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PART TWO OF A TWO-PART SERIES

Manufacturing Consent or Why Our Eyes Are Wide Shut

In a previous issue we looked at how the balanced budget narrative is misleading because it obscures how the federal budget transfers large quantities of tax dollars to the well-off – loosely defined as the top 10% of income earners. This was accomplished by privatizing the federal debt using tax dollars to pay the interest owed. The budget item is called debt service charges and is the third highest line item in the budget after seniors and health care. It is even higher than defence spending. How do the government and media manufacture our agreement or consent for this? It was never raised as an election issue. We talk about balanced budgets instead. We are shown the forest not the trees.

Regular readers of *ER* are also likely familiar with the writings of Ellen Brown author of *The Web of Debt* and *The Public Banking Solution*. During the recent federal election, Trudeau floated an interesting plank about creating an infrastructure bank. My first response was "You already have one. The Bank of Canada." My second question was, "Public or private?" Again we see both the colossal ignorance and deliberate obfuscation of money issues in this country by our leadership. It is right in front of us but we cannot see. Our eyes are wide shut.

In a recent article being published in a local Peterborough magazine, Greenzine, I asked "How can so many people know so little about something as important as debts and deficit?" Several years ago at a large political gathering, I presented on "How I Learned Why Bad Beliefs Don't Die, at the Hockey Arena." I related how two businessmen, fathers of players on my son's hockey team, had discussed with me my letters to the editor. I asked them in the course of the discussion, "When you go to the bank and borrow money, where does the bank get the money?" I got the usual answers and then I replied that the banks create the money out of thin air! One of the dads was incensed at the answer and grabbed my shirt as if to punch me with the other hand saying that was the "most stupid thing" he had ever heard! I asked him if I could buy him a cof-

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Summary of October 14, 2015, Motion in Federal Court

By Rocco Galati, BA, LLB, LLM

On October 14, 2015, the Federal Court heard the government's motion to strike (#2) from the amended statement of claim filed March 26, 2015, following the Federal Court of Appeal's ruling dismissing the government's appeal from the Federal Court allowing the pursuit of declaratory relief with respect to the *Bank of Canada Act* and constitutional violations by the Minister of Finance and the bank itself.

While the government was, on my reading of the previous Federal Court (of appeal) rulings, entitled only to move to strike the *amended portions* of the claim, they moved to strike the whole claim – again – pretending that the Court of Appeal had not ruled that the 80% of the claim, which it ruled could proceed, should proceed.

In this respect, the motion was an abuse of process.

The Federal Court has reserved its decision on the second motion to strike.■

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Eyes Wide Shut *from page 1*

fee or had he had too much. He relaxed and at the next intermission I asked him about his education – a business degree. He had studied macroeconomics; so, at the next game, I presented him a photocopy from his economics book describing the process of bank-created money.

These examples are part of my journey of trying to understand why it is so hard for people to understand the COMER message. John Kenneth Galbraith, arguably one of the greatest economists of the 20th century and a prolific author of many best selling economics books, stated in one of his books, "The process by which banks create money is so simple that the mind is repelled. Where something so important is involved, a deeper mystery seems only decent."

I think he was onto something about human psychology. As a professional social worker, I have trained a psychological lens on this matter.

Almost 15 years ago I read an article in the Skeptical Inquirer by Dr. Gregory Lester, a social psychologist, entitled *Why Bad Beliefs Don't Die*. More recently I viewed a video which you can watch if you Google "Can you ride a bicycle smarter every day."

The article describes how any belief that we hold, "no matter how trivial," is part of our "reason for survival." The implication is that changing a belief is threatening to us and when facts are presented to others who hold a different belief, a state of *cognitive dissonance* arises leading to feelings of anxiety. That sets up the psychological conditions of freeze, flight or fight. Think about the violent reaction I got from the businessman. Logical discussion and knowledge is not sufficient to alter a belief. The businessman had been told when young to save his money in a bank because it will pay interest earned on that money by lending it out charging interest. We all not only "know" and "believe" this, we "understand" it to be true from an early age.

The video shows how "knowledge" is not the same as "understanding" and discusses how our brain is physically wired into a bias that takes huge effort to rewire or undo. Some of us may find it easier to rewire our brain than others. That is not a matter of intelligence. It is a matter of bias but recent writings by Kahneman in his book *Thinking Fast and Slow* suggest a related phenomenon may also be at play. He describes System 1 and System 2 thinking. To solve a problem, it is often necessary to shift one's thinking to System 2 requiring more effort and energy than System 1. System 1 seems to include habits, learned patterns and almost reflexive thinking. He describes a problem that many Harvard grads struggle to solve. If a bat and ball cost $1.10 and the bat alone costs $1 more than the ball. How much is the ball? Out of "reflex" most people will say 10 cents but checking the answer will quickly reveal that this is wrong. Monitor your struggle towards the solution. It is not about intelligence but shifting your thinking. Then notice how easy it feels once you have solved it.

So how does this impact those of us trying to promote using the Bank of Canada as the government's bank instead of the private sector? Are there other factors at play?

In 1973, the year of the CIA coup against Allende in Chile, the Trilateralists, business leaders from Japan, Europe and the USA met together under the chair of Rockefeller and looked at the world situation. As I recall the summary from their book, it concluded that: there is an excess of democracy and people are too well educated. This was causing expectations to be too high. Given the psychological factors that I have just described, how would that "problem" be solved by those with power?

They likely knew the power of propaganda or public relations. If we examine the writings of Edward L. Bernays, who once stated that the elite have the right to shape public opinion, we find an action plan for altering the expectations of masses of people. A biography of Bernays was written by Larry Tye and is called *The Father of Spin*. Here is Bernays' 8-step plan.

1. Define your objectives
2. Conduct Research
3. Modify your objectives based on that research
4. Set a Strategy
5. Establish themes, symbols and appeals
6. Create an Organization to execute your strategy
7. Decide on timing and tactics
8. Carry out your plans

One can see that, for the most part, these steps were followed and in some instances refined. The steps do not need to be followed in precise order.

Can we see the evidence around us for this plan being put in place? In many places in the world, so-called research think tanks were formed after 1973, such as the Fraser Institute in Canada (1974). From them flowed "research" and political statements all designed to reduce expectations.

Educators were criticized for not do-

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Less Than Free. More Than Trade.

By Ann Emmett

"Freedom is participation in power." – Cicero

The basic truth about "free trade," of course, is that what is negotiated away is national sovereignty and the public interest, democracy, and justice.

Without deception and secrecy this corporate drive for power would never have succeeded.

Excerpts from *Canada After Harper* and *The Great Transformation*, together with the following six articles provide a good overview of so-called free trade. They clarify its benefits and losses, and identify its winners and losers.

That Canadians still tolerate free trade agreements is a clear indication of how little many of us understand free trade. Not our fault! Everything possible and affordable is done to see that we don't.

And yet, growing numbers, both in Canada and around the world, have struggled valiantly against growing numbers of trade deals.

But it isn't enough to fight this deal or that deal. It's long past time to go to the root of the problem – time to expose and reject the very concept of free trade.

What these trade agreements have meant for Canada is summarized by Scott Sinclair and Stuart Trew, in an anthology edited by Ed Finn, *Canada After Harper*.

Sinclair and Trew identify as "the defining feature of the modern free trade era, [the way] it has changed the role of the state when it comes to governing national economies" (page 113).

Since Canada committed NAFTA, "free trade agreements" – they point out – "have little to do with trade. They are Constitution-style documents that substantially weaken democratic institutions in the interest of freeing (from government intervention) the trade- and investment-related activities of multinational corporations. Government interventions of all types (e.g., public health and environmental regulations…) are severely constrained by international trade and investment agreements – a strategy the Liberals fully bought into after the 1993 election" (page 114).

The pattern is one of "significant concessions to US policy makers – on trade as well as sensitive security, immigration and privacy issues" (page 114).

"Under NAFTA…Canada has been the most-sued developed country in the world. Most of these disputes involve challenges to regulations, such as those put in place to protect the environment or manage natural resourses" (page 123).

What is essentially being traded in these deals is well expressed in the statement, "at heart, this trade agenda is about empowering corporations by disempowering democratically elected governments" (page 130).

These agreements have seriously diminished Canada's reputation throughout the world, and sadly compromised our role within it.

"Successive governments in Canada have backed Canadian mining and other corporations through the promotion of investment treaties and free trade agreements that create binding legal obligations to respect the investment of foreign firms, and a powerful investor-state dispute process, parallel to domestic courts, that is not accessible to ordinary citizens.

"Canadian-based mining firms are currently pursuing investor-state claims worth billions of dollars against El Salvador, Costa Rica, Venezuela, and Ecuador" (page 120).

The Canada-EU Trade Agreement

"This is about curbing the ability of governments, at all levels, to regulate the activities of multinational corporations, and curtailing the domestic authority of governments to respond to public demand for stronger regulation, expanded public services, local job creation and economic development" (page 122).

"The EU agreement will restrict the ability of governments, at all levels, in both Canada and the EU, to provide public services" (page 124).

"This agreement will extend drug patent terms by up to two years…two respected experts in this field have estimated the costs to Canada at $850 million annually, which significantly exceeds the total annual savings from the elimination of Canadian tariffs on European goods entering Canada" (page 125).

"The Trade In Services Agreement (TISA) is being undertaken in Geneva. A series of leaks from inside the secretive talks…show that the negotiating group is entertaining proposals for locking in the privatization of public services, further deregulating the financial sector…and unleashing cross-border commercial health services that will be detrimental to public health care systems, including possibly Canada's" (pages 128-129).

NAFTA's Chapter 11 Makes Canada Most-Sued Country Under Free Trade Tribunals

Sunny Freeman, The Huffington Post, January 14, 2015

Canada is the most-sued country under the North American Free Trade Agreement and a majority of the disputes involve investors challenging the country's environmental laws, according to a new study.

The study from the left-leaning Canadian Centre for Policy Alternatives (CCPA) found that more than 70 per cent of claims since 2005 have been brought against Canada, and the number of challenges under a controversial settlement clause is rising sharply.

The investor-state dispute settlement mechanism contained in NAFTA's chapter 11 grants investors the right to sue foreign governments without first pursuing legal action in the country's court systems, in order to protect foreign investors from discrimination. Drafters of the 1994 treaty included the provision to protect US and Canadian investors against corruption in Mexican courts.

Critics argue that the mechanism limits governments from enacting policies on legitimate public concerns such as the environment and labour or human rights, and that negotiations are often carried out in secret.

The CCPA believes the federal government's strong commitment to Chapter 11 and its willingness to settle and compensate claimants is encouraging more cases against Canada. There were 12 cases brought against Canada from 1995 to 2005, while in the decade since there have been 23.

The 35 claims brought against Canada comprise 45 per cent of the total number of claims under NAFTA. That's significantly more than Mexico's 22 or the 20 brought against the US.

Canada has lost or settled six claims paying a total of $170 million in damages, while Mexico has lost five cases and paid out $204 million. The US, meanwhile, has won 11 cases and has never lost a NAFTA investor-state case.

"Thanks to NAFTA's chapter 11, Canada has now been sued more times through investor-state dispute settlement than any other developed country in the world," said Scott Sinclair, who authored the study.

Even when countries win the legal costs of fighting an investor claim, it can cost millions of dollars. Sinclair estimates Canada has spent $65 million defending such claims over the past two decades.

About 63 per cent of the claims against Canada involved challenges to environmental protection or resource management programs that allegedly interfere with the profits of foreign investors.

The government has lost some of these environmental challenges and has been forced to overturn legislation protecting the environment.

In 1997, the Ethyl Corporation, a US chemical company, used chapter 11 to challenge a Canadian ban on the import of MMT, a gasoline additive that is a suspected neurotoxin and which automakers have said interferes with cars' diagnostic systems. The company won damages of $15 million and the government was forced to remove the policy.

