Public Bank Solution*, p. 204.
4. Ibid.
5. *The Public Bank Solution*, pp. 207, 208.
6. *The Public Bank Solution*, Hazel Henderson, p. xi.

Our Comment

Of course, American monetarists would give anything to *gain* what Canadians *already own* – a truly public central bank. Most of them have given up hope of achieving that, given the state of their national politics. For them, a system of public banking at the state level is the only realistic way forward at this crucial time. They have both the legal and demonstrated right to accomplish that, and the splendid example of the Bank of North Dakota to recommend it.

In Canada, we have a history of public banks at all levels of jurisdiction. We should support efforts to restore that practice.

Toronto councilor, Kristyn von Tam, has been promoting the idea of a Toronto public bank, and our beleaguered postal workers have recommended that we return to the use of local post offices as public banks. This would both temper the policies of private banks (honoring one of capitalism's most wanted principles – that of honest competition), and contribute to the preservation of our traditional postal services, among whose most sacred principles have always been accessibility, reliability and confidentiality.

While we should be *vigorously* supporting these efforts, we must not make the mistake of relinquishing public ownership and control of our central bank, the Bank of Canada, because for that, there is no alternative. *Élan*

As early as 1925, J.S. Woodsworth, then the Independent Labour Party Member of Parliament for Winnipeg North, and one of only two MPs who held the balance of power crucial to the Liberal minority government of Prime Minister, William Lyon Mackenzie King, called for a nationalized system of banking and government control of the issuance of currency and credit, with the removal of this power from private corporations. He contended that money supply should be managed for national interests rather than private profit, saying that, 'in this we face the larger question as to whether or not Parliament is to be sovereign, as to whether or not the people are to be sovereign, or whether we have not had our liberties filched from us without most of us having been aware of what has taken place.

Once a nation parts with control of its currency and credit, it matters not who makes that nation's laws. Usury, once in control will wreck any nation. Until the control of currency and credit is restored to government and recognized as its most conspicuous and sacred responsibility, all talk of the sovereignty of Parliament and of democracy is idle and futile.

— Prime Minister, Mackenzie King.

"The powers of financial capitalism had other far-reaching aim, nothing less than to create a world system of financial control in private hands able to dominate the political system of each country and the economy of the world as a whole. This system was to be controlled in a feudalistic fashion by the central banks of the world acting in concert, by secret agreements arrived at in frequent meetings and conferences. The apex of the systems was to be the Bank of International Settlements in Basel, Switzerland, a private bank owned and controlled by the world's central banks which were themselves private corporations. Each central bank…sought to dominate its government by its ability to control Treasury loans, to manipulate foreign exchanges, to influence the level of economic activity in the country, and to influence co-operative politicians by subsequent economic rewards in the business world."

— Carroll Quigley, *Tragedy and Hope*

Going Home Again

By David Brooks, The New York Times, March 21, 2014

Vancouver, BC – The TED conference is dedicated to innovation. Most of the people who gave TED talks are working on some creative project: to invent new bionic limbs for amputees, new telescopes, new fusion reactors or new protest movements to reduce the power of money in politics.

The speakers generally live in hope and have the audacity of the technologist. Naturally enough, they believe fervently in their projects. "This will change everything!" they tell the crowds.

And there's a certain suspension of disbelief as audiences get swept up in the fervor and feel themselves delightedly on the cutting edge. The future will be insanely great. Everything will change at the speed of Moore's Law.

But at this year's TED conference, which was held in Vancouver, British Columbia, the rock star Sting got onstage and gave a presentation that had a different feel. He talked about his rise to stardom and then about a period in middle age when he was unable to write any new songs. The muse abandoned him, he said – for days, then weeks, then months, then years.

But then he went back and started thinking about his childhood in the north of England. He'd lived on a street that led down to a shipyard where some of the world's largest ocean-going vessels were built.

Most of us have an urge, maybe more as we age, to circle back to the past and touch the places and things of childhood. When Sting did this, his creativity was reborn. Songs exploded from his head.

At TED, he sang some of those songs about the shipyard. He sang about the characters he remembers and his desire to get away from a life in that yard. These were the songs from his musical *The Last Ship*, which he's performed at The Public Theater and which is expected to come to Broadway in the Fall.

Most TED talks are about the future, but Sting's was about going into the past. The difference between the two modes of thinking stood in stark contrast. In the first place, it was clear how much richer historical consciousness is than future vision. When we think about the future, we don't think about the texture and the tensions, the particular smells, shapes, conflicts – the dents in the floorboards. But Sting's songs were about unique and unlikely individuals and life as it really is, as a constant process of bending hard iron.

