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BREXIT OR FIXIT!

Hudson on the Brexit

By Michael Hudson, Real News Network, June 25, 2016

GREGORY WILPERT, TRNN: Welcome to the Real News Network. I'm Gregory Wilpert, coming to you from Quito, Ecuador.

Britain's referendum in favor of leaving, or exiting, the European Union, the Brexit referendum, as the results are known, won with 52 percent of the vote on Thursday, June 23, stunning Europe's political establishment. One of the issues that has raised concern for many is that what does the Brexit mean for Britain's and Europe's economy and politics. This was one of the main topics leading up to the referendum, but a lot of disinformation [reigned] in the discussion.

With us to discuss the economic and political context of the Brexit is Michael Hudson. He is a research professor of economics at the University of Missouri-Kansas City, and author of *Killing the Host: How Financial Parasites and Debt Destroy the Global Economy*. Also, he is an economics adviser to several governments, including Greece, Iceland, Latvia, and China. He joins us right now from New York City.

Thanks, Michael, for joining us.

MICHAEL HUDSON: Good to be here again.

WILPERT: So let's begin with the political context in which the Brexit vote took place. Aside from the right-wing arguments about immigrants, economic concerns, and about Britain's ability to control its own economy, what would you say – what do you see as being the main kind of political background in which this vote took place?

HUDSON: Well, almost all the Europeans know where the immigrants are coming

from. And the ones that they're talking about are from the near East. And they're aware of the fact that most of the immigrants are coming as a result of the NATO policies promoted by Hillary and by the Obama administration.

The problem began in Libya. Once Hillary pushed Obama to destroy Libya and wipe out the stable government there, she wiped out the arms – and Libya was a very heavily armed country. She turned over the arms to ISIS, to Al-Nusra, and Al-Qaeda. And Al-Qaeda used these arms under US organization to attack Syria and Iraq. Now, the Syrian population, the Iraqi population, have no choice but to either emigrate or get killed.

So when people talk about the immigration to Europe, the Europeans, the French, the Dutch, the English, they're all aware of the fact that this is the fact that Brussels is really NATO, and NATO is really run by Washington, and that it's America's new Cold War against Russia that's been spurring all of this demographic dislocation that's spreading into England, spreading into Europe, and is destabilizing things.

So what you're seeing with the Brexit is the result of the Obama administration's pro-war, new Cold War policy.

WILPERT: So are you saying that people voted for Brexit because they are really – that they were concerned about the influence of the US? Or are you saying that it's because of the backlash, because of the immigration that happened, and the fact that the right wing took advantage of that [crosstalk].

HUDSON: It's a combination. The right wing was, indeed, pushing the immigrant issue, saying wait a minute, they're

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threatening our jobs. But the left wing was just as vocal, and the left wing was saying, why are these immigrants coming here? They're coming here because of Europe's support of NATO, and NATO's war that's bombing the near East, that is destabilizing the whole Near East, and causing a flight of refugees not only from Syria but also from Ukraine. In England, many of the so-called Polish plumbers that came years ago have now gone back to Poland, because that country's recovered.

But now the worry is that a whole new wave of Ukrainians – and basically the US policy is one of destabilization – so even the right-wing, while they have talked about immigrants, they have also denounced the [inaud.] fact that the European policy is run by the United States, and that you have both Marine Le Pen in France saying, we want to withdraw from NATO; we don't want confrontation with Russia. You have the left wing in England saying, we don't want concentration in Russia. And last week when I was in Germany you had the Social Democratic Party leaders saying that Russia should be invited back into the G8, that NATO was taking a warlike position and was hurting the European economy by breaking its ties with Russia and by forcing other sanctions against Russia.

So you have a convergence between the left and the right, and the question is, who is going to determine the terms on which Europe is broken up and put back together? Will it simply be the right wing that's anti-immigrants? Or will it simply be the left saying we want to restructure the economy in a way that essentially avoids the austerity that is coming from Brussels, on the one hand, and from the British Conservative Party on the other.

And again, you have Geert Wilders, the leader of the Dutch nationalists, saying, we want Holland to have its own central bank. We want to be in charge of our own money. And under Brussels, we cannot be in charge of our own money. That means we cannot run a budget deficit and spend money into the economy, and recover with a Keynesian-type policy.

So the whole withdrawal from Europe means withdrawing from austerity. If you look at the voting pattern in London, in England, you had London to stay in. You had the university centers, Oxford and Cambridge, voting to stay in. You had the working class, the old industrial areas of the north and the south. You had the middle

class and the industrial class saying, we're getting a really bad deal from Europe. We want to oppose austerity. And we don't want Brussels to give us not only the anti-labor, pro-bank policies, but also the trade policy that Brussels was trying to push onto Europe, the Obama trade agreement that essentially would take national economic policy out of the hands of government and put it into the hands of corporate bureaucracy, corporation courts. And the bureaucracy in Brussels, then, is largely pro-bank, pro-corporate, and anti-labor.

WILPERT: That actually brings up the issue of the Transatlantic Trade and Investment Partnership, or the TTIP. It was one of the things that the Cameron government was really pushing for, this relationship between the European Union and the United States. Now that Britain is presumably going to be leaving the European Union, don't you think that this might open the possibility of just a TTIP between Britain and the United States? In other words, that it will – it has been one of the arguments, actually, of those who were opposed to Britain leaving the EU, that it will tie Britain even closer to the United States than it was before, and by virtue of the fact that it's leaving Europe.