A year later, US-based S.D. Myers challenged Canada's temporary ban on the export of toxic PCP waste, which was applied equally to all companies. Canada argued it was obliged to dispose of the waste within its own borders under another international treaty. However, the tribunal ruled the ban was discriminatory and violated NAFTA's standards for fair treatment.

There are currently eight cases against the Canadian government asking for a total of $6 billion in damages. All of them were brought by US companies.

Many of those current challenges involve domestic environmental protections such as the promotion of renewable energies, a moratorium on offshore wind projects on Lake Ontario and Nova Scotia's decision to block a contentious mega-quarry.

In one case, a Calgary headquartered company that is registered in the US, Lone Pine Resources Inc., is suing the Canadian government for $250 million over Quebec's moratorium on natural gas fracking, which applies equally to foreign and domestic companies. Lone Pine argues it was not consulted before the ban nor compensated for its wasted investment or loss of potential revenue.

Sinclair argues that the threat of challenges under chapter 11 has a chilling effect on public interest regulation, which will only worsen unless political and legal action is taken.

"Buoyed by their past successes, foreign investors and their legal advisors are now turning to NAFTA chapter 11 with increasing frequency and assertiveness," he wrote.

"Unfortunately, compared to other parts of the world, there is surprisingly little political debate about the corrosive influence of ISDS on public policy and democracy in Canada."

Canada is embarking on a new generation of multinational treaties such as the European Union free trade deal and the Trans Pacific Partnership, both of which contain investor-state dispute settlement (ISDS) systems. While governments can be sued under ISDS, there is no similar recourse for states to hold foreign investors, often wealthy corporations, accountable for their actions.

Six times Canada had to pay foreign investors under NAFTA's Chapter 11:

1. *Case: Ethyl Corp. (1997).* Amount awarded: US$13 million, out-of-court settlement. What happened: The US chemical company challenged a Canada-wide ban on import and trade of the gasoline additive MMT, a suspected neurotoxin. Following a preliminary judgement against Canada, the government repealed the ban, issued an apology and paid a settlement.

2. *Case: S.D. Meyers (1998).* Amount awarded: CDN$6.05 million, plus interest and compensation. What happened: The US waste disposal firm challenged a temporary Canadian ban on the export of toxic PCB wastes, something the country was obliged to do under an international environmental treaty. The tribunal ruled that Canada violated standards of treatment under NAFTA.

3. *Pope and Talbot (1998).* Amount awarded: CDN$870,000. What happened: The US lumber company challenged Canada's lumber export rules implemented under the Canada-US softwood lumber agreement. The tribunal ruled Canada violated NAFTA's minimum standards of treatment.

4. *Mobil Investments/Murphy Oil (2007).* Amount awarded: Not yet determined, but damages continue to accrue as long as violating guideline in effect. What happened: The oil investors argued that Canada's guidelines requiring energy companies to invest in research and development in Newfoundland and Labrador are inconsistent with NAFTA rules. The tribunal ruled in favour of the investors and Canada is liable to pay damages.

5. *AbitibiBowater (2009).* Amount awarded: CDN$130 million in settlement – the largest NAFTA-related settlement to date. What happened: The pulp and paper company closed its last mill in Newfoundland and Labrador in 2008 and the provincial government enacted legislation to return its timber and water rights to the Crown and expropriate some of its lands and assets associated with water and hydroelectric rights. Abitibi was to be paid fair market value for the assets. The company launched a NAFTA claim and the government decided to settle without going to court.

6. *St. Marys (2011).* Amount awarded: $15 million. What happened: The company alleges its Canadian subsidiary was the victim of political interference when it tried to open a quarry near Hamilton, Ont., after residents grew concerned about the groundwater. The provincial government issued a zoning order preventing the site from being converted into a quarry and the company claimed that was unfair and discriminatory. The parties reached a settlement in 2013 that saw the company withdraw the claim in exchange for compensation from the Ontario government.

Source: Canadian Centre for Policy Alternatives

Texas Oil Billionaire Sues Ontario for $700 Million Under NAFTA Rules

By Daniel Tencer, Huffington Post Canada, October 16, 2015

For the past four years, Texas oil billionaire and corporate raider T. Boone Pickens has been suing the Liberal government in Ontario under NAFTA, arguing he has been the victim of "unfair" backroom deals involving the province's green energy program.

A NAFTA tribunal is expected to rule on Pickens' $700-million lawsuit this month, The New York Times reported Friday, describing the dispute as the 87-year-old tycoon's "last big battle."

The case is one of many that has some social activists concerned that foreign businesses enjoy too much influence over policy under NAFTA's chapter 11, which allows foreign investors to sue Canadian governments to protect their investments, without first going through Canadian courts.

A recent study from the Canadian Centre for Policy Alternatives said 70 per cent of claims under NAFTA's chapter 11 were targeted against Canada, making it the most-sued country under the trade agreement.

Pickens' lawsuit alleges "abuse of power" and "undue political interference" in the handing out of contracts for wind power in Ontario, part of the province's multi-billion-dollar green energy plan, launched in 2009.

The lawsuit, filed in 2011, claims that Pickens' renewable energy company, Mesa Power, lost out on wind power contracts to Florida-based NextEra Energy because NextEra donated $18,600 to the governing Liberal Party before the 2011 provincial election. The suit says this gave NextEra exclusive access to government officials.

The lawsuit notes that NextEra's chief lobbyist at the time, Bob Lopinski, was a former advisor to then-Premier Dalton McGuinty.

The New York Times reports:

A review of documents and emails between NextEra executives, lobbyists and government officials show that NextEra met and held calls with high-level officials at the Ontario Ministry of Energy, the premier's office and the power authority, even as Mesa Power executives were told they could not speak to officials until contracts were awarded. When NextEra lobbyists requested more information, officials sometimes responded within hours.

Ontario granted NextEra $3.8 billion in energy contracts, the Times reports, adding that Pickens had hoped those contracts would be the cornerstone of the renewable energy company he founded in 2007.

The suit also claims the Ontario government imposed a variety of "prohibited" buy-local rules, which the suit says violates NAFTA rules.

The Ontario government rejects Pickens' claims.

"The Ontario Power Authority (OPA) runs an open, fair, and transparent process to award clean energy contracts under the feed-in-tariff program, " Brad Duguid, then the province's energy minister, told the Globe and Mail in 2011.

"All companies are treated equally with the same opportunities to participate, regardless of whether they are Ontario-based or internationally-based."

An OPA official told the *Times* that Mesa Power didn't submit its applications properly.

"In my view, many of Mesa Power's failures were caused by its sloppiness and lack of care in preparing its application, and the consequent failure to satisfy clearly defined criteria," procurement manager Richard Duffy said.

The *Times* notes that Mesa and NextEra are actually often on the same side of policy and political issues – both Pickens and NextEra have backed Jeb Bush's bid for the White House.

Pickens recently donated $100,000 to the Bush campaign, in the hopes that a Bush victory would lead to a green light for the Keystone XL pipeline.

Pickens is a big fan of the oilsands, arguing that full exploitation of the resource could make the US independent of Middle Eastern oil.

In a letter published in the Calgary Herald earlier this year, Pickens apologized to the people of Canada for President Barack Obama's decision to veto a bill that would have allowed Keystone XL to go forward.

The Great Transformation

By Ann Emmett

Economic historian Karl Polanyi's definitive analysis of the market economy was published in 1944. In *The Great Transformation,* he celebrated what he believed was the passing of that particular economic system.

In the foreword, R.M. MacIver identifies a profound level at which "events and processes, theories and actions, appear in a new perspective." Maciver continues:

"The reduction of man to labour and of nature to land under the impulsion of the market economy turns modern history into a high drama in which society, the chained protagonist, at last bursts its bonds.

"For Mr. Polanyi the last word is society. The major tragedy attendant on the Industrial Revolution was brought about not by the callousness and greed of profit-seeking capitalists…but by the social devastation of an uncontrolled *system,* the market economy.

"Balanced budgets and free enterprises and world commerce and international clearing houses and currencies maintained at par will not guarantee an international order. Society alone can guarantee it; international society must be discovered….

"And it is only as we discover the primacy of society, the inclusive coherent unity of human interdependence, that we can hope to transcend the perplexities and the contradictions of our times."

In the final chapter of his book, Polanyi writes about *Freedom In a Complex Society.* He argues that nineteenth century civilization "disintegrated as the result of… the measures which society adopted in order not to be annihilated by the action of the self-regulating market." "The conflict between the market and the elementary requirements of an organized social life provided the century with its dynamics and produced the typical strains and stresses which ultimately destroyed that society."

"If," he wrote, "industrialism is not to extinguish the race, it must be subordinated to the requirements of man's nature. The true criticism of market society is not that it was based on economics – in a sense, every and any society must be based on it – but that its economy was based on self-interest."

Polanyi refutes the assumptions about human behaviour that underlie the free market ideology.

So, too, in *Here on Earth*, Professor Tim Flannery, former chair of the Copenhagen Climate Council, points to the "social Darwinism" that, in the '30s and '40s, was "informing extermination and selective breeding programs in Nazi Germany."

He deplores the "notions about the 'survival of the fittest'…exemplified by Margaret Thatcher's comment in 1987 that 'there is no such thing as society.'"

He points out that "they are also evident in the field of neoclassical economics, with its belief that an unregulated market best serves humanity's interests."

"Either these ideas will survive," he says – "or we will."

Polanyi rejects the notion that "planning and control are…a denial of freedom." And distinguishes between the idea of freedom and the "mere advocacy of free enterprise – which is today reduced to a fiction by the hard reality of giant trusts and princely monopolies. Indeed," he says, "the passing of market economy can become the beginning of an era of unprecedented freedom. Juridical and actual freedom can be made wider and more general than ever before; regulation and control can achieve freedom not only for the few, but for all."

He concludes that the meaning of freedom in a complex society is [being] true to the task of creating more abundant freedom for all.

It isn't enough to fight this deal or that deal. It's long past time to go to the root of the problem – time to expose and reject the very concept of so-called free trade.

Trans-Pacific Partnership: No time-outs Allowed in the Class Struggle

By Duncan Cameron, www.rabble.ca, October 6, 2015

With 14 days to go in the election campaign, Stephen Harper announced the conclusion of the Trans-Pacific Partnership (TPP) agreement, a comprehensive economic integration deal pushed by the US, that will cover 12 countries including Japan, but excluding China.

The TPP constructs an American-led trade bloc aimed at China. It is protectionist: designed to inhibit Chinese encroachment into advanced trade areas such as patents and trademarks, pharmaceuticals, digital software, telecommunications, and government procurement.

In the world envisaged by the TPP, China (or Russia) will trade with its Pacific neighbours on terms agreeable to American multinationals.

American corporations want to ensure that lucrative private services trade remains an American advantage, and that public services are restricted in areas such as health care or education. Limiting the reach of Chinese State-Owned Enterprises inside the bloc is an important objective.

Canada followed US leadership in negotiating the TPP without undertaking serious public consultation on the issues at stake. Canada already has trade agreements with four of the 12 countries accounting for 75 per cent of the GDP of the TPP countries, so it is important to discover what new ground has been broken by this deal.

While the Office of the United States Trade Representative provided a summary of the 30 TPP chapters, the Conservatives issued a press release with an out-of-date backgrounder.

In selling the deal to Canadians, Harper has resorted to Brian Mulroney trade tricks used with some success in the 1988 debate over the Canada-US trade deal. First, he hoists the flag: Canadians can compete on a level playing field with any other country. Second, he accuses critics of being against trade when they point out serious flaws in the deal. Third, Harper like Mulroney ignores the wrong-headedness of importing the American economic model (and its social counterpart) disguised as a trade agreement.

The TPP provides for the removal of conventional tariffs on goods, already low to insignificant because of multiple rounds of trade talks since 1947. It also contains surprises yet to be revealed in any detail that will notably guarantee long-term monopoly prices for US biotech products and drugs, limit Crown corporations like the CBC, restrict public sector spending, kill buy local programs, hamstring industrial policy, and sabotage supply management of agriculture.