Historical consciousness has a fullness of paradox that future imagination cannot match. When we think of the past, we think about the things that seemed bad at the time but turned out to be good in the long run. We think about the little things that seemed inconsequential in the moment but make all the difference.

Then it was obvious how regenerating going home again can be. Sting, like most people who do this, wasn't going back to live in the past; he was circling back and coming forward.

Going back is a creative process. The events of childhood are like the Hebrew alphabet; the vowels are missing, and the older self has to make sense of them. Robert Frost's famous poem about the two paths diverging in the woods isn't only about the two paths. It also describes how older people go back in memory and impose narrative order on choices that didn't seem so clear at the time.

The person going back home has to invent a coherent tradition out of discrete moments and tease out future implications. He has to see the world with two sets of eyes: the eyes of his own childhood self and the eyes of his current adult self. He has to circle back deeper inside and see parts of himself that were more exposed then than now. No wonder the process of going home again can be so catalyzing.

The process of going home is also reorienting. Life has a way of blowing you off course. People have a way of forgetting what they originally set out to do. Going back means recapturing the original aspirations. That's one reason Jews go back to Exodus every year. It's why Augustine went back during a moment of spiritual crisis and wrote a book about his original conversation. Heck, It's why Miranda Lambert performs *The House That Built Me* – to remind herself of the love of music that preceded the trappings of stardom.

Sting's appearance at Ted was a nice reminder of how important it is to ground future vision in historical consciousness. Some of the TED speakers seemed hopeful and creative, but painfully and maybe necessarily naïve.

Sting's talk was a reminder to go forward with a backward glance, to go one layer down into self and then after self-confrontation, to leap forward out of self. History is filled with revivals, led by people who were reinvigorated for the future by a reckoning with the past.■

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Conference Call for Topics

COMER (the Committee on Monetary and Economic Reform), a Canadian think tank, is pleased to announce its participation in a co-sponsored, international Internet Agenda that will lead to a COMER 2014 conference:

"Money, Tax and Poverty."

We invite any person or interest group in the world to submit a discussion title and a brief overview of a money, and/or tax, and/or poverty cause-and-effect presentation about usurism: *money;* banking, bank culture, structure, products, instruments, jargon, market, government, monetary policy, economy, budgets, deficits, politics, spin, psychology, law, enforcement, trust, governance, compliance, oversight, corruption, fraud, greed and abuse, and, *tax;* moral hazard, tax avoidance, evasion, havens, budgets and spending, and *poverty;* equality, bailouts, bail-ins, private debt, public debt, liability, cutbacks, environment, health, education, industry, hospitals, society, social services, security, rights and freedoms, and any other capital risk on the human condition.

Outlines due by June 30, 2014. Completed submissions will be subject to selection by Review Committees. A presentation video from each contributor is required as a public information record on the Internet by September 1, 2014. October through December, Internet conference outcomes and sponsors' agendas, dates, venues and speakers will be announced.

Email: conference@comer.org.■

Tide Turns for Greece and Euro Zone

Europe File by Simon Nixon, The Wall Street Journal, April 14, 2014

Greece's return to the bond markets last week was a symbolically important moment for the euro crisis. Foreign demand for its five-year bond showed the market believes Greece will stay in the euro zone, won't collapse into chaos and that any further debt relief will be provided by official rather than private lenders. A year ago, there were few takers for that bet.

This was only the latest in a series of remarkable developments this year that show how far market sentiment toward Southern Europe has changed.

This shift began in January when the nationalized Spanish lender Bankia was able to issue an unsecured bond. Since then, Madrid has sold shares in Bankia to international investors. Other Spanish banks, along with Italian, Austrian and even Greek banks, have raised capital.

The tide of money flowing into crisis-country assets comes amid growing evidence that Southern Europe has turned the corner. Crucially, unemployment is now falling, notes Holger Schmieding, chief economist at Berenberg Bank, boosting domestic confidence and spending. So too are rising asset prices, which help reverse losses on private saving, say bankers.

Euro-zone growth forecasts are being steadily raised. Although the European Central Bank continues to warn of downside risks to its forecast of 1.2% growth this year, policy makers across the bloc privately say they believe growth is running ahead of official forecasts. The euro zone has learned the importance of managing expectations.

Does this mean that the euro zones' approach to the crisis has been vindicated?

The doomsday scenarios have so far proved wide of the mark. But there is little sign of complacency. German Chancellor Angela Merkel isn't about to hang her "Mission Accomplished" banner across Berlin's Brandenburg Gate just yet.