HUDSON: I think just the opposite. I've gotten phone calls today from Britain, and I've been on radio with Britain. The whole feeling is that this makes the TTIP impossible, because you can't do a TTIP just with Britain. You have to do it with all of Europe. And this prevents Europe, and I think Britain, too, from making this kind of trade policy. The rejection of eurozone austerity is, essentially, a rejection of the neoliberal plan that the TTIP is supposed to be the capstone of.

WILPERT: And what do you think this means, then, in general for Europe's future? One of the things that – one of the dangers that many perceive is precisely that Europe, as a European Union, is going to fall apart. Do you think that's the likely scenario here? Or –

HUDSON: I watched Marine Le Pen today in France, and you could see from her face that she was overjoyed. She thinks all of a sudden, almost every European interview where the people – there was such unleashing of a feeling of freedom, a feeling of yes, we can do it. When Ireland voted not to join the European Union people just ignored the popular vote. But now it can't be ignored anymore.

And I think that the British vote is a catalyst for moves in Spain, Italy, the Five

Star movement in Italy, the Podemos in Spain, to say, we are – we have an alternative to Europe. Europe is sort of like the Soviet Union in the '30s and '40s. There was an argument, is it reformable or not? There is a feeling, and I think it's correct, that the European Union, the eurozone, and the euro, is not reformable, as a result of the Lisbon treaties and the other treaties that have created the euro. Europe has to be taken apart in order to be put together not on a right-wing, neoliberal basis, but on a more social basis.

Now, ironically, the parties who call themselves socialists are now moved to the ultra-right, to the neoliberal. The French socialists, the German social democrats. But you're having real radical parties arise in Italy, Spain, Portugal, and potentially in Greece, again, that are going to say, well, the key of any government, of any national government, has to be the ability to issue our own money, to run a deficit, spending into the economy to make the economy recover. We cannot recover under the Lisbon agreements, under the eurozone, where the central bank will only create money to give to banks, not money to spend into the economy, to actually finance new investment and new employment. And we cannot be part of a eurozone that insists that pensions have to be cut back in order to make the banks whole and save the one percent losing money.

So for the first time you're having the real left wing in Europe talking about financial issues, not about political philosophy, or the fact that countries are not going to go to war again. Nobody ever believes that France, Germany, and other countries in Europe are going to go to military war again. There is a fear that the countries in Europe may go to war against Russia, pushed by NATO, pushed by adventurism of the US stance towards Russia.

And so all of a sudden the eurozone that was supposed to be a bulwark of military peace has become belligerent, and even more so if Hillary would win in the United States. And there's a feeling we do want

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.

ESSENTIAL BACKGROUND

IN HIS LATEST BOOK, *And the Poor Suffer As They Must?*, Yanis Varoufakis, former finance minister of Greece, argues that the poor should not, need not – indeed – had better not suffer. He traces the history of the European Union from its inception to the present, laying bare the inherent flaws responsible for its current crisis.

The EU, he explains, was structured around the Bretton Woods system, so called because that's where the model was agreed upon at the end of WWII.

There were two global systems proposed at Bretton Woods. The eminent British economist, John Maynard Keynes, "advocated a global system that could stabilize capitalism for a fabulously long time." The American negotiator, Harry Dexter White, promoted "a system consistent with the United States' new found strength but that was viable only as long as America remained the surplus nation extraordinaire." The American proposal prevailed.

The new system was tied to gold, a feature Keynes held to be "a dangerous throwback to a dismal past." Varoufakis explains how this blew up in 1971, when the US ceased to be surplus nation, and could no longer sustain the gold standard. Richard Nixon took the US off the gold standard. "Thus Europe was jettisoned in 1971 from the dollar zone by a US intent on preserving its hegemony and unwilling to turn to austerity to save Bretton Woods."

He goes on to explain how the knee-jerk reactions of Europe's leaders to that "led them from one error to the next, culminating, forty years later, in Europe's current circumstances."

These errors included their "ill-conceived euro." In fact, he cites that as the specific cause of the Eurozone crisis. "European peoples who had hitherto been uniting so splendidly, ended up increasingly divided by a common currency" – a paradox that is the central theme of his book. "European nations tried to huddle together" but the badly designed euro "turned into toxic bailouts with devastating effects."

Another chief flaw was the "great difference between Britain and countries like Greece. Gordon Brown could rely on the Bank of England to pump out the cash needed to save the city; Eurozone governments had a central bank whose charter did not allow it to do the same. Instead, the burden of saving the income bankers fell on the weakest of citizens. Bailout loans were given under conditions of income-sapping austerity that further weakened the weak taxpayers on whom the whole edifice was leaning."

Though certainly no fan of Margaret Thatcher's, Varoufakis credits her with "[hitting] the nail on the head regarding the nature of Europe's monetary union." He writes of "her last stand in a now famous cabinet meeting at 10 Downing Street, in 1990," when she squared off against "a pack of...cabinet ministers hell-bent on toppling her." At issue was Europe's monetary union. "She wanted none of it. They were keen to hook Britain's Sterling to the European monetary system. Thatcher proclaimed that if she had her way, "there would be no European Central Bank accountable to no one, least of all to national parliaments because under that kind of central bank there would be no democracy, and the central bank would be taking powers away from every single parliament and would be able to have a single currency and a monetary policy and an interest rate policy that takes away from us all political power."

Varoufakis comments that "the notion that money can be administered apolitically, by technical means alone, is dangerous folly of the greatest magnitude."

"Thatcher's precious point," he says, "was that controlling interest rates and the supply of money is a quintessentially political activity which, if taken out of the purview of a democratically elected parliament, would occasion a steady descent into authoritarianism."