Canadian farmers are promised substantial compensation for their losses, over many years, even as Harper pretends there will be no losses. Nothing similar is mentioned for Ontario autoworkers who look to be the first big TPP loser, as domestic content for auto parts and cars assembled in Canada will be cut back by about 40 per cent, putting over 80,000 well-paying jobs and an entire industry at risk.

NDP leader Tom Mulcair has pledged to scrap the deal, which he points out the government had no mandate to sign in secret during an election campaign.

It is unprecedented for a Canadian prime minister to approve a major undertaking towards the end of an election. In his role as leader of a party seeking a new mandate from the people, the Harper government's actions would normally be limited to routine business.

Justin Trudeau promises a full and open debate, not exactly reassuring to those who remember how Liberal leader Jean Chrétien promised to re-negotiate NAFTA during the 1993 election, only to give in to Washington once elected.

The reality of trade deals such as TPP or NAFTA (which it will supersede) is that they encourage outsourcing of production to lowest-wage jurisdictions and suppress wages at home. Multinational corporations are happy to export back to Canada goods which were formerly produced here. Formerly employed workers bear the brunt of so-called trade "adjustment."

The TPP is the most recent of what University of Toronto political scientist Stephen Clarkson has identified as "external constitutions": international accords (misleadingly named free trade) to limit domestic parliaments,' legislatures,' and municipal councils' right to legislate in the public interest.

The power of giant corporations to protect and advance ownership rights over jobs, wages and labour rights has been enshrined in NAFTA, the WTO and a series of 23 bilateral trade and investment deals negotiated by the Harper Cons. This is how the class struggle is waged from above.

These trade deals represent "Charters of Business Rights and Freedoms," including the right to sue governments for non-performance of obligations to protect business profits. Under what are falsely labelled trade agreements, regulations deemed unfriendly to business, such as restrictions on financial institutions, are prohibited.

Investor-state dispute settlement amounts to a privatization of the law, putting a prosecutor's robe on corporate lawyers and allowing them to charge governments for committing crimes against private property, while corporate criminals get away scot-free.

Despite mountains of propaganda favouring the benefits of corporate trade deals, the Canadian public is not buying into the idea. An online survey conducted in August for the localparliament.ca project asked Canadians if there "should be more free trade with other countries, even if it hurts some industries in Canada."

Reporting results on Twitter, Professor Peter Loewen remarked: "Even for Tories, there is more disagreement than agreement (39 per cent vs. 28 per cent). Greater differences among Lib (41 per cent vs. 25 per cent) and NDP (47 per cent vs. 18 per cent)."

In other words, what hurts Canadians is bad policy, and has little public support.

Duncan Cameron is the president of rabble.ca and writes a weekly column on politics and current affairs.

Ten Ways the TPP Gives Too Much Power to Foreign Investors

By Gus Van Harten, www.rable.ca, September 28, 2015

Corporations win, people lose in trans-pacific partnership.

One of the most controversial parts of trade and investment agreements like the Trans-Pacific Partnership (TPP) is the special status they give to foreign investors.

Foreign investor lawsuits under these agreements have exploded, growing from a few cases in the late 1990s to more than 600 worldwide today.

This explosion has happened partly because the lawsuits are extremely powerful and lucrative for companies and their lawyers, compared to other kinds of lawsuits against countries. They are so powerful, I would call them super-sized.

Thus, under the TPP, US, Japanese, Malaysian, and other foreign companies would get a new power to sidestep Canada's legal system by bringing a TPP lawsuit against Canada.

Or, they could go to the courts in Canada to attempt to strike down a decision, while using the TPP to seek public compensation not otherwise available in Canadian law.

By the same token, the lawyers sitting as arbitrators under the TPP would have immense power to condemn Canada by ordering compensation for foreign investors.

The arbitrators' awards of compensation do not have a monetary ceiling. They are available not only for the amounts actually invested in an economy but also for lost future profits. They are enforceable against a losing sovereign's commercial assets around the world, making the awards more enforceable than any court judgment against a sovereign.

The arbitrators' power – and by extension foreign companies – can get hidden or drowned in legal details, especially by lawyers who promote investment treaties.

I highlight 10 points below that give a sense of how far this power would go, using the TPP as an example:

1. After a TPP lawsuit is filed by a foreign investor, the arbitrators can review almost anything Canada has done on behalf of its people. There would be complex exceptions in the TPP that safeguard aspects of Canada's sovereignty, but generally the arbitrators' power is very broad.

2. Foreign investors would be able to challenge – and TPP arbitrators could then review – a decision by a government, a legislature, or a court. The usual principles of Canadian law requiring such disputes to be decided in a Canadian court do not apply.

3. Foreign investor lawsuits are not limited to the federal government alone. The decisions of a province or a territory or by a municipal or First Nation council can also be challenged. In international law, all bodies that exercise public powers are part of Canada as a unified entity.

4. TPP arbitrators would operate at a different level from Canadian courts. A decision by a court is a sovereign act of Canada. Thus, all court decisions would be subject to final review by TPP arbitrators, if challenged by a foreign investor.

5. TPP arbitrators would not be limited by Canada's constitution or other parts of Canadian law. They would be subject to the TPP and relevant rules of international law.

6. To a far greater degree than other treaties – on human rights, anti-corruption, or the environment, for example – trade deals like the TPP lay out elaborate rights for private parties (here, foreign investors only) in clear, binding language and they make those rights highly enforceable.

7. Treaties like the TPP describe foreign investors' rights in vague language, which arbitrators have often interpreted broadly as a basis for compensating a foreign investor.

8. TPP arbitrators would largely be a power unto themselves. Their awards are subject to little or no review in any court. In some cases, they can be reviewed on limited grounds by a panel of other arbitrators chosen by the president of the World Bank in Washington, D.C. In other cases, they can be reviewed on limited grounds in a court, albeit typically in a place chosen by the arbitrators themselves.

9. If Canada did not pay a TPP award, a foreign investor could take the award to other countries that have agreed to enforce arbitration awards in other treaties. The most important of these other treaties – the New York Convention of 1958 and the Washington Convention of 1965 – were originally created to back up arbitrations under contracts, not trade deals.

10. TPP arbitrators would have the power to order countries to pay backward-looking compensation to foreign investors. That is, the compensation against a country is calculated from the time of the country's original decision that is later found to have violated the treaty. It is not calculated from the time of the arbitrators' decision itself. So, countries can rack up massive liability without knowing if the original decision actually violated the treaty. This can give powerful leverage to large corporations with deep enough pockets to fund a TPP lawsuit.

Since the early 1990s, foreign investor lawsuits have led to billions of dollars in awards against countries. On the other hand, a foreign company could not itself be sued and ordered to pay Canada under the TPP. The trade and investment treaties are structured one way. They give exceptionally powerful rights to foreign investors without any actionable responsibilities.

This imbalance is a political choice.

Any treaty can be written to put enforceable responsibilities on foreign investors; for example, to avoid corrupt activities or respect workers' rights. But the governments driving the treaties – in Washington and Brussels but also Ottawa – have not done so.

Gus Van Harten is a professor at Osgoode Hall Law School and the author of Sold Down the Yangtze: Canada's Lopsided Investment Deal with China (Lorimer, 2015).

Born Equal, Then What?

Credit Suisse Report Finds 1% Now Own Half of World's Wealth

By Pete Evans, CBC News Posted: October 14, 2015

The richest one per cent now own half of all the wealth in the world, a new report from Credit Suisse says.

The bank's Global Wealth Report 2015 marks the first time that the world's super rich have amassed enough wealth to cross that symbolic line.

By the bank's reckoning, just over $250 trillion US worth of wealth has been amassed by households. At the top sit the ultra-rich, which the bank defines as having a net worth of at least $50 million in assets. Worldwide, there are 120,000 people in the group.

Just below the ultra-rich are 34 million people, with a collective net worth of at least $1 million. Collectively, people in that part of the pyramid make up 0.7 per cent of the world's population, but own 45.2 per cent of the world's wealth. If you extend the cut-off to one per cent of the world's population, they own more than half of all wealth in the world.

"Wealth inequality has continued to increase since 2008, with the top percentile of wealth holders now owning 50.4 per cent of all household wealth," the report said.

Canadian Data

In Canada, 1.1 million people last year fit the bill of being worth at least $1 million US. But due largely to the huge drop in the loonie, their ranks actually declined in 2015 to 984,000 people.

Millionaires from just about every country saw their collective wealth decline last year, but the main factor was the rise of the US dollar, which made wealth denominated in other currencies look comparatively smaller.

On a global scale, Canada has a disproportionate number of millionaires as Canadians make up three per cent of the world's "1%," despite Canada having only 0.6 per cent of the world's population.

Middle-class Wealth

Beyond tabulating the wealth of the super rich, the report examined the wealth of the so-called middle class, the definition of which changes depending on the country.

In the US, Credit Suisse says anyone worth between $50,000 and $500,000 would be considered middle class for the purposes of the survey. In some countries, the cut-off is higher, for example, in Switzerland, where the middle class starts at $72,000.

In China, it drops to $28,000. In India, it's at $13,700.

Interestingly, this year marks the first time that China's middle class – numbered at 109 million according to the bank – is larger than America's, which counts for 92 million people.

All in all, the middle class is worth a collective $80.7 trillion, or just under a third of the world's wealth.

On the bottom rung of the global wealth pyramid are 3.4 billion adults – 71 per cent of the world's population – who are worth less than $10,000 US.

Economic Inequality: 10 Reasons Why We Can't Beat It

By Don Pittis, CBC News, May 22, 2015

Even the OECD says inequality is bad. But making it go away is much tougher.

It almost feels like an old story. Ever since the economy crashed in 2008 a growing chorus of voices has warned that inequality was wiping out the middle class and damaging society.

This week the Organization for Economic Co-operation and Development, the rich countries` think-tank, made headlines for declaring that growing inequality is not only bad for social cohesion, but is actually cutting points off economic growth.

If we all agree, why is it such an intractable problem? The story is complex, but here are just a few reasons why inequality is so hard to fix.

1. Equality where?

While inequality within rich countries has been getting worse, many point out that global inequality has been shrinking.

Countries like the US and Canada used to consume a majority of the world's wealth. As the rich and middle class in places like China and India get a bigger piece of the action, some argue that morally, increasing global equality outweighs a relative decline in wealth by some people in the rich world.

2. Free trade and globalization

The push to create open trade between countries means that the low- and unskilled workers of rich countries are increasingly competing directly with workers in China, Bangladesh, Vietnam and India. Even within North America, industrial jobs often move to where wages are lowest, meaning middle class industrial jobs disappear.

3. Automation

Even in developing countries, manufacturers are replacing jobs with robots and automation. Here in North America, computerized processes are already taking jobs done by factory workers, clerical workers and even professionals as clever software learns to search legal titles and write simple news stories.

Some warn that humans will never get those jobs back and that eventually rich societies will have to set up a guaranteed basic income.

4. Ideology

Letting markets set wages is a traditional cornerstone of free market ideology. In that economic model, government interference is seen as hurting economic growth.

The US model, where high GDP growth has happened in concert with high inequality, seems to recommend it. However, the relationship may not be cause-and-effect, as other countries with high inequality, such as Portugal, have weak economies.

5. Chasing GDP

GDP is the most common measure of economic success, but economic commentator Edward Hadas says it may be a poor measure for rich countries.

In the developing world fast growth is directly correlated with overall welfare. But in rich countries, where most people already have the basics, maximizing GDP is in conflict with maximizing welfare, where higher value is placed on environment, job security, "and something GDP measures badly, quality of life."

6. Personal interests

While people may speak out against inequality in the abstract, at the personal level they are unwilling to give up the things that make them better off: the second car, the nice house, the summer cottage.

Attempts to integrate rich and poor in schools result in howls of protest. The rich often seek private alternatives.

Politicians who say they will raise

taxes for purposes of redistribution get few votes. And in the US surveys have even shown that people with incomes below the median object to losing the potential of one day being among the rich.