The euro zone has fixed many of its problems, says a senior French official. Budget deficits in most crisis countries have been reduced to the point where debt levels relative to gross domestic product should start to fall this year. Only in Spain is the deficit, targeted to be 5.8% this year, still a source of concern.

Crisis countries have also fixed their external balance problem. Portugal, Spain, Greece and Ireland have closed their large current-account deficits, which means that they no longer need to borrow from abroad to pay their way. Southern Europe is also well on the way to fixing its competitiveness problem thanks to sharp falls in unit labor cost relative to Germany.

But what remains is a substantial debt problem that leaves the euro zone vulnerable to shocks, whether from tighter US monetary policy, the Chinese slowdown or tensions in Ukraine.

High debt is also a potential drag on growth as tight fiscal policy and private-sector de-leveraging reduce domestic demand. Addressing this debt problem is even harder in the current low inflation environment. Fixing the debt problem – and bringing down unemployment levels, which so long as they persist remain a risk to political stability – depends on growth.

Few would dispute that the greatest responsibility for driving down the euro zones's economic fortunes lies with national governments to remove obstacles to growth. One of the obstacles – a broken banking system – looks increasingly fixed, at least in the eyes of the market. But inadequate bankruptcy codes and inefficient legal systems are impeding the restructuring of bad debts.

At the same time, reducing taxes will require deep cuts to public spending.

Some worry that easier financial conditions will sap political commitment. And with elections in Spain and Portugal in 2015, and fragile coalitions in Greece and Italy, there is always a risk that voters will call a halt to fiscal and reform efforts that will need to be maintained for many years to bring debt burdens under control.

But so far, there is little sign that reform efforts are flagging. The new governments of France's Manuel Valls and Italy's Matteo Renzi are promising spending cuts and structural reforms, raising hopes that even these euro zone laggards may boost their growth potential.

The new appetite for reform in France and Italy may even be feeding the market's confidence. After all, a bet on the euro zone doesn't make sense unless one believes that others besides the ECB are prepared to do "whatever it takes."

Our Comment

Surely foreign demand for Greece's five-year bond is less than 'remarkable,' given the admirable free-market solution that it represents to the deficit problem, and the opportunities that it affords the moneylenders!

It's interesting that no mention is made of *why* Greece and other Euro Zone nations should *need* to borrow from foreigners. Neither is that necessity seen as anything but a *boon* an option now open to them thanks to a lucky change in "market sentiment towards Southern Europe."

The truth is that surrendering its sovereign right to control its currency and credit is a condition of a nation's membership in the EU. European regulations do not allow a central bank to transfer funds to its government or buy the government's bonds – the only way for a nation short of capital, to avoid a default. And under the terms of the Maastricht Treaty, the European Central Bank (ECB), cannot lend to governments but can lend only to banks.

This deficit strait jacket precluded any other course of action through which to procure indispensable capital.

Hopeless Samsons of the EU must, like Greece, borrow from foreigners.

Unhappily, while this "solution" may get them out of the hole without compromising the regulations, it catapults them into a deeper sinkhole, and depends on austerity, and a temporary boom through asset inflation, to temper the sting of austerity.

Why has the "market sentiment" changed? Because the money lenders can't lose! (Especially with the bail-in scheme, whereby, in the event of insolvency, the megabanks are being instructed to recapitalize themselves by converting their liabilities [debts] into bank stocks, effectively confiscating depositor's funds. [*The Public Bank Solution*, Ellen Brown, page 8])

Other concessions have been made. In 2005, for example, "the bankruptcy laws were revised to give derivative claimants 'superiority' in bankruptcy, putting them first in line before all other creditors, public and private." (Ibid.)

Southern Europe may have "turned the corner" – but, *what corner*?

I wonder what Simon Nixon means when he observes that, "the Euro Zone has learned the importance of managing expectations"? Would this have something to do with persuading people to put up with

austerity?

Neoliberal values and priorities are praised throughout this article. The EU, for example has "fixed many of its problems" – notably, it has reduced budget deficits.

The article raises important questions that it does not articulate. How have Portugal, Spain, Greece and Ireland "closed their huge current account deficits"? By improving their competitiveness through, "sharp falls in labour costs relative to Germany."

Austerity is to become our way of life. "It will need to be maintained for many years." Of course, all of us must march to the same tune – to do, "whatever it takes."

The neoliberal definition of reform is praised throughout: Growth! Tax reduction! Spending cuts!