The European Union was the dream of nations much chastened by the latest in a long history of international violence, longing for a peaceful coexistence built on "common values and human principles."

Alas, the model could not withstand the pressures emanating from the 'Nixon shock' and 2008, and "before long the working class in one nation turned against the working classes of all nations, looking to protectionism for success."

These new divisions remind us, Varoufakis points out, that "it would be foolhardy to forget how Europe has managed, twice in the past century, to become so unhinged as to inflict stupendous damage upon itself and the world."

"With every toxic bailout, with each triumph of the Eurogroup over a democratically elected government," Varoufakis warns, "Europe is pushed further into a dark and arid future."

Against this context, much of the commentary on Brexit seems superficial and singularly pessimistic. However, in their "*Modest Proposal For Resolving the Eurozone Crisis*" Yanis Varoufakis, Stuart Holland, and James Kenneth Galbraith, reflect hope that "serious dialogue and the readiness to return to the drawing board" can resuscitate the "dream" (page 255).

"I think we can pull it off," writes Varoufakis, "but not without a break from Europe's past and a large democratic stimulus that the fathers of our European union might have disapproved of."

It would seem that the member states of the EU have only two options: *Brexit* or *Fixit*.

Élan

peace. That means we have to withdraw from the eurozone. And essentially, withdrawing from Brussels means withdrawing from NATO and withdrawing from the United States.

So you could say that the vote to withdraw from Europe is, it's really a vote of the British middle class, the working class, to withdraw from the US neoliberalism that has been running Europe for the last ten years.

WILPERT: Okay. Unfortunately we've run out of time, but thanks so much, Michael, for your insight on this. I'm sure we'll come back to you again, as we always do. So thanks again for joining us.

HUDSON: Good to be here.

WILPERT: And thank you for watching the Real News Network.

Brexit and the Derivatives Time Bomb

By Ellen Brown, *Web of Debt Blog*, July 2, 2016

Brexit could trigger a \$500 trillion derivatives meltdown, by forcing the EU to allow insolvent member governments and banks to write down debt. Italy is in financial crisis and is already petitioning for that concession. How to avoid collapse of the massive derivatives house of cards? Alternatives are considered.

Sovereign debt – the debt of national governments – has ballooned from \$80 trillion to \$100 trillion just since 2008. Squeezed governments have been driven to radical austerity measures, privatizing public assets, slashing public services, and downsizing work forces in a futile attempt to balance national budgets. But the debt overhang just continues to grow.

Austerity has been pushed to the limit and hasn't worked. But default or renegotiating the debt seems to be off the table. Why? According to a June 25 article by Graham Summers on ZeroHedge: "...EVERY move the Central Banks have made post-2009 has been aimed at avoiding debt restructuring or defaults in the bond markets. Why does Greece, a country that represents less than 2% of EU GDP, continue to receive bailouts instead of just defaulting?"

Summers' answer – *derivatives*: "[G]lobal leverage has exploded to record highs, with the sovereign bond bubble now a staggering \$100 trillion in size. To top it off, over \$10 trillion of this is sporting *negative yields* in nominal terms...."

"Globally, over \$500 trillion in derivatives trade [is] based on bond yields."

But Brexit changes everything, says Summers. Until now, the EU has been able to reject debt forgiveness as an alternative, using the threat of financial Armageddon if the debtor country left the EU. But Britain has left, and Armageddon hasn't hit. Other Eurozone nations can now threaten to do the same if they don't get debt forgiveness or a restructuring.

The First Domino — Italy

That has evidently started happening, with Italy as the first challenger of EU rules. On June 27, Ambrose Evans-Pritchard reported in the UK Telegraph that the first serious casualty of the Brexit contagion had struck. The Italian government is preparing a €0 billion rescue of its financial system, as Italian bank shares collapse. The government is now studying a direct state recapitalization of Italian banks, to be funded by a special bond issue. They also want a moratorium of the bail-in rules and bondholder write-downs, although those steps are prohibited under EU laws.

According to a June 28 editorial on ZeroHedge titled "The First Casualty of Brexit": "The likely outcome is that Italy's [prime minister] Renzi will be "forced" to take matters into his own hands and



Ronnie Napoleon Pereira

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enact a unilateral sovereign rescue of the Italian banking system in defiance of the EU, unless he wins concessions soon from Brussels. Those who know him say he will not go down in flames for the sake of European ideological purity.

"As a result, Brexit will be just the scapegoat used by Renzi and Italy to circumvent any specific eurozone prohibitions. And if it fails, all Renzi has to do is hint at a referendum of his own. Then watch as Merkel scrambles to allow Italy to do whatever it wants, just to avoid the humiliation of a potential 'Italeave.'"

Behind the Italian Collapse: Brexit or Bail-ins?

The ZeroHedge editorial questions whether Brexit was actually the cause of the Italian collapse. The banks were already in serious trouble. A good crisis was just needed so that EU rules could be suspended without admitting they were unworkable all along; and Brexit fit the bill. But the real trigger of the collapse seems to have been the bail-in scheme implemented in January 2016. According to ZeroHedge: "The new bail-in reform this year has brought matters to a head, catching EU authorities off guard. It was intended to protect taxpayers by ensuring that creditors suffered major losses first if the bank gets into trouble, but was badly designed and has led to a flight from bank shares. The Bank of Italy has called for a complete overhaul of the bail-in rules...."

"The banking squeeze has become politically explosive in Italy after thousands of small depositors were wiped out at four regional banks late last year. They were classified as junior bondholders even though most of them were just ordinary savers who did not realize what was being done with their money."