7. Peace and stability

Since people rarely give up their advantages voluntarily, radical changes such as overthrowing the landowning aristocracy of Europe or raising taxes only arrive during times of upheaval.

The plague times that created labour shortages, the First and Second World Wars and the Great Depression were disruptive enough that governments had the licence to overturn inequality.

But even after the equalizing impact of revolutions in Russia and China, a long period of stability allowed a wealthy commissar class to emerge.

8. Capital flight

The open borders of global free trade deals mean that even governments that wish to fight inequality may find their hands tied. One of the greatest fears of governments considering raising taxes is capital flight.

Companies and rich people move to places where taxes are low. Investors withdraw their funds to places where returns are high and wages low.

9. Decline of organized labour

Until the mid-1970s wages were the leading component of inflation. But according to research by a Canadian political economist, since then, wages have fallen behind inflation because fewer private sector workers belong to trade unions.

However, another explanation might be that shrinking demand for the unskilled due to globalization means they have less clout to enforce their demands.

10. Population pyramids

As the OECD notes, one of the reasons for inequality is the divide between the young, forced to take transient work, and older workers entrenched in long term jobs and sitting on nest eggs accumulated before asset prices began their meteoric rise.

However, the population pyramid is beginning to narrow at the bottom, putting a premium on young workers, especially those with skills.

To end on a relatively optimistic note, so long as job creation exceeds population growth, eventually those young people may be back in demand with the clout to demand higher wages.

Our Comment

In *The Price of Inequality, How Today's Divided Society Endangers our Future,* Joseph Stiglitz, analyzes "clearly and provocatively…what's driving inequality and why it is dangerous" (Dante Chinni, *Washington Post*). He "exposes the myths that provide justification for 'deficit fetishism' and the rule of austerity."

He acknowledges that "markets have clearly not been working in the way that their boosters claim." His underlying thesis is that "we are paying a high price for our inequality – an economic system that is less stable and less efficient, with less growth, and a democracy that has been put into peril."

He traces the links between economics and politics and argues that growing inequality is both a cause and the result of this dynamic relationship. He identifies the specific effect of inequality on the economy, on our sense of community, on our imperilled democracy…

He concludes that "the economics is clear: the question is, What about the politics? Will our political processes allow the adoption of [a fairer, more just] agenda? If that is to occur, major political reforms must precede it." (Like, for example campaign finance reform, that would remedy the privatized "support and maintenance of the public good, by defusing the influence of rich individuals who invest money in ["informing"] us of the merits of alternative policies and candidates."

Now, more than ever, we need to challenge the rationale that has been marketing the market economy. We're most fortunate to have resources like this analysis to help us.

The "10 reasons," while daunting, might rather be recognized as reasons to get to it!

10 reasons why we can't beat it?

1. The comforting assertion that, "morally, increasing global equity outweighs a relative decline in wealth by some people in the rich world" is unacceptable.

2. If we can't have "free trade" without exploiting workers by setting them against one another, we should reconsider "free trade." Perhaps we could build a global society that would *in fact* "raise all boats."

3. The probable impact of technology on work makes it imperative that we rethink work and wages (which have always meant – largely – wage slavery for most workers). A guaranteed basic income makes a lot of sense, given the truth about money, and the possible future of work, and ought to be a matter of national discourse.

4. The role of government is another subject that should be widely debated at the community level.

Such fallacies as the assumption that things happening together are necessarily causally related is not uncommon in an ideological economic argument.

5. Measuring the success of an economy by the growth of its GDP can be easily recognized as inadequate. A tragic auto accident that kills 3 children and their grandfather may boost the GDP. What proof is that of economic excellence?

6. Personal interests can also be tapped to *elevate* responses. We should be working to maximize the human potential for positive reactions – educating our young, for example, to embrace common values like an appreciation for the common good.

7. Maybe we don't have to depend on a plague or a revolution to advance our civilization. How about making peace and stability an earnest goal?

In an article in *Canada After Harper,* David Suzuki stresses the need to "establish a basis of agreement… among all participants" seeking cooperative solutions to problems, so that "every stakeholder group would receive the benefits. The issue then would be how each group could carry out its activities" without being part of the problem. This idea is one worth developing.

8. Interestingly, Ricardo, on whom "free traders" often rely to build their arguments for "free trade," pointed out that the free market system could work only because currency (at his time) didn't gallivant about the globe. At any rate, capital flight is surely not an insuperable problem.

9. Policies bashing unions, and various provisions of trade deals, have deliberately undermined the strength of organized labour. The problem is political not economic.

The accusation that wages were to blame for inflation deserves debate.

10. This argument is another divide-and-conquer strategy. The best interests of both groups can be met. To think otherwise is blind, either/or thinking.

All these and many other issues should form the agenda of organized public forums at the community level, to prepare society for an informed, cooperative effort to save ourselves.

Élan

Lessons from the Greek Crisis: There Must be Some Way Out of Here!

By Peter Bohmer, counterpunch, October 27, 2015

I first visited Greece in fall, 2010 to give two talks at a major anti-authoritarian festival in Thessaloniki, Greece's second biggest city. Anti-authoritarians are a significant political current in Greece. They believe in and organize for anti-capitalism, direct democracy, building non hierarchical economic and social institutions, and confronting austerity. They are very suspicious of electoral politics and political parties. The anti-authoritarians are similar to anarchists here but are a larger proportion of the Greek population.

I visited Greece in summer, 2013 where I participated in a conference on the commons and on anti-privatization struggles on an island called Ikaria. I just returned from four weeks in Greece, two weeks on the island of Ikaria and two weeks in Thessaloniki and Athens where my partner and I met with many groups challenging the ongoing economic crisis, many of whom I had met previously in my visits to Greece. In addition, we went to a demonstration in Athens on September 12, 2015, part of a European wide demonstration in solidarity with refugees entering Europe, and to a large popular assembly in Athens organizing direct action in support of the 300,000 refugees who have entered Greece this year, two-thirds of whom are Afghani, and another one quarter are from Afghanistan and Iraq. They arrive mainly on small boats from Turkey to the Greek islands and then go on to Athens before leaving for other countries, mainly Germany and Sweden.

I will summarize the Greek political and economic crisis, how the Greek government including the "leftist" party in charge has acted and reacted, and how social movements are responding. I will conclude with the current situation and a few thoughts on future possibilities.

I was once again reminded of how important what is going on in Greece is, when a Vietnamese friend who was very involved in the anti-Vietnam war movement called me in July, 2015. He said, "Just like in the 1960s and early 1970s, organizing in solidarity with the Vietnamese people was the right and most important thing to do for people around the world interested in liberation and creating an alternative to US capitalism and imperialism; and acting in solidarity with the revolutionary movements in El Salvador, Nicaragua and Guatemala was central and right in the 1980s; today, learning about and standing up in solidarity with the struggle against austerity and for an alternative in Greece is equally important.

Greece: Recent Past, Present and Possible Future!

Greece has been part of the European Union (EU) and most important for this article, the Eurozone since 2002. This means it is one of 19 nations who use the Euro as their currency; they cannot print their own money.

Greece is one of the poorer nations in the Eurozone and one of the more unequal ones. While in Greece, I wrote a friend in prison who asked me about Greece. I said its income per person today is similar to that of African-Americans in the United States although Greece's average income was significantly higher five years ago.

On December 6, 2008, 15-year-old, Alexis Grigoropolous was killed by police while graffittiing in central Athens. In response, a rebellion erupted all over the country, mainly by youths. The underlying issues included high youth unemployment, increasing temporary and low wage jobs, the low quality of education, police harassment and no promising future. This activism and rebellion by youths sparked a larger rebellion which has continued. The December 2008 uprising is a major factor in the growth in Greece of an anti-authoritarian political current.

By 2010, because of the evasion of taxes, especially by higher income people, and a growing government deficit and debt, Greece had increasing problems financing its government deficit and in borrowing to pay its debt at even higher and higher interest rates. The Greek government signed its first austerity agreement in 2010, agreeing to cut wages in public sector jobs, lowering the minimum wage and making it easier to fire people, and raising taxes-particularly those that affected poor and working class people. This is what is called austerity: balancing the government budget and lowering wages so that Greek goods would be cheaper to produce which would increase Greek exports and decrease imports and spur foreign firms to invest in Greece. In return for agreeing to these policies, Greece got a loan of 110 billion Euros (about $140 billion) at moderate interest rates. Most of these loans went to pay off private banks in Europe who had lent money to Greek businesses, Greek private banks and the Greek government. The loan was extended by the troika – the European Union (EU), the IMF and the European Central Bank (ECB) – who negotiated the agreement. In 2012, Greece got a second loan of 130 billion Euros ($160 billion dollars) in an economy of only 11 million people.

Austerity doesn't work at least for the large majority of the population as reduced government spending and increasing tax rates leads to less income for consumers who then cut back on spending, and also less spending by businesses on new equipment and on construction. These cutbacks increase unemployment. So income and therefore tax revenues fall further, meaning a continuing or growing government deficit requiring yet further tax increases. It is like a dog chasing its tail.

Note: Austerity policies have been followed in the US although not as extremely as in Greece but there are ongoing attempts to cut government spending here, especially for social programs and infrastructure at the Federal, State and local levels.

Austerity policies, similar to what have been called structural adjustment policies in Latin America and Africa since the late 1970's have also been followed by Portugal, Spain, Ireland and Latvia and others with results almost as devastating as in Greece. Greece today has over 25% unemployment and an unemployment rate of 60% for people under 25, rates equal to or worse than those during the 1930s depression in the United States. These numbers do not begin to explain the devastation in the quality of life in Greece. Much of the employment is part-time with reduced benefits. Poverty is becoming the norm. There are severe cuts in pensions for older people and people are losing their homes in large numbers as they can't pay the mortgages and the growing property and utility taxes.

The Rise of Syriza

In 2012, a relatively new political party, Syriza, the Coalition of the Radical Left, campaigned on raising employment by increasing necessary government spending, ending privatization and government layoffs, and cancelling much of the debt owed by the Greek government to foreign lenders and also cancelling the debt of low income people. They came in a close second in the elections getting 27% of the vote where a few years earlier they had received only 4%. Syriza was a merger of various Greek groups including those active in the European and World Social Forum, Eurocommunists, independent socialists, smaller Marxist groups, etc. The two major parties which had dominated Greek politics were compromised by their support for austerity. This was demonstrated by the sharp decline of PASOK, which has been the major party in Greece since the ending of the military dictatorship in 1974. A lesson for us in the United States is how quickly political parties that seem dominant like PASOK can rapidly decline. PASOK had claimed to be the major progressive party and an anti-austerity one. The same decline could happen to the Democratic Party here. Austerity has been promoted in Greece and beyond by the international economic and financial institutions such as the IMF, by major banks and financial institutions, by the majority of mainstream economists in the US and the rest of the world and by the mainstream media in Greece and globally.

What had excited me and given me hope in Greece since I began studying and visiting it, was the left political party, Syriza, that was connected to many of the social movements, e.g., the solidarity clubs, who are primarily poor people organizing to meet their needs. Also, Syriza has supported immigrant, women's and labor rights. This combined with anarchists, autonomists and anti-authoritarians who were building alternative institutions such as the non-market production and distribution of needed goods and services, free health clinics, social centers to meet and build community, creating book stores and alternate media, who were also involved in militant anti-austerity, anti-fascist and anti-mining actions, and who were putting direct democracy into practice seemed to have the potential to revolutionize Greece. To me, this inside–outside, electoral-social movement from below strategy was very promising and seemed to be growing in the period 2010-2014 even if both perspectives were somewhat critical of each other.

By late 2014, the continued decline in Greek national income, employment and tax revenues caused by the continuing austerity policies meant Greece again needed more loans to finance its deficit and its government debt, which was growing as a per cent of the declining national income. In addition most Greek banks were close to bankruptcy because of businesses and individuals not being to pay back the money they had borrowed. The ruling coalition government collapsed and new elections were called for January 25, 2015.