Why am I reminded of Einstein's observation that stupidity is repeating the same failed process again and again, hoping that one of these days it may work?

Or is the ongoing neoliberal "solution" not really stupidity? Am I just missing another hidden agenda that would make sense of this ruthless practice?

Élan

After Bangladesh Factory Collapse, Bleak Struggle for Survivors

By Jim Yardley, The New York Times, December 19, 2013

Savar, Bangladesh – Inside the single room he shares with his wife and young child, Hasan Mahmud Forkan does not sleep easily. Some nights he hears the screams of the garment workers he tried to rescue from the wreckage of the Rana Plaza factory building. Or he dreams the bed itself is collapsing, sucking him down into a bottomless void.

A few miles away, at a rehabilitation center for the disabled, Rehana Khatun is learning to walk again. She lost both legs in the Rana Plaza collapse and worries that she is not improving because her prosthetic replacements are bulky and uncomfortable. She is only 20 and once hoped to save money so she could return to her village and pay for her own wedding.

"No, I don't have that dream anymore," she said, with a cold pragmatism more than self-pity. "How can I take care of a family?"

Eight months ago, the collapse of Rana Plaza became the deadliest disaster in the history of the garment industry, and many of the survivors still face an uncertain future. The shoddily constructed building pancaked down onto workers stitching clothes for global brands like Children's Place, Benetton, C&A, Primark and many others. Workers earning as little as $38 a month were crushed under tons of falling concrete and steel. More than 1,100 people died and many others were injured or maimed.

But while the Rana Plaza disaster stirred an international outcry – and shamed many international clothing companies into pledging to help finance safety improvements in other Bangladeshi factories – the people most directly affected are still living without any guarantees of help or financial compensation.

Families who lost the wages of a son or daughter, husband or wife, are struggling. Those who lost limbs, like Ms. Khatun, are uncertain if they will ever walk or hold things again. And many volunteer rescuers like Mr. Forkan and survivors are struggling to deal with debilitating emotional scars.

Today, Rana Plaza no longer exists. It is a gaping hole in a busy commercial street, mostly cleared of rubble, where rainwater has pooled into a small black lake. But the vacant space still exerts the potency of memory and loss. Banners demanding justice face the street. Sit-ins or small protests are sometimes held. Leftist parties have built a crude statue of a hammer and sickle.

There are also people, often hovering near the periphery, clutching official documents, proof of their loss, evidence of their claims for compensation. In a poor country like Bangladesh, a job in a garment factory, despite the low wages, is a financial toehold for many families. A daughter is sent to work to support her parents, or to pay to school her siblings.

Now it is the parents or siblings who come to the Rana Plaza site, trying to get attention and, they hope, financial assistance.

"We are a poor family," said Monju Ara, 40, whose daughter Smriti, 17, died while working on the third floor of Rana Plaza. "That is why my daughter had to start work. Her wages helped us educate our younger children. Now we had to stop educating them."

Ms. Monju Ara stood in a dirt alleyway beside the Rana Plaza site on a recent afternoon, as others soon appeared. One girl, Rahima, 9, was still carrying a "missing" poster for her brother. Another child, Smriti Mahmuda, 7, had lost her father, and her 15-year-old brother had taken a job in an embroidery factory to support the family. A rickshaw driver with the single name of Alauddin, 43, is now struggling to support his young daughter after his wife died in Rana Plaza.

"They always say I will get compensation," he said, "but they don't say when."

Compensation remains a complicated and contested issue. Bangladesh's government has made some modest short-term compensation payments to some victims. Families were given a one-time payment of $257 when they collected the body of a relative in the days after the collapse, and the government has established annuities for survivors who lost limbs – Ms. Khatun gets about $206 a month in interest, more than most others.

But much of the money donated to the government for the survivors and the families of the dead has not been released. Many of these claimants have been told that full compensation packages will be provided after the process of identifying all the dead is completed. A special committee appointed by the Bangladesh High Court has suggested individual compensation packages of roughly $25,000; lobbyists for factory owners are proposing a far lower figure. The final decision is expected to rest with the high court.

For now, most of the short-term compensation has come from the British chain Primark, which has been paying salaries for survivors and families of those who died. More recently, Loblaw, a Canadian retailer, announced that it, too, would step in to help with compensation.

The Bangladesh Garment Manufacturers and Exporters Association, the powerful industry trade group, has also provided compensation, according to some survivors who received a few months' salary.

But the long-term picture remains muddled. Other companies have so far refused to participate in a long-term compensation package, including all of the American brands, but for many Rana Plaza survivors, the short-term compensation is already running out. Shukrani, who survived the

collapse but lost a daughter, who was working on a different floor, is almost out of money.