The bail-in scheme was supposed to shift losses from governments to bank creditors and depositors, but it has served instead to scare off depositors and investors, making shaky banks even shakier. On top of that, heightened capital requirements have made it practically impossible for Italian banks to raise capital. According to Lorenzo Cordogno, former director general of the Italian Treasury, the

result has been that the ECB is “unwittingly destabilizing the banks in an overzealous attempt to make Europe’s banks safer.”

But EU rules have been flexible in “emergencies.” Before the Eurozone debt crisis of 2011-12, the European Central Bank was forbidden to buy sovereign debt. Then Greece and other southern European countries got into serious trouble, sending bond yields (interest rates) through the roof. But default or debt restructuring was not considered an option. The ECB finally got on the quantitative easing bandwagon and is now buying government debt along with other financial assets at the rate of €80 billion per month.

According to Evans-Pritchard, Brexit has not yet caused serious trouble in the debt markets, because this new QE policy has allowed the ECB to cap bond yields. Rather than deal with a very awkward Italeave, the EU could cave on its bail-in and bailout rules as well.

Time for a Reset

That may get Italy out of the woods, but the system is clearly broken. A \$500 trillion derivatives time bomb poised atop a \$100 trillion mountain of debt is not a stable situation. It’s time to push the reset button, but how? Bailouts and bail-ins have been tried and proved wanting. But a debt “jubilee” – simply canceling the debt – would devastate creditors and collapse the massive derivatives bubble.

All else having failed, it may be time to do what should have been done all along: convert “sovereign debt” into “sovereign money.” The “event of default” triggering a derivatives meltdown can be avoided by simply paying the debts with money issued by the government.

A government oppressed by “sovereign” debt is not really sovereign. A sovereign government has the power to issue money and need not go into debt at all. But EU member governments have lost that sovereign power. They are unable to issue their own money or borrow money issued by their own central banks. If they leave the EU, they can get that power back for future expenditures; but their existing debt is in euros, and only the ECB has the power to convert bonds into euros.

In fact that is what it does when it buys government bonds with QE. The problem with QE as currently practiced is that the bonds remain on the central bank’s books, “sterilizing” their effect on the market. The idea is to be able to sell them back into the

market should inflation become a problem. But that means the bonds are still counted as debt for purposes of balancing national budgets, forcing continued austerity, cutbacks and privatization. If the bonds were bought back and voided out, national governments would be free to spend again. QE doesn’t need to be unwound by selling bonds into the market. If the money supply grows too large, money can be pulled back with taxes, interest or fees.

The invariable objection to paying off the debt with central bank-issued money is that it would lead to hyperinflation. But would it? Government bonds are already classified as “near money” – so liquid that they are readily exchangeable for cash. Turning them into cash is little different from moving money from your savings account to your checking account. One draws interest and the other doesn’t, but cashing out the savings account doesn’t make you any richer than before. It doesn’t propel you to spend more on goods and services, driving consumer prices up.

If people and governments *were* incentivized to spend more, however, that would actually be a good thing. Consumer markets need more demand today. The way to stimulate economies is to get money into the pockets of people who will spend it. Demand (money) stimulates supply (productivity). Before QE can stimulate the real economy, it has to make it into the real economy. If the goal of the EU is to hold itself together and avoid a derivatives meltdown, some QE that actually got into the hands of the people could be just the ticket.

Ellen Brown is an attorney, Founder of the Public Banking Institute, and author of twelve books including the best-selling Web of Debt.

Brexit: Brits Lead Anti-Establishment Rebellion in European Departure

By David Haggith, The Great Recession Blog, June 24, 2016

Regardless of the extent to which global fear mongers are right about the economic catastrophe that will hit every shore of the world after the Brexit, the most significant fact of the Brexit will be that the UK was the first nation to start the inevitable break-up of the EU. I have said since its beginning it cannot and will not hold together.

The Brexit vote is clearly the most massive anti-establishment groundswell in decades. We can thank the Brits for having a stiffer

upper lip than the Greeks when it comes to risking the pain that will come from this life-changing, nation-changing international divorce. And, of course, there will be pain and lots of it from such a major but vital course correction, just as there will be a lot of pain when the entire global economy meets its inevitable collapse.

Already, that pain is arriving in torrents around the world, just as the rain poured down on England on Brexit voting day, so it is not as if the fear mongers were wrong. One has to expect that a section of the European continent falling off politically will create tsunamis.

Pain of the Brexit Already Felt Everywhere

One of the biggest fears is that Brexit will create waves of similar break-offs from the already deeply fractured Europe. And overnight the run-up of market crashes on foreign shores looks a lot like 2008. Before the day began in most of the US, *Bloomberg* reported the following list of major tidal changes around the world: (Here’s an abridged version.)

- British pound falls as much as 11 percent to \$1.3229, weakest since 1985....
- Japan’s Topix index leads Asian stock losses, down more than 7 percent
- FTSE 100 Index futures tumble 9 percent; contracts on Euro Stoxx 50 slide 11 percent
- S&P 500 Index futures slump as much as 5.1 percent, the maximum move allowed
- Yield on 10-year Treasuries drops 29 basis points to 1.46 percent, set for biggest daily decline since 2009....
- New York crude oil retreats 5.1 percent to \$47.56 a barrel, poised for biggest loss since February
- Gold rallies as much as 8.1 percent to \$1,358.54 an ounce, highest since March 2014....
- Poland’s zloty dropped by the most since 1993

The British pound’s plunge is its greatest one-day loss ever. The largest prior to that was the 1992 drop of 4.1 percent. That’s when the pound was pressured out of Europe’s exchange-rate mechanism. The euro’s fall overnight was its worst since it was introduced in 1999.