In this election, Syriza ran on a strong anti-austerity although not an anti-capitalist program. It got a plurality of the vote, 36.3%, and under the leadership of Alexis Tsipras, formed a government in coalition with a small, nationalist and conservative but anti-austerity party. From January until the present, October 20, 2015 most of the their energy has been put into negotiating with the Troika, the IMF, and the EU, especially the German government and the ECB for some debt relief and delays in repayment of the debt, and permission to increase government spending to stimulate employment. Little was done by the Greek government to improve the lives of Greek people or to deepen democracy. The negotiations were led in the winter and spring, 2015 by the Greek finance minister, Yanis Varoufakis, who was met by an unbending and neoliberal European Union who demanded even more cutbacks in government spending, especially of pensions for older workers, more privatization and further increases in taxes before they would extend new loans to Greece and help keep the Greek banks from collapsing.

No to Austerity But Then Yes!

In late June of this year, Prime Minister Alexis Tsipras called for a referendum on whether Greece should accept the terms offered by the European Union and European Central Bank. He called for a No vote, for a no to the further austerity demanded by the European Union. In spite of a near unanimous mass media hysterically promoting a yes vote for austerity; claiming that a no vote and rejecting the European offer would spell economic collapse, over 61% of the Greek people stood up and voted No on July 5, 2015. This was truly inspiring. Sadly and surprisingly, even after this massive rejection of these austerity policies and proposed agreement, Prime Minister Tsipras and most of the Syriza leadership said they had no choice but to accept the new austerity package for the promise of a $95 billion bailout that they had campaigned so strongly against.

The European Union than demanded an even worse package than they had originally offered with even more privatization, more control over the Greek government and even larger increases in tax rates and bigger cuts in government pensions saying they would kick Greece out of the Eurozone if they didn't accept their latest offer. The European Union made an ultimatum of take it or leave the Eurozone. The European Central Bank (ECB) had already stopped sending Euros or making loans to private Greek banks. Greek banks were close to collapsing. Alexis Tsipras then forced this new, even more restrictive deal through the Greek parliament saying Greece had no choice but to accept it even as he called it blackmail. It passed on July 13, aided by the vote of the more conservative parties. Over 30 Syriza members of parliament voted no and formed a new party, Popular Unity, who called for not paying most of the government debt, stimulating the economy, ending the use of the Euro and creating a new Greek currency, the drachma, which was the name of the previous currency.

After getting the Greek parliament to pass this new austerity legislation in spite of major protests and the no vote, Tsipras resigned and called for new elections which took place exactly a month ago.

Turnout was reduced from 64% in January, 2015, to 55% on September 20 although Syriza got almost the same percentage vote, 35.4% as they had in the January election. Turnout and enthusiasm for Syriza were sharply down but Syriza is in charge of the government again although the European Union has the real power. Popular Unity, the left split off-led by Panagiotis Lafanzis, the former Environmental minister, got only 2.9% of the vote and did not qualify for the recently elected parliament. Hopefully Popular Unity will grow. It needs to connect more with grass roots movements and particularly those involved in building a survival economy such as barter groups and cooperatives. Fortunately, the fascist party, Golden Dawn, and the recently formed yuppie-oriented neoliberal party, POTAMI, the River, did not grow.

The Future of Syriza!

I hope I am wrong but think Syriza is hopelessly compromised by its accepting of more austerity after campaigning against it in the January 2015 election and again in the July referendum. I had hope for Syriza as a part of the solution a year ago. Its youth wing has now left the party, at least temporarily. It will be very hard for Syriza to regain people's trust; even though it still has impressive individuals in it with a history of principled struggle and resistance. Syriza has not kept its word and its promises to oppose austerity; it has become another electoral, compromised political party. It is less corrupt than the other main parties in Greece and more concerned about the poor but Syriza has lost its way. It was afraid and unprepared to take the anti-austerity leap. Alexis Tsipras and the leadership of Syriza feared a collapse of the banks and the Greek economy. Syriza will probably go the opportunist way of other social democratic parties. At the very least to regain its legitimacy and progressive role would require strong and honest self-criticism of its turn to the right, the resigning of its leadership, a democratic internal structure, a repudiation of the austerity agreements and a commitment and practice to overturn the accompanying austerity legislation.

I think Greece should have left the Eurozone and ended the use of Euro as its national currency in combination with a program of not paying most of its debt, cancelling the debt of low income people, increasing public production, stimulating domestic production, especially in agriculture and food, taking over the private banks and creating public or community banks to support worker cooperatives and employment creating production. Controls over imports would have been necessary to balance exports as would have and preparing for the use of a new currency. In addition and probably most important, neither Syriza nor other groups did the necessary educational work with the Greek population to explain what these alternatives such as leaving the Eurozone would mean and why they are necessary. From my observation and reading several polls, the majority of the Greek people strongly opposes austerity but do not support leaving the Eurozone or the European Union. Without popular education, what is called Grexit, Greece replacing the Euro with its own currency and leaving the Eurozone, becomes another technocratic policy from the top. These alternatives presented in this paragraph will again be relevant in the not too distant future.

Many in Syriza and many other Greek activists and left academics outside of Greece believe Grexit would be an economic catastrophe. As an alternative they advocate for a European left united across countries that can challenge the European Union's right wing economics; that Greece cannot go it alone. Their solution is a more progressive European Union. At the present time, there is not a strong European left capable of effectively challenging the right wing economics of the EU and Eurozone. Greece leaving the Eurozone and having its own money together with the other reforms mentioned could have been a start towards a new participatory socialist politics and economics.

The Future!

There is a lot of fear by the economic and political elites inside and outside of Greece, of Greece's demonstrating in practice that there is an alternative to neoliberalism and capitalist globalization. That is why they the leaders of most countries of the European Union were so unwilling to compromise. Greece's staying in the Eurozone means continued economic depression, maybe a little more slowly at first than if they had left, but guaranteed to last.

It is easy to take as a lesson from Syriza's accepting this extreme austerity package without even a promise of large debt relief– that political parties will always sell out. I still believe it is necessary, desirable and possible to develop visionary and radical and democratic (small d) political parties rooted in people's daily life and in social movements; parties that are feminist and ecological and have an electoral component and are willing to take risks. This rather than political parties that are primarily or totally electoral, where winning elections and taking control of the government becomes their be all and end all that are politically and morally bankrupt!

There is a lot of despair right now in Greece but as recently deceased baseball player, Yogi Berra said, "It is not over until it is over." This cynicism in Greece towards participation in collective social change and political activism has grown for most of the population. Increasing time and focus is being put into individual and family survival but not collective survival, towards increased work in the informal labor market, in struggling individually and together with one's family to survive on declining incomes and pensions, to trying to keep one's home or planning to emigrate to other countries such as Germany. The decline of hope is also true from what I observed of activists in Syriza who are deeply angered by both the lack of democracy in recent decisions by the Syriza leadership and by the decisions they have made. This pessimism is also shared by grass roots movements and activists, many of whom had hoped for more from Syriza after their victory in January. Optimism about the future of Greece has markedly decreased as has activism across the left and radical spectrum. One positive sign is that there is a lot of support in action for the hundreds of thousands of refugees entering Greece even if the popular ideology is less welcoming.

Hopefully, it is the temporary lull before the storm. There is no way that the Syriza-led government can meet the European Union and European Central bank requirements of government surpluses by 2017 and even bigger requirements for a primary surplus in 2018. So there will be likely be new demands in the not too distant economic future by the EU and international economic powers for even further cutbacks in government spending and more selling off of Greece to the highest bidder. There is likely to be mass resistance; it is already beginning to grow as more and more as the austerity package is being voted on, piece by piece, at the time of this writing. This economic depression in Greece is likely to continue for the foreseeable future unless there are new social movements and political parties of a new type, such as I have described, building the power and the vision and strategy to cause transformative change combined with needed solidarity from people around the world. The latter has been lacking.

Greek working people and students have an inspiring history of resistance to dictatorship and fascism, e.g., in World War II against the Nazi occupation, to the military junta from 1967-1974, and to demonstrating, striking, organizing, rioting and voting against austerity and for a liberatory although unspecified alternative. It can and will happen again. *Si Se Puede!*

Peter Bohmer is a Faculty member in Political economy at the Evergreen State College in Olympia, WA. He has been an activist since 1967 in movements for fundamental social change.

About Our Commenter

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.

Our Comment

Austerity, of course, is not the solution to an economic problem. It is part of a political process that begins with the privatization of a country's money system, and ends with that country's entrapment.

Good for the Greeks, that they strongly voted against it.

The increased demands of the EU after Tsipras's capitulation, and in the face of the referendum result, suggests – at best – an unwise provocation; or worse – an arrogant disregard for Greece and its people, and a spiteful, punitive move to "rub it in," and to make an example of them.

The predicted consequence for Syriza – that "it will probably go the opportunist way of other social democratic parties," prompts our recognition that this is a timely and a cautionary tale.

Another pertinent and extremely important cautionary tale is that of the failure to prepare the Greek population for the inescapable choice between austerity and membership in the European Union.

May Greece's example inspire all EU members to work together to "develop the visionary, radical and democratic" means to build a better political structure.

Élan

Eyes Wide Shut *from page 2*

ing their job. While the stated purpose was to improve education, the intent was the opposite. Improvement is defined as increased knowledge not understanding and is designed to keep people thinking at the System 1 level. Other than in a few countries that offer free tuition, the costs of university and college education have soared and students are graduating with huge debts or choosing not to go to university. If you believed that people were too well educated and had expectations that were too high, what strategy would you put in place to finance education if you were able to control the levers of power?

Under a small number of owners, newspapers and other media were accumulated all presenting similar messages. Government was too big, politicians were wasteful spenders and corrupt, civil servants were corrupt, etc. Key to this was an austerity plan. Remember TINA – There Is No Alternative. The belief in the primacy of individual effort and achievement was glorified citing Ayn Rand resurrected by Reagan and Thatcher.

On April 2, 1976, I was at an austerity rally in Toronto called "Stop The Cutbacks." The provincial government was cutting social programs. The message that we cannot afford education, health care, social assistance for the poor and those living with disabilities, the message was couched in language that depicted them as cheaters and opportunists. That stereotype continues to this day and is world-wide. It was the same year that Milton Friedman won the faux Nobel prize for his economic ideas.

The Bank of Canada stopped lending to the government in the mid '70s. Prior to that time the Bank of Canada managed inflation partly by requiring that the banks of the country have on deposit with them a certain amount of money. That amount used to be periodically changed by the Bank of Canada as a means of controlling inflation. The amount required would increase if inflation was deemed a concern and decreased when recessions seemed in the offing. They were called reserve deposits and are different from the deposits that banks are required to keep on hand to meet the withdrawal needs of customers. But under Trudeau Sr. the strategy to fight inflation was shifted from requiring banks having bigger reserves on deposit with the BoC to raising interest rates to fight inflation.

When interest rates are increased, businesses reduce their borrowing and usually do not hire new staff or make expansion plans. The economy slows and the theory is that this will force prices downwards because demand for the products and services will decline. It also may have the effect of attracting foreign purchasers of government bonds because they find the higher interest rates attractive. That, in turn, tends to increase the value of our dollar making foreign products less expensive and our own products that we export more costly to purchase by people in other countries. Thus our domestic prices for products we export are possibly going to drop because of reduced demand overseas or in the USA. There are several theories about inflation and the one just described is the demand-pull type caused, it is believed, by wages that are too high. That, in turn, is thought to be caused by a tighter labour market. Therefore, the Bank of Canada and other economists calculated what they thought would be an ideal or optimum rate of unemployment that would trigger interest rate increases to hold inflation in check. That theory was called NAIRU – The Non-Accelerating Inflation Rate Of Unemployment. (By the way it should be noted that COMER challenged the theories of inflation in a book, *Price in a Mixed Economy – Our Record of Disaster*, by William Krehm. He also wrote several articles that were reviewed very favourably by economists in France.)