"My other daughter had appendicitis," she said. "I had to spend part of my money for her operation. Now I don't know how I'll survive."

Down the road from Rana Plaza, at the Center for the Rehabilitation of the Paralyzed, Ms. Khatun and others spend their mornings trying to learn how to walk or hold a pen with prosthetics. The nonprofit organization has a long history of helping the disabled and is now helping several Rana Plaza survivors learn how to use the prosthetics provided by another donor.

But the prosthetics are a problem: one man, Saddam Hossain, 27, who was a salesman in a building adjacent to Rana Plaza, lost his right arm. He had been studying for a graduate degree in economics and, after his amputation, still took the test in June, with someone else writing his answers for him. Now he is trying to adjust to his mechanical prosthetic arm, which is clumsier than Western models.

"I'm an educated man," he said. "I want to do a job."

Ms. Khatun is grateful for her prosthetic legs but is also struggling with them. She has practiced for two months but finds them painful. Her legs were amputated above the knee, making it more difficult. She will need walking sticks, and she has decided to leave the chaos of the city and return to her village. There, though, the roads are muddy and difficult to traverse.

She had left the village after her mother tried to arrange her marriage. The cost of a wedding would have bankrupted her family, so she came to Savar and found work in Rana Plaza. She thought she could save up to pay for her own wedding and also educate her younger brothers.

"I dreamed that I could see my mother smiling," she said. "Now it is meaningless to talk about what my dreams are. I cannot lead a life like normal people. I will have an unusual, different life."

Before the Rana Plaza disaster, many of the workers were already living on the margins. Few had much education and most struggled to get by on the low wages. They were not qualified to do much else but work in a sewing factory. But now, for many, merely stepping back into a factory incites anxiety.

Mohammad Ujjal Hossain, 30, spent three days trapped under a wall of fallen concrete. When rescuers found him, he handed them his cellphone and told them to call his mother to tell her he was alive.

"Now, I'm not doing anything," he said.

"I went to a factory to work as a line chief. I worked for a day, but I was filled with fear when I was inside the building. I worried that this building would also collapse. I quit after that day."

And of all those whose lives are now entwined with Rana Plaza, it is the volunteer rescuers, ordinary people who rushed forward in a crisis, who have received no financial help at all. Mr. Forkan, 37, spent three weeks helping firefighters and soldiers pull bodies out of the rubble. He crawled into the wreckage and freed one woman by cutting an iron rod that pierced deep into her leg.

But when it was over, Mr. Forkan found it difficult to return to his ordinary life.

He is an electrician and regularly works in dangerous situations. But he finds it difficult to concentrate. He deliberately avoids the Rana Plaza site, detouring around it, and his wife often has to wake him when he shouts in his sleep.

"We need proper treatment to return to a normal life," he said, expressing concern about what would happen to his family if he could no longer work. "This is my only way to earn money."

Julfikar Ali Manik contributed reporting.

Our Comment

Since when did making t-shirts become a high risk occupation? The tragic Rana Plaza factory fire that killed, maimed and affected thousands of impoverished people has made us aware that it is. But now the 24/7 news cycle has moved on with its inevitable pace and those who suffer are "collatoral damage" in the globalized economy.

This same pattern is happening in thousands of factories and workplaces throughout the developing world. No matter – this is the price that is being paid to continue providing very cheap, expendable goods. But is it?

A small but growing sector of the fashion industry is working to counter the "buy and dispose" pattern with well made, locally designed items.

See Toronto's Fashion Takes Action website, www.fashiontakesaction.com, to read about this push against junk goods mania.

Hélène St. Jacques

Trial *from page 3*

same as public banks do. The difference is that a publically owned bank returns the interest to the government and the community, while a privately owned bank siphons it into private accounts, progressively drawing money out the productive economy." Page 202: "According to William Krehm in *A Power Unto Itself: The Bank of Canada*, the 1938 nationalization allowed the central bank to create money to finance federal projects on a nearly interest-free basis. The bank could also lend to the provinces. The interest collected went back to the federal treasury." That is the COMER claim struck down in the justice system pending the (above) appeal ruling for trial.

2. Webster's Dictionary: "Protonotary n. the chief clerk in the courts of Chancery, Common Pleas and King's Bench."

3. Thomson's Dictionary of Banking: "Tort. A civil wrong which arises independently of any contract." Webster's Dictionary: "Tort n. A breach of duty, other than a breach of contract for which the offender will be subject to legal responsibility."■