The E-Mini Dow fell about 700 points upon the news as of midnight. London’s stock market plunged 8%.

Standard and Poor’s has already stated that Britain may lose its AAA credit rating as a result of the Brexit vote.

The financial seismic shift is so great that Bloomberg also reported the following overnight results from the surprise 52-48 vote in favor of the Brexit:

"It's scary, and I've never seen anything like it," said James Butterfill, head of research and investments at ETF Securities, said by phone from London.... *"A lot of people were caught out, and many investors will lose a lot of money."* *"Overall liquidity in the UK is drying up as we speak in a very rapid way,"* said John Woods, chief investment officer for Asia-Pacific at Credit Suisse Private Banking, told Bloomberg TV in Hong Kong. *"It's highly likely that we see monetary easing in a coordinated response from central banks across the world...."* The euro slumped 3.2 percent, while currencies in Norway, Sweden and Turkey posted even steeper losses. Japan's currency jumped by the most since 1998 versus the dollar. *"All hell is breaking loose,"* says Vishnu Varathan, a senior economist in Singapore at Mizuho Bank Ltd. *"The only surefire is you buy yen, you buy US Treasuries, you buy gold, and you sit tight." ...A gauge of where bank borrowing costs will be in the months ahead, known as the FRA/OIS spread, hit the most extreme level since 2012 on Friday in Asia....* *"Equity futures, gold, UK bank and insurance stocks are all sounding off their market stress sirens...."* *"We would expect the Bank of England to immediately add liquidity in extra size today, and the ECB will follow. USD swap lines with the Federal Reserve may be used, and other central banks will be on alert."*

Clearly, most pollsters were wrong, as almost all were predicting the Brexit vote would end with the UK remaining in the European Union. Markets around the world aligned themselves with those polls to be ready for the outcome. That makes the overnight financial disasters hard to assess in terms of how severe all of this is for the longer-term, as clearly there were a lot of positions being hastily corrected. Cooler heads may prevail in a couple of days after the dust settles.

Of course, I've been pointing out for a long time that many massive negative forces have been stacking up in the global economy. I've pointed out that, as more of those possibilities – like a Grexit or Chinese crash or a Japanese crash...or the Brexit – pile up, the number of actual assaults against a failing global economy will increase. It's a simple matter of great odds stacking up against the global economy, which is deeply flawed at a structural level. It was always a

matter of which orbiting bolide would hit the earth first.

Anti-establishment Fervor Behind Brexit Vote Seized the Reins of Power

Many politicians pointed to the anti-establishment nature of the vote, which had a lot of dedication behind it. Voter turnout was the highest it's been since 1992 with 72% of the voting populous making it to the polls in spite of severe rainstorms and flooding. Many thought those who wanted to leave the EU were stronger in their desire to leave, while those wanting to stay may have tended to be little softer and less apt to brave the inclement weather. Even before the polls closed, talk was that the bad weather would tend to help the cause of the more stalwart "leave" voters; but that speaks only of the passion for leaving and lack of passion for remaining.

The weather and how it would differently effect voters of different passion could be why the final vote turned out so much different from what pollsters had predicted. Only Scotland and London voted decisively in favor of remaining in the EU with London voting 60-40 in favor of staying in the European Union.

The rest of the UK turned out a landslide vote for leaving the EU with some regions voting as high as 60% in favor of leaving the EU. That was a much stronger run for the exit than anyone (even the "leave" campaigners) expected.

One can safely say that London is the establishment, just as Washington is the establishment in the US. So, the establishment went solidly with Europe, while the rest of the country went solidly against the establishment.

The vote in Scotland could presage more troubles between Scotland and the rest of the UK as Scotland has long threatened its own exodus from the UK. Those feelings of leaving in order to stay with the EU may now be heightened.

"Scotland's First Minister Nicola Sturgeon has said that the EU vote 'makes clear that the people of Scotland see their future as part of the European Union.'" (BBC)

Obviously, the majority of Brits didn't care what establishment politicians Obama or Hillary had to say. Both had cautioned strongly against a Brexit, as had the International Monetary Fund. Donald Trump, on the other hand, supported the campaign to leave. It would appear that the same groundswell that is rising behind Donald

Trump in the US is rising to even greater heights in the UK, willing to take on far more severe risks in order to escape the clutches of the European establishment.

It would appear Trump has more foreign-policy credibility than Obama because, while in Scotland, Trump said, "I would personally be more inclined to leave, for a lot of reasons like having a lot less bureaucracy.... But I am not a British citizen. This is just my opinion." (Breitbart)

He seems more in synch with the British people.

Perhaps no one is more qualified to say what the British exit vote was all about than its lead campaigner, British politician Nigel Farage: "If the predictions now are right, this will be a victory for real people, a victory for ordinary people, a victory for decent people. We have fought against the multinationals, *we have fought against the big merchant banks, we have fought against big politics, we have fought against lies, corruption and deceit.* And today honesty, decency and belief in nation, I think now is going to win. And we will have done it without having to fight, without a single bullet being fired.... Win or lose this battle tonight, *we will win this war, we will get our country back, we will get our independence back and we will get our borders back.*" (*The Daily Mail*)

Notice how closely these issues parallel Trump's.