A policy of NAIRU was surreptitiously put in place and described by Shawn McCarthy in the Toronto Star in the early '90s. If you ask, you will be told that the NAIRU theory and policy is no longer in place. However, every week articles appear in the business pages about the risk of inflation. It is a part of the justification for austerity measures where governments are urged to tighten their belts and not expand programs or services. They should not run deficits. A mind-set of austerity has taken hold so that many do not see it and cannot analyze it even when it is directly affecting them. It reminds me of the title of the Tom Cruise movie *Eyes Wide Shut!*

Efforts by newer and alternative think tanks such as CCPA and COMER were made to counter this agenda of the Tri-Lateralists but lacking the power of ready media access and, perhaps not appreciating the psychological factors, their counter measures have had limited success. When messages – even false ones – are repeated often enough they create a bias – subliminally – that is difficult to change.

If you examine the following economic data from the end of WWII: government debts, deficits, surpluses, revenues and expenditures and compare that data to income and wealth disparity – inequality – and who benefited from the so-called return to prosperity, you will find a disturbing similarity. Wages started to decline at the same time CEOs' incomes started to increase along with the growth in the country's debt. The banks started to report record profits each quarter. There is a wonderful interactive graph on the CBC website about each prime minister's deficits and surpluses from 1963 to 2015 along with their revenues and expenditures.

If you Google "Canada's deficits and surpluses 1963 to 2015 CBC," you will see that, like many other studies, it shows a dramatic shift occurring after the early 70s. But none of the CBC commentators or hosts refer to it. If they look at it, they likely freeze or flee. When I show it to people and walk them through it, they open their eyes in astonishment! Some get angry.

The answer to the bat and ball problem will be provided in the next issue along with several ways to solve the problem.■

Downsize Democracy for 40 Years, Here's What You Get

By Murray Dobbin, TheTyee.ca, January 26, 2015

New signs civilization is veering towards collapse.

If you are searching for significant anniversaries for 2015, one that you might find illuminating is the publication of a book 40 years ago entitled *The Crisis of Democracy.*

The title would seem fitting today but that's not the crisis its authors had in mind.

The book was commissioned by a new international boys club of finance capitalists, CEOs, senior political figures (retired and active) and academics from Europe, North America and Japan. The Trilateral Commission (TLC) could be said to be the birthplace of neoliberalism, a political theory that suggests progress depends upon "liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets and free trade."

Alarmed by the spread of the liberal state and its economic and social interventions, the TLC was founded to reverse the welfare state and re-establish capital to its "rightful" place at the pinnacle of economic and political power. (It still exists but has been supplanted to some extent by the World Economic Forum.)

The TLC book concluded, in the words of its American co-author Samuel Huntington, that the industrial countries suffered from "an excess of democracy." He wrote "the effective operation of a democratic political system usually requires some measure of apathy…on the part of some individuals and groups." He bemoaned the fact that "Marginal groups, as in the case of blacks, are now becoming full participants in the political system."

The TLC was just one of a growing number of institutions – forums, think-tanks, academic clusters, major media outlets – focussed on the same theme: that expectations of what government could provide had risen to a level that was now threatening the proper functioning of capitalist democracies. In Canada the most prominent and aggressive of these would be the Fraser Institute (FI), headed up Michael Walker (retired).

Walker told a group of worried corporate CEOs from BC that "if you want to change society you have to change the ideological fabric of society." In short, you had to launch a culture war against the activist state. It would be a war against democratic "excess."

The Fraser Institute (founded in 1973, the same year as the TLC) has been engaged in that process ever since on countless fronts and funded generously by well-endowed foundations and corporations. The guru for the FI was Milton Friedman, eventually the world's pre-eminent neoliberal economist. At an FI forum on democracy, Friedman declared: "I believe that a relatively free economy is a necessary condition for a democratic society. But I also believe that… a democratic society, once established, destroys a free economy."

Today's Crisis

At the time these political declarations were widely ridiculed, dismissed even by conservative politicians and writers. After all, the West was characterized by mixed economies (government and private investment) that were doing very well in terms of growth and profitability. High taxes on wealth did not prevent the rich from investing, government revenues were robust, unemployment was low, social strife in Canada was rare.

Fast forward 40 years and any new book with the title *The Crisis of Democracy* is likely to be chronicling the result of four decades of systematic assaults on the liberal/social democratic state. Indeed in contrast to Huntington's "excess of democracy" complaint, the phrase "democratic deficit" has now been used by scores of writers and commentators. It is easy enough to chronicle the long list of attacks on democracy carried out by Stephen Harper as many have, and in the US the domination of corporate money (backed by the US Supreme Court) and outright theft of elections has democracy in that country on the ropes.

But it is the consequences of this decline and erosion of democracy that should be the most important focus of critics and citizens alike. The exceptionally successful four decades campaign to change the "ideological fabric" of society has put western civilization on a track to irreversible collapse according to a major study sponsored by NASA's Goddard Space Flight Center. The study focused on population, climate, water, agriculture and energy as the interrelated factors that determine the collapse or survival of civilizations going back 5,000 years.

According to a *Guardian* report on the study, these factors can coalesce and lead to civilization's collapse if they create two critical social features: "the stretching of resources due to the strain placed on the ecological carrying capacity…and…the economic stratification of society into Elites [rich] and Masses (or 'Commoners') [poor]."

According to the study these two developments played "a central role in the character or in the process of the collapse" in the demise of the Roman, Han, Mauryan, Gupta and multiple Mesopotamian Empires as well as the Maya. The study provides convincing "testimony to the fact that advanced, sophisticated, complex and creative civilizations can be both fragile and impermanent."

Careening Towards Collapse?

How far down the road to collapse are we? For my generation not so far that we will see the worst of it. But what is alarming is that all the signs are so dramatically obvious. And while the mainstream media isn't yet talking about the end of our world, the issue of grotesque inequality and unsustainable resource depletion are somewhere in the media almost every week. Indeed inequality in particular has been a hot topic ever since the Occupy movement briefly swept the planet. Yet if you monitor the political debate in this country the two most important trends in our society and the world are virtually never mentioned except rhetorically. There are no serious policy prescriptions. Mass denial reigns. Or, as Freud stated, we are "knowing without knowing."

Regarding income (and wealth) inequality, a 2010 study by the Canadian Centre for Policy Alternatives revealed that the top one percent claimed close to a third of all income growth during the decade from 1997 to 2007. "That's a bigger piece of the action than any other generation of rich Canadians has taken," said Armine Yalnizyan, CCPA's senior economist and author of the report. "The last time Canada's elite held so much of the nation's income in their hands was in the 1920s. Even then, their incomes didn't soar as fast as they are today. It's a first in Canadian history and it underscores a dramatic reversal of long-term trends."

Internationally, the picture is just as bad or worse. Earlier this month Oxfam released a report revealing: "The combined wealth of the world's richest one percent will overtake that of the remaining 99 percent by 2016…." The wealthiest one percent – amounting to 72 million people – already owns 48 percent of all global wealth. This trend continues to accelerate, flying in the face of all the evidence that it could ultimately be fatal for capitalism.

Is this really what the geniuses at the Chicago School of Economics like Milton Friedman had in mind? Did he really believe that "a democratic society, once established, destroys a free economy"? Would he have had any qualms about his policy prescriptions resulting in capitalism devolving into neo-feudalism or into Plutonomies? The term Plutonomies was first used by analysts at Citigroup in 2005 to "describe a country that is defined by massive income and wealth inequality." The analysts singled out the UK, Canada, Australia and the United States.

Elites Won't Save Us

Theoretically, of course, neoliberalism says the state should not intervene in the efficient functioning of the market – resulting in prosperity for everyone. But the theory, according to neoliberalism authority David Harvey, was simply hijacked by the elites to fleece the system – bailing out the financial sector with trillions of taxpayers' dollars and failing to re-regulate, while gutting labour and environmental regulation. Government actions reveal neoliberalism as "more of a practical attempt to restore elite class power than as a theoretical project driven by the works of [Friedrich von] Hayek or Friedman."

The NASA study is not optimistic about our chances of avoiding eventual collapse given the failure of other civilizations. It

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The Myth of the Balanced Budget Narrative

By Herb Wiseman, Peterborough This Week, August 31, 2015

To the editor:

Myths, often sincerely held, dominate the media in order to manufacture the consent of the public thus enabling those in power to maintain their privileges and entitlements. Myths also obscure what is real. The balanced budget narrative proves this rule.

Libs and Cons used to wring their hands about balanced budgets, debts and deficits until this past week when the Liberals called for deficit spending. But nobody, especially the media, ever talks about the amount of interest being paid on the debt, to whom that money is paid, how much of it is taxed nor what happens to these amounts when the interest rates start to rise again. Some commentators note that 10 cents of every tax dollar goes to service the debt but what is that number in real dollars?

The heritage of the NDP should lead it to wring their hands about the transfer of taxpayers' dollars to the financially well-off in the form of interest on the debt, but it doesn't. Megan Leslie on CBC's *The House* correctly described the Liberal announcement about borrowing to pay for infrastructure as the classic bait and switch ploy of the Liberal Party but failed to mention that it is part of the ongoing goal of the Liberals (and Conservatives) to continue to transfer tax dollars to the well-off while making it sound as though they want to use spending on infrastructure to get the economy going.

The latest ploy to manufacture consent for this myth is to cite David Dodge and Paul Martin who support deficits by citing the IMF practice to describe the debt as a percentage of the Gross Domestic Product (GDP). Because our debt is a small percentage of the GDP, we can afford to borrow and run a deficit. More obfuscation.

Balancing budgets traditionally means austerity – cutting items in the budget to reduce a deficit and raising taxes (Greece). But the one item *never* touched is the interest payments on the debt or "debt service charges." Conservatives also like to sell off assets.

The Liberal announcement does not explain from whom they plan to borrow or the actual cost to taxpayers. The narrative continues instead to obscure this.

The NDP talks about balancing the budget by raising business taxes and cutting subsidies to the big corporations (who failed to invest previous tax savings granted by the Harper government) and reducing taxes for the job-creating small businesses. They hope that with more people working, more taxes will be paid without increasing the rates thus balancing the budget. It makes sense especially when you realize that the increased prosperity all three parties are promising will bring on higher interest rates.

But this debate obscures the real issues about the federal budget, balanced or not.

The government borrows by selling Bonds and Treasury bills through the Bank of Canada (BoC) that it owns. The government then pays interest called public debt charges on these loans. The latest Conservative so-called balanced budget allots $25.7 billion of our tax dollars in interest to the well-off money-lenders on a $620 billion debt. Interest rates paid on these debts are relatively low – for the moment. When we run a deficit, the debt increases and so does the interest paid. When Paul Martin was prime minister, the federal debt had been reduced to about $480 billion but the public debt charges amounted to more than $34 billion each year due to higher interest rates.

Every quarter, the business media speculate on when interest rates will increase? History shows us that, when they increase, the amount paid from our tax dollars as interest on the debt – debt service charges – goes up squeezing other budget items such as health care, pensions and environmental programmes.

If you are still reading about this riveting subject, you may be wringing your hands about the solution.

What would happen if the BoC held the entire debt? Because the BoC is owned by the government, the interest ($25.7 billion) would be returned to the government and then be available for infrastructure, programs and services without any increase in taxes. What happens if the BoC held 20-25% of the debt (presently held by foreigners) as it did prior to Trudeau senior's rule? Then there would be over $6 billion dollars available.

What happens when interest rates go up? All the political parties are promising prosperity inevitably causing interest rates to climb. If the BoC holds the entire debt, the extra money paid as interest would be returned to the government. If the debt or part thereof is held privately, then the well-off get another windfall from the taxpayers.

The myth of the balanced budget narrative obscures how the privileged benefit at taxpayers expense whether or not the budget is balanced!

Herb Wiseman, Information Secretary for COMER – The Committee on Monetary and Economic Reform

International Bankers Orchestrate Economic Crises to Loot Masses: American Writer

Press TV, October 2015

An American writer in Washington, DC says economic downturns are not "organic happenstance" but they are orchestrated by international bankers to plunder the public.