The opposition more or less agreed with the anti-establishment nature of the Brexit vote and showed that the vote has the establishment's attention: "Work and Pensions Secretary Stephen Crabb, a supporter of ties to the EU, said the 'white working class' appeared to be voting out. 'In those areas which are strongly perhaps white working class there will be a strong vote for Out and that's something as a Government we need to respond to,' he said. 'Clearly, I think one of the features of this referendum are some of those social divisions and clearly as a Government, as a political class, all parties, we need to show that we're responding to that.'"

Even though the Labour party was expected to vote two-thirds in favor of remaining, "Ex Labour leader Ed Miliband said a Remain majority would be 'a vote for staying in the EU, but not a vote for the status quo in this country. It's important David Cameron listens to that.... Whatever happens, the country will need to come together, there will need to be healing. It's a nation divided and the PM will have a big responsibility – particularly if it's a Remain

win – to show he understands what people are saying on the Leave side of the argument. Labour faces that responsibility too. As far as Labour voters are concerned, there are two issues. There is obviously immigration, but beneath that there is a whole set of issues about people's lives and the fact that they don't feel politics is listening to them.”

So, an enormous change happened in a single day because people finally got so sick of the establishment that they would bear any risk and all the pain that will likely come from their decision in order to break from the status quo. The price to the European establishment for running its undemocratic course for forty years is a complete break away by one of its major nations and most vital economies.

And the cost to the one politician who was the leading champion of remaining in the EU – Prime Minister David Cameron – is that he resigned this morning.

But, of course, the European establishment is also shell-shocked, revealing the depth of establishment blindness toward the problems the establishment is creating: “Former Europe minister and Labour MP Keith Vaz told the BBC the outcome would be a ‘catastrophe.’ ‘Frankly, in a thousand years I would never have believed that the British people would have voted this way,’ he said. ‘And they have done so and I think that they voted emotionally rather than looking at the facts. It’ll be catastrophic for our country, for the rest of Europe and indeed the world.’ He added: ‘*The issues of immigration are extremely important, if you look at the campaign I think that there needed to be a much stronger campaign to stay in.*’” (*The Daily Mail*)

Yes, immigration was one of the biggest issues – a problem created and pushed upon the British people by Europe with complete ignorance or indifference to the costs, both cultural and economic, that come with shoving too many divergent people together too quickly. The price for that blind and hard-to-understand push, spearheaded by the apparently blind Angela Merkel, is the first major piece of the European continent breaking away.

The same backlash against that indifference and that “we know better than you” attitude is building here in the US. That’s why we see all the establishment politicians within the Republican party equally surprised at Trump’s enormous success over the many establishment candidates that the party put forward, all of whom were turned away like ripe garbage.

Where Does the UK Go Now that Brexit has been Determined by the Angry Masses?

A leave vote does not mean immediate secession from the EU. Even the “leave” politicians recommend a path that will take a couple of years to complete the divorce. The European nations are so intertwined, there is a great deal of untying of the knot to do: “The government will also have to negotiate its future trading relationship with the EU and fix trade deals with non-EU countries. In Whitehall and Westminster, there will now begin the massive task of unstitching the UK from more than 40 years of EU law, deciding which directives and regulations to keep, amend or ditch.” (BBC)

The Brits prove the establishment can be bucked and that it may pay dearly for ignoring those it considers the ignorant masses. Today, Europe crumbles.

EU Must Still Make a Case for Itself

By Paul Wells, *Toronto Star*, June 25, 2016

Quick – who’s the president of the European Council? How about the president of the European Commission? Which is more powerful? How were they selected? For terms of how long? What countries are they from?

While we’re at it, please discuss the terms *acquis communautaire* and “snakes in a tunnel” as they relate to European enlargement and convergence. Explain why France and Germany use the euro currency even though neither met the criteria for joining the euro group on the day it was created or, in France’s case, on most days since. Explain what good it did – if any – for the people of France and The Netherlands to reject the proposed European constitution in separate referendums in 2005.

If you score better than, say, three out of nine on my little quiz, then you can go ahead and keep insulting the intelligence of everyone in the UK who voted to leave the EU in Thursday’s referendum.

Cards on table: if I were British I would have voted to remain in the European Union. I’m upset at the victory of anti-EU forces, worried about what comes next, and well aware that Leave won, in part, by peddling horror stories about immigrants and fantasies about rivers of taxpayer money that would reverse flow back to London from Brussels if only Brits shucked off the Euro yoke.

This outcome is bad for trade, opportu-

nity, and the habits of accommodation that Europe learned slowly and at catastrophic human cost through the blood-soaked 20th century.

But this drama played itself out in the realm of politics. Most of the protagonists with microphones and podiums on either side of the campaign were politicians. And almost the only thing I know about politics is that victory must be earned.

The EU needed to make a case for itself, needed to be a felt and comprehensible necessity in the lives of its people, or something like this was always possible. The EU must still make a case for itself, if it wants to keep the British decision from spreading across the continent. (One hunch I hope pollsters will test: I suspect any party that promises an in-or-out referendum in any country will now see its voter support rise.)

And the thing about the EU is, it has often been a rickety contraption. Its decisions are inscrutable, its spokesmen distant, its processes hard to learn and quick to change, like some eternal institutional bait-and-switch. Bookstores near the vast EU campus in Brussels sell copies of *The New Practical Guide to the EU Labyrinth*, which has gone through 15 editions in 25 years and whose current cover illustration depicts faceless figures groping their way up and down staircases that run in every direction, like an Escher print. And that’s a book written by and for people who think the EU is a great thing!