"When the economy crashes people don't have the money to pay their bills and their loans. When this happens, real material wealth is transferred to these very same banks through foreclosures and repossessions," Walt Peretto said in an interview with Press TV on Monday. "It's the biggest con job ever perpetrated against mankind."

In a recent interview with Russia Today, former US presidential candidate and congressman Ron Paul said that the biggest economic crash ever will hit the American economy when current "bubbles" burst.

"The way the Western economic system is constructed, the potential for a catastrophic economic crash wreaking havoc across the globe is ever present," Peretto said.

"The US dollar is printed out of thin air and created as digits on computers by the Federal Reserve System. This currency is an illusion. The international bankers wish value upon it and as long as they can fool the world into thinking it has value, the power of the bankers increases," he said.

"This system is actually a means of controlling vast numbers of people via a social contract we are born into that says if you want to live you must acquire this money we created at will," the researcher added.

The liquidation of America's fourth-largest investment bank, Lehman Brothers, in September 2008 almost brought down the global financial system. The collapse triggered an international economic crisis, which is considered by many economists as the worst financial crisis since the Great Depression of the 1930s.

The crisis played a significant role in a downturn in global economic activity that led to the 2008–2012 global recession and contributed to the ongoing European sovereign-debt crisis.

Ron Paul said that the basic source of the economic trouble is America's central banking system, known as the Federal Reserve or the Fed, which cannot function in a real market economy.

Commenting to Press TV, Peretto said, "The Federal Reserve is not part of the US government, it is a consortium of private banking interests that have taken over the American economy since President Woodrow Wilson regrettingly signed the *Federal Reserve Act* in 1913. This was a behind the doors deal enacted in secrecy and deception."

He stated that "Ron Paul does understand that the Federal Reserve is a major source of trouble for the United States and he is one of the few major politicians who has been outspoken in his criticism of the Fed, even calling for an audit of the institution."

"Since 1913, the US economy has been largely controlled by these plotters who are hell-bent on a future of a one world government and a one world currency. This power over people has led to two world wars and countless other atrocities and hardships where they really rake it in by funding wars at high interest," he added.

"As far as Ron Paul's prediction is concerned, the economy will crash if the international bankers wish it so. These economic downturns are not organic happenstance, these events are contrived schemes designed to loot the masses," the analyst noted.

Our Comment

Can't say we weren't warned!

For example:

If the American people ever allow the banks to control the issuance of their currency, first by inflation and then by deflation, the banks and the corporations that will grow up around them will deprive the people of all property *until their children will wake up homeless on the continent their fathers occupied.* The issuing power of money should be taken from the banks and restored to Congress and the people to whom it belongs. I sincerely believe the banking institutions having the issuing power of money are more dangerous to liberty than standing armies.[1]

The modern banking system manufactures money out of nothing. The process is perhaps the most astounding piece of sleight of hand that was ever invented. Banking was conceived in iniquity and born in sin. Bankers own the earth; take it away from them, but leave them with the power to create credit, and with the stroke of a pen they will create enough money to buy it back again… If you want to be slaves of the bankers, and pay the costs of your own slavery, then let the banks create money.[2]

Top economists – Milton Friedman, Irving Fisher, and John Kenneth Galbraith – all agree that the October '29 Stock Market Crash was triggered by the Power Elite, not by some accident.[3]

The Fed was flooding the country with money – over $10 billion in new money

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Downsize *from page 15*

says "collapse is difficult to avoid…. Elites grow and consume too much, resulting in a famine among Commoners that eventually causes the collapse of society."

Warnings go unheeded. The NASA reports says "historical collapses were allowed to occur by elites who appear to be oblivious to the catastrophic trajectory (most clearly apparent in the Roman and Mayan cases)."

How close are we to collapse? The study points out that the process can extend over decades and even centuries. Yet some of the supporting empirical studies (by KPMG and the British Office for Science) suggest a perfect storm that involves food, water and energy could occur within 15 years.

The NASA study highlights two trends – resource depletion and inequality – as the key factors in civilization collapse. But there is a third and it explains why historically elites have been "oblivious" to their unfolding catastrophes. That factor is the political system of the particular civilization. Designed to govern and manage social and economic life before it became corrupted, and still in the hands of the benefiting elites, these governing systems were simply incapable of incorporating the idea of collapse into their thinking.

What would have to happen for us to escape the same fate?

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Our Comment. Another problem cited in *The Crisis of Democracy* was that we already had too many well educated people. That problem has been and continues to be *very well dealt with! Élan* within six years (from 1924-1929) by way of a steady increase in bank loans which contributed to a rise in the market.

Businesses expanded and became strung out on credit. Speculation in the booming stock market became rampant.

In April 1929, Paul Warburg, the father of the Federal Reserve, sent out a secret advisory warning his friends that a collapse and nationwide depression was certain. In August of 1929 the Fed began to tighten the money supply. It is no coincidence that the biographies of all the Wall Street giants of that era – John D. Rockefeller, J.P. Morgan, Bernard Baruch, etc. – all marvelled that they got out of the stock market just before the crash and put all their assets into cash, bonds or gold.

On October 24, 1929, the big New York bankers called in their 24-hour broker call loans. This meant that both stock brokers and their customers had to dump their stocks on the market to cover their loans, no matter what price they had to sell them for. As a result the market tumbled.

"NONE ARE MORE HOPELESSLY ENSLAVED THAN THOSE WHO FALSELY BELIEVE THEY ARE FREE." JOHANN WOLFGANG VON GOETHE – 1749-1832

Congressman Louis McFadden, Chairman of the House Committee in Banking and Currency from 1920 to 1931, knew who was to blame. He accused the Fed and the international bankers of orchestrating the crash!

It was not accidental. It was a carefully contrived occurrence –Louis T. McFadden

Curtis Dall, a broker for Lehman Brothers, was on the floor of the New York Stock Exchange the day of the Crash. In his 1968 book, *FDR: My Exploited Father-in-Law,* he explained that, actually, it was the calculated 'shearing' of the public by the World-Money powers, triggered by the planned sudden shortage of call money in the New York Money Market.[4]

Élan

End Notes

1. Charles Beard. *The Rise of American Civilization.* London, Cape.
2. Lord Josiah Stamp. *Public Address in Central Hall,* Westminster, 1937.
3. *Global Outlook.* Collector's Edition. Issue 13, Annual 2009, page 212.
4. IBID, page 213.

PART IV OF THE UK HOUSE OF COMMONS DEBATES, THURSDAY, NOVEMBER 20, 2014

Backbench Business: Money Creation and Society

Part III appeared in the March-April 2015 issue of ER.

Source: http://bit.ly/1rqvLxQ

Steve Baker:

I do not actually support Positive Money's proposals, although I am glad to work with it because I support its diagnosis of the problem. Of course, this argument could have been advanced in 1844 and it was not. I have not proposed throwing away the system and doing something radically new; I have proposed getting rid of all the obstacles to the free market creating alternative currencies.

Andrea Leadsom:

I am grateful to my hon. Friend for pointing that out. I must confess that before the debate I was puzzled that such an intelligent and extremely sensible person should be making the case for a sovereign monetary system, which I would consider to be an extraordinarily state-interventionist proposal. I am glad to hear that is not the case. In addition, of course, bearing in mind our current set of regulators, presumably we would then be looking at a committee of middle-aged, white men deciding what the economy needs, which would also be of significant concern to me.

Mr Meacher:

Before the Minister leaves the question of a sovereign monetary system, which she obviously totally opposes and to which she raised several objections that I cannot answer in an intervention, does she not believe that the system of bank money creation is highly pro-cyclical and has enormously benefited property and financial sectors to the disadvantage of the vast range of industries outside the financial sector?

Andrea Leadsom:

As I said, I sincerely congratulate the right hon. Gentleman on raising this matter; it is certainly worthy of discussion, and I look forward to him responding to some of my arguments. I agree that where we were in the run-up to the financial crisis was entirely inappropriate, and I will come to some of the steps we have taken to improve – not throw away the baby with the bathwater – what we have now, rather than throwing it away and starting again.

I know that some of my hon. Friends and Opposition Members have a particular concern about quantitative easing – I have made it clear that I do too – specifically about how we might unwind it. However, they must agree that at least it can be unwound, unlike the proposal for "helicopter money," which would seem to be a giant step beyond QE – a step where money would be created by the state with no obvious way to rein it back if necessary.

If the tap in my bathroom breaks, rather than wrenching the sink off the wall, I would prefer to fix the tap. As Martin Wolf said last week, "nobody can say with confidence" how a monetary system should be structured and what laws and regulations it should have. Given that and the economic tumult across the world, we should be devoting our energies to fixing the system we have – mending the problems but keeping what works. For that reason, the Government have taken significant steps to improve the banking sector, making sure it fulfils its core purpose of keeping the wheels of the economy well oiled.

We are creating a better, safer financial system, with the Financial Policy Committee, created in this Parliament, focused on macro-prudential analysis and action. As the hon. Member for Newcastle upon Tyne North (Catherine McKinnell) pointed out, the FPC has been given counter-cyclical tools to require more capital to be held and to increase the leverage ratio and the counter-cyclical capital buffers when the economy is over-exuberant in order to push back against it – as the previous Governor of the Bank of England said, to remove the punch bowl while the party is still in full flow. That is incredibly important. We are also reducing dependence on debt. Since the financial crisis, the UK banking system has been forced significantly to strengthen its capital and liquidity position, and it is continuing to do so.

I must stress, however, that regulation alone will never be enough, which is why the Government are promoting choice, competition and diversity. I am delighted that 25 new banks are talking to the Prudential Regulatory Authority about getting a bank licence. We are also making strong efforts to promote the mutual sector; to enhance the capacity of credit unions to serve the real economy better; to enable booster funding for small businesses; to help families; and to improve customer service. We have put in place schemes to help the transmission of money from banks to customers, including the funding for lending scheme, which has lowered the price and increased the availability of credit for small and medium-sized businesses. As I think the hon. Member for Newcastle upon Tyne North said, we have also created the British business bank, which is helping finance markets work better for small firms, and are investing much resource and effort to build that up and help businesses in our economy.

We also have a programme of measures to increase competition in the SME lending market, including flagship proposals to open up access to SME credit information, which will help challengers to get in on the act, and to have banks pass on declined applications for finance to challenger banks. In addition, we now have an appeals process whereby small businesses turned down for funding can get a second chance, which has secured an additional £42 million of lending since its launch. These are all measures to help small businesses access finance. Then, to mitigate the problem of house price bubbles, we are putting in place supply-side reforms to promote home building and home owning, as well as measures enabling the PRA to limit the amount of lending that households can take on.

I agree with Members on both sides of the House, however, that we should not be content with the system as it stands. We must seek to improve it and make it function better. In Mark Carney, we have an excellent central banker who has the experience and knowledge to put the right reforms in place and see them through. As he says:

"Reform should stop only when industry and society are content, and finance justifiably proud."

In the medium to long term, we need to create a culture where research and analysis do not shy away from going against the orthodoxy. As hon. Members across the House have said, we need to consider alternatives, and we should be having that discussion; it is healthy to do so, because that is how to make progress. For that reason, the call from Andy Haldane, the Deputy Governor of the Bank of England, for a broader look at new and existing monetary ideas is exactly right.

Mr Meacher:

I am pleased the Minister thinks that alternative ways of improving the monetary system should be explored. Will she support the idea of a setting up a commission to examine the alternatives, as recommended by the hon. Member for Richmond Park (Zac Goldsmith), as well as by me – so there is some cross-part support on this? Is that not an idea whose time has come?

Andrea Leadsom:

I think that an organisation such as the Treasury Committee, of which my hon. Friend the Member for Wycombe is member, would be entirely the right place to have such a discussion, and of course we also had the Vickers commission, which looked at what went wrong and what measures could be put in place, and the Parliamentary Commission on Banking Standards, which specifically addressed the issue of incentives and motivations in banking. I would not normally advocate the establishment of great new commissions; we already have the bodies to look further at different orthodoxies, and as Andy Haldane has said, the Bank itself will be looking at, and encouraging, the exploration of alternative views.