Meanwhile, the EU and all the people in it have been buffeted by crises and outrages that could hardly fail to leave an impression on ordinary voters. A banking crisis that rose out of nowhere in 2008, despite the bland assurances of experts in nice suits. A near-constant terrorism alert that erupts now and then into slaughter. Wave after wave of refugees and migrants, on a scale far beyond anything Canada has chosen, to its credit, to shoulder.

Over the years the same leaders who were widely known to be scoundrels at home – smirking Nicolas Sarkozy and convicted Silvio Berlusconi and poor, lost David Cameron – would troop off to Brussels to meet late into the night, and who could explain their decisions? Who could believe these goofs were building something better together than the messes they had left at home?

Sure, the enemies of Europe told lies and sold fear. But everyone lies in campaigns. Everyone peddles fear, in crude or genteel ways. The 65-year project of European con-

struction must be sturdy enough to withstand those assaults or they will wash it away. A nation, the French historian Ernest Renan wrote, is a referendum every day. The European Union, born from war as an antidote to nationalism's worst excesses, cannot go on forever without earning the consent of the governed.

More on Brexit. Propaganda in High Gear, Russia Bashing...

By Paul Craig Roberts, *Global Research*,
June 25, 2016

Information continues to come in about the Brexit vote.

A member of the British Army said that 90% of the lads in his unit voted to leave. They voted exit because they do not believe they should be involved in Washington's wars. He said that his unit agreed that the wars are dictated by Washington, via Brussels, and not by the British people. He also said that the soldiers were "taking their own pen" to the ballot box, because "they only use pencils at the polls and they could be rubbed out and changed."

Richie Allen in London, a radio presenter in Manchester, England, said that as an Irishman he remembers how the Irish vote against the EU was overturned when the people rejected the Lisbon Treaty and that already in England "they've begun talking about the possibility that the EU will come back with a better offer." In other words, the exit vote is not being treated as meaningful.

See his guest column here: www.paulcraigroberts.org/2016/06/24/the-campaign-to-undermind-the-vote-guest-column-by-richie-allen.

And as Stephen Lendman reports, the propaganda is already in high gear with David Cameron setting the tone by emphasizing how happy the vote has surely made Putin and ISIS (somehow these two deadly enemies are happy over the same thing!). The self-hating Russian, Garry Kasparov, said Brexit was "the perfect gift for Vladimir Putin," as Britain's exit leaves the EU a "weakened institution with less power to confront Putin's assaults on Europe's borders." What assaults, Garry?

Former US ambassador to Russia Michael McFaul is "shocked, shocked!" The US and EU lost, Putin wins.

Of course, the vote had nothing to do with Putin or Russia. But the liars are going to try to make the British feel that they betrayed England and gave Russia power over

Europe. Russian spokesman Dmitry Peskov replied to the nonsense: We are accustomed to "the Russian factor" as the explanation of all events in the universe.

The British people might think that they are out of the EU, but they are not. They have a long hard fight ahead. Washington and the British political and media establishments that serve Washington are not going to let them leave.

Dr. Paul Craig Roberts was Assistant Secretary of the Treasury for Economic Policy and associate editor of The Wall Street Journal. He was columnist for Business Week, Scripps Howard News Service, and Creators Syndicate. He has had many university appointments. His internet columns have attracted a worldwide following. Roberts' latest books are The Failure of Laissez Faire Capitalism and Economic Dissolution of the West, How America Was Lost, and The Neoconservative Threat to World Order.

Post-Brexit, Is the EU Flaunting Its Undemocratic Tendencies?

By Joyce Nelson, *counterpunch*, July 6,
2016

Stung by Brexit, the EU bureaucrats seem intent on showing just how undemocratic they can be. Here are two examples just in the last seven days.

The Glyphosate License

On June 24, EU member states again refused (for a third time this year) to approve a renewal of the license for the weed-killer glyphosate manufactured by Monsanto and other corporations involved in GMO crop cultivation. That should have meant that the license would expire by the end of June, and Monsanto's Roundup and other glyphosate weed-killers would have to be withdrawn from Europe by the end of this year. Instead, on June 29 the European Commission (EC) decided "unilaterally" to extend the glyphosate license for another 18 months.¹

The decision "drew heavy criticism from the Greens in the European Parliament, who said the decision showed the Commission's 'disdain' for the opposition by the public and EU governments to the controversial toxic herbicide."² Belgian Green Member of the European Parliament Bart Staes said, "As perhaps the first EU decision after the UK referendum, it shows the [EC] executive is failing to learn the clear lesson

that the EU needs to finally start listening to its citizens again."³

Many were simply shocked that an unelected body of bureaucrats would cater so blatantly to the corporate sector's last-minute lobbying.

The EC claims that, because of member nations' indecision on the matter, its own decision about glyphosate was based on assessments made by the European Food Safety Authority (EFSA), prolonging the authorisation until a new scientific review is concluded before the end of 2017, but Greenpeace has called the EFSA study "a whitewash."⁴

Lawrence Woodward, co-director of Beyond GM, has called the EC's unilateral decision "reckless."⁵ It comes at the same time that dozens of individuals and organizations have signed an open "Letter from America," urging European citizens, politicians and regulators to not adopt a "failing agricultural technology" and sharing examples of glyphosate and GMO repercussions across North America.⁶

CETA Ratification

At virtually the same time that the EC made this controversial decision on glyphosate, it made another that is even more undemocratic.