Of course, we also need to continue embracing innovation, both in the "software" of how payments are made and in the "hardware" of new currencies, such as crypto-currencies and digital currencies – both could open up competition and give customers greater choice and access to funding – but we must do so with caution. In November, we published a call for information inviting views and evidence on the benefits and risks of digital currencies so that digital currency businesses can continue to set up in the UK and people can expect to use them safely.

I am the last person who could be described as statist, but I accept that we must always be ruthless in our determination to regulate new ideas that come to the fore, because as sure as night follows day, as new ideas come in, through shadow banking, new lending ideas and so on, some people will seek to manipulate new schemes and currencies for fraudulent purposes. I am absolutely alive to that fact. It is important, therefore, that the Government carry out the necessary research.

The Government believe that the current system, modified and improved with far greater competition, can service the economy best. However, reform is vital. Again as Andy Haldane puts it:

"Historically, flexing policy frameworks has often been taken as a sign of regime failure. Quite the opposite ought to be the case."

We need banks to lend – to young families wanting to buy houses and repay out of future labour income rather than relying on the bank of mum and dad, and to businesses wanting to seize opportunities, gain new markets and create jobs and growth. We have an existing system that offers a forward-looking and dynamic framework in which tomorrow's opportunities are not wholly reliant on yesterday's savings and which builds on banks' expertise in assessing risk and making the lending decisions we badly need. During my 25 years at the heart of the industry, I saw the sector at its best, but sometimes sadly also at its worst. We are trying to remedy the worst, but let us also keep the best.

Steve Baker:

This debate has been a joy at times, and I am extremely grateful to right hon. and hon. Members who helped me to secure it. The right hon. Member for Oldham West and Royton (Mr Meacher) made clear his support for sovereign money. One of the great advantages of such a system is that it would make explicit what is currently hidden – that it is the state that is trying to steer the monetary system – and if such a system failed, it would at least be clear that it was a centrally planned monetary order that had failed.

The hon. Member for Clacton (Douglas Carswell) talked about the ownership of deposits, and I was glad to support his private Member's Bill. I am reminded of the intervention from the hon. Member for Hackney North and Stoke Newington (Ms Abbott), who talked about deposit insurance. One of the problems, as seen in Cyprus in the context of depositor "bail-ins," is that deposits are akin to a share in a risky investment vehicle, so a little more clarity about what a deposit means and what risks depositors take could go a long way.

My right hon. Friend the Member for Hitchin and Harpenden (Mr Lilley) highlighted one of the greatest controversies among free marketeers – whether or not fractional reserve deposit taking is legitimate.

The hon. Member for Great Grimsby (Austin Mitchell) mentioned Major Douglas, which he will have seen put a smile on my face. Major Douglas was dismissed as a crank, even by Keynes who dismissed him in his writing as a "private." This highlights the fact that the possible range of debate is enormous.

I would like to leave my final words with Richard Cobden, the Member representing Stockport back in the time when this was also a big issue. He said:

"I hold all idea of regulating the currency to be an absurdity; the very terms of regulating the currency…I look upon to be an absurdity."

The currency, for him, "should be regulated by the trade and commerce of the world."

I wholeheartedly agree.

Question put and agreed to.

Resolved,

That this House has considered money creation and society.

The debate can be seen online at www.youtube.com/watch?v+EBSlSUIT-KM and read at http://bit.ly/1rqvLxQ.

Reflection

We shall return to this item in the next issue. The debate, in its entirety, is available on the COMER website, www.comer.org. Readers might find it helpful to read the debate again, between now and then.

Ann Emmett

If the Wynne government can privatize Hydro One, even though it will drive up costs for Ontarians and businesses, what's next?

After twenty years on the front lines of the movement to protect our public health care in Ontario, perhaps I should be more jaded.

But when I read the headlines today announcing the mulish determination of Kathleen Wynne and her government to sell off Hydro One despite all reason, despite overwhelming public opposition and the antimony of both the Conservatives and the NDP, despite expert assessments warning of higher costs, and regardless of the fact that it is privatization of the management of our electricity grid for goodness sake – I almost can't believe it.

We should all be up in arms.

If Wynne is willing to give away public hydro what will she not privatize?

If I seem angry, that's because Wynne ran an entire election campaign on investing in public services, not cutting them. She's supposed to be better than this. She never once mentioned forcing through the largest privatization in Ontario's history.

She has no mandate. None.

Not for this. And not for what she has been doing to the health care system.

So far, this government seems hell-bent on dismantling public hospitals too. No amount of evidence that the cuts have gone too far moves them. Not gridlocked hospitals with patients suffering the indignity of lying on stretchers for days in hallways. Not patients discharged at all hours of the day or night though they are practically at death's door.

And while we've stymied the government's attempt to cut wholesale all the surgeries, all outpatient clinics, and diagnostics from Ontario's hospitals and contract them out to private clinics (thanks to the intervention of a fairly progressive Health Minister, I think) we still have a long way to go to stop it fully.

Every week I hear of more private clinics doing hospital work. At the health coalition we are inundated daily with stories from patients who are compelled to pay hundreds or even thousands of dollars in unlawful user fees at these clinics.

But I digress.

This week, the Financial Accountability Officer for the Ontario Legislature warned in a report that the province will be in worse economic shape after the Hydro-One sell off.

He said that the money the province will get for the privatization scheme is nowhere near what they projected, and that it may well end up *increasing* the province's debt, not reducing it. This, after recent weeks of news reports that the salary of Hydro One CEO has swelled to more than $1.3 million since the Wynne government's privatization, and may go as high as $4 million per year.

Premier Wynne's response? A determined, "It's going…"

It may increase the provincial debt and we are all going to pay more for hydro, but she's selling off Hydro One regardless.

It is the same damn-the-torpedoes attitude she showed in response to the Ontario Auditor General's report that gave evidence that Ontario's privatized P3 schemes – mostly privatized P3 hospitals – have cost Ontarians $8 billion more than if the infrastructure was funded publicly with proper management.

Ms. Wynne didn't even bat an eye.

As we're all told that we have to tighten our belts, the privatized P3s are forging full steam ahead. The investors (like the big banks and multinational finance firms, not incidentally – note below when you come to Ed Clark) are laughing all the way to the bank while we watch our local hospitals getting eviscerated.

For Hydro One, the government is claiming that they will take the proceeds and use them to build transportation infrastructure. The pretense is that Hydro One and Public Transportation Infrastructure are like a teeter totter. We have to cut funds from one to raise them for the other. There is, according to this framing of the issues, no other conceivable way to raise funds for transit and roads.

(What about an "Ontario Moves" public transportation bond-issue? Where are the optional tax proposals priced-out and compared to the apparent no-benefit high-risk sell-off of Hydro One?)

For Kathleen Wynne, apparently the expertise of the Legislature's Financial Accountability Officer has nothing on TD Financial's Ed Clark.

Clark, the so-called financial "guru" – a horrible misappropriation of that term – who came up with the sell-off scheme, is, not-so-incidentally, the father of Bert Clark, the CEO of Infrastructure Ontario (the privatized P3 arm in the Ontario government).

Bert (son) will be in charge of the Hydro One sale. How cozy.

Ed Clark (father), like Don Drummond before him, and like all the boatloads of consultants and experts that they use to justify hospital cuts, is the front-man, in place to provide "expert" cover for the privatization plan.

And while we will all pay more for hydro, along with every local business and some big ones as well, Bay Street loves the hydro privatization scheme. Go figure.

Wynne's message is clearly designed to end the debate…. It's happening, no matter what we think.

But what if we refused to just let her get away with it? What if *every single* one of us called our local MPP over the weekend and told them, just one line: "Do everything in your power to stop the sell-off of Hydro One. I will be watching and I will vote on it come the next election."?

What if we really did that? What if we all demanded a referendum? After all we are supposed to be the owners of Hydro One.

Maybe it would amount to nothing. But it will certainly help make sure that they don't think they can get away with these things easily.

I, for one, cannot just sit back and watch this happen. If they can get away with privatizing Hydro One, I shudder to think what they'll think they can do to our hospitals.

Natalie Mehra, Executive Director, Ontario Health Coalition

P.S. Here's the list of MPPs: www.ontla.on.ca/lao/en/getting-involved/contact-an-mpp. I'm calling mine right now. I hope you call yours.

Our Comment

A few months ago, Kathleen Wynne was quoted in the *Toronto Star* bemoaning the fact that the federal government had withdrawn from funding infrastructure the way it used to.

Article 18(j) of the *Bank of Canada Act* enables the central bank "to make loans to the Government of Canada or the government of any province."

Article 14(2) states that, "If…there should emerge a difference of opinion between the Minister and the Bank concerning monetary policy to be followed, the Minister may…give the Governor a written…and the Bank shall comply with that directive."

Between 1938, when our central bank was nationalized, and 1974, the government used that power to help fund physical infrastructure like the Trans Canada Highway and the St. Lawrence Seaway, and social infrastructure like old age pensions and universal Medicare (without creating undue price inflation, or federal debt!).

Alas, this policy was abandoned after Canada joined the Basel Committee of the Bank for International Settlements. Instead, the government has borrowed from private banks, generating a federal debt whose interest is now the government's single largest budget expenditure – larger than health care, senior entitlements or national defence.

Fortunately, Ms. Wynne is on good terms with our new prime minister, Justin Trudeau. Better she should seek a loan from the feds at near zero interest than sell the "family jewels."

But then, the Liberals have been planning to establish a new infrastructure bank. Do they not know that they already have one? Or is that plan a sneaky end-run manoeuvre to operate a private bank rather than the public central bank we already own?

Élan

Russian Government Completely Bans GMOs in Food Production

By Anthony Gucciardi, Natural Society, October 1, 2015

Russia has just announced a game-changing move in the fight against Monsanto's GMOs, completely banning the use of genetically modified ingredients in any and all food production.

In other words, Russia just blazed way past the issue of GMO labeling and shut down the use of any and all GMOs that would have otherwise entered the food supply through the creation of packaged foods (and the cultivation of GMO crops).

"As far as genetically-modified organisms are concerned, we have made decision not to use any GMO in food productions," Deputy PM Arkady Dvorkovich revealed during an international conference on biotechnology.

This is a bold move by the Russian government, and it sits in unison with the newly-ignited global debate on GMOs and the presence of Monsanto in the food supply. It also follows the highly-debated ruling by the World Health Organization that Monsanto's glyphosate-based Roundup is a 'probable carcinogen.'

But I also want to put it into perspective for you. If this announcement were to be made in the United States, for example, it would mean a total transformation of the food manufacturing industry. But in Russia, the integration of GMOs is not close to the same level as in the US.

We know that, in the United States, 90 plus percent of staple crops like corn are genetically modified, along with 94 percent of soybeans and 94 percent of cotton. A ban on GMOs in food production would radically change the entire food supply. In Russia, however, the country is much more poised for a GMO food revolution (Center for Food Safety).

As RT reports: "According to official statistics the share of GMO in the Russian food industry has declined from 12 percent to just 0.01 percent over the past 10 years, and currently there are just 57 registered food products containing GMO in the country. The law ordering obligatory state registration of GMO products that might contact with the environment will come into force in mid-2017."

President Vladimir Putin believes that he can keep GMOs out of the country, even while staying in compliance with the World Trade Organization's (WTO) commandments. In a past meeting addressing the members of the Board of the Russian Federation Council he stated:

"We need to properly construct our work so that it is not contrary to our obligations under the WTO. But even with this in mind, we nevertheless have legitimate methods and instruments to protect our own market, and above all citizens."

❧ ❧ ❧

Our Comment. If "freedom is participation in power," how free are we, if trade deals prevent us from participating in a decision about the genetic modification of the food we eat? *Élan*