On June 28, a German news agency reported that European Commission President Jean-Claude Juncker told EU leaders the Commission is planning to push through a controversial free trade agreement between Canada and the EU – known as CETA, the Comprehensive Economic and Trade Agreement – without giving national parliaments any say in it.⁷ According to the German press, Juncker argued that allowing national parliaments to vote on the agreement would "paralyze the process" and raise questions about the EU's "credibility." Juncker claimed that CETA "would fall within the exclusive competence of the EU executive" and therefore doesn't need to be ratified by national parliaments within the 28-nation bloc, sources in Brussels told the Germany news agency DPA.⁸

Most EU members, however, view CETA as a "mixed" agreement, meaning "that each country would have to push the deal through their parliaments."⁹

In late June 2016, the EC's Juncker was reported as saying that he "personally couldn't care less" whether lawmakers get to vote on CETA.¹⁰

Millions of Canadians and Europeans have fought against CETA for the past six

years. Like the TPP and TTIP, it is a draconian agreement that would hand multinational corporations immense power to overrule elected local governments on numerous fronts. In Canada, CETA was supposed to be voted on by every Canadian provincial and territorial government before any ratification could take place, but in September 2014 (during the reign of Stephen Harper) the CETA deal was signed without there having been any public consultation whatsoever in Canada. The 2014 announcement was also the first time people in Canada and Europe were allowed to see the official text, which had been kept secret during the years of negotiations.

Unfortunately, Canada's International Trade Minister Chrystia Freeland is enthused about what the EU is doing. According to *The Globe and Mail* newspaper (July 3), "The British vote to exit the European Union has refocused Europe's attention on the need to send a message to the world that liberalized trade is the path to greater prosperity, Ms. Freeland said."¹¹

She also explained that once the European Parliament approves CETA, "a great deal of the agreement would come into force immediately, more than 90 per cent," she said, "those portions deemed to be within the European Union's jurisdiction, those go into force right away."¹²

Freeland told *The Globe and Mail* that concerns about CETA's investor-state dispute settlement (ISDS) mechanism – which allows multinational corporations to sue governments over regulations that harm their future profits – had been addressed by a rewrite of the treaty's investment chapter.¹³ But according to Council of Canadians, those changes "actually make [the provisions] worse. The reforms enshrine extra rights for foreign investors that everyone else – including domestic investors – don't have. They allow foreign corporations to circumvent a country's own courts, giving them special status to challenge laws that apply equally to everyone through a [private] court system exclusively for their use."¹⁴

Prime Minister Justin Trudeau will be in Europe this week for a NATO summit, and officials "say he will lobby hard for other European leaders not to stand in the way of [CETA's] ratification."¹⁵

The Pushback

Reportedly, the pushback in Europe has been immediate, with Germany and France wanting "their national parliaments to be involved" in CETA ratification. On July

5, Deutsche Welle reported that "Juncker appears to be backtracking," and would propose at a July 5 EC meeting that CETA would require "both the approval of the European parliament and national legislatures."¹⁶

The Globe and Mail reported on July 5 that Juncker's "new recommendation... could call for applying those EU parts of the treaty while the ratification process [by national legislatures] is under way."¹⁷ That would mean (as Canada's Chrystia Freeland had earlier explained) more than 90% of CETA could be approved by the EU as part of its "jurisdiction" and needing no national legislative approvals. Such a process would make a mockery of democratic rights on both sides of the Atlantic.

That appears to be what is happening.

Following the July 5 EC meeting in Strasbourg, France, the CBC reported: "Legal opinions advanced by the commission suggest that most of the agreement – perhaps as much as 95 per cent – falls comfortably with the European Union's jurisdiction.... 'This is an agreement that Europe needs,' EU trade commissioner Cecilia Malmstrom said in a statement. 'The open issue of competence for such trade agreements will be for the European Court of Justice to clarify, in the near future. From a strict legal standpoint, the commission considers this agreement to fall under exclusive EU competence. However, the political situation in the council is clear, and we understand the need for proposing it as a 'mixed' agreement, in order to allow for a speedy signature."¹⁸

But as nations gear up to wrangle with the EU (in the European Court of Justice) over what parts of the CETA treaty fall within their jurisdiction, and what parts "fall under exclusive EU competence," the EC could approve 95% of CETA before elected legislatures even vote.

The Council of Canadians warns on its website (July 5): "One important concern to note, 'The commission may recommend provisionally applying the EU-parts of the Canada deal while full ratification is pending.' The French newspaper *Le Monde* has previously reported that even if CETA is deemed to be a 'mixed' agreement, the deal could enter into force 'provisionally' even before EU member state parliaments vote on it. It notes, 'If EU ministers agreed at the signing of the CETA on its provisional application, it could come into effect the following month. Such a decision would have serious implications. Symbolically, first because it would send the message that

European governments finally [have] little regard for the views of parliamentarians and thus of European citizens strongly against the agreement."¹⁹

Council of Canadians National Chairperson Maude Barlow stated after the EC meeting in Strasbourg, "Like many Canadians, Europeans are worried about CETA's attacks on democracy, its weakening of social and safety standards, its contribution to privatization and attacks on public services. After the Brexit vote, policy makers on both sides of the Atlantic would be better counseled to listen to voters, rather than pushing discredited [trade] solutions down people's throats."²⁰

Global Justice Now director Nick Dearden has called CETA a "toxic deal" and says that the way the EC is acting "reinforces the widely held suspicion that the EU makes big decisions with harmful consequences for ordinary people with very little in the way of democratic process," he said. "Rather than take a step back and question why there is hostility to the EU, they try to speed up this awful trade deal."²¹

Union members, environmentalists, social activists and "fair trade" groups say CETA is just as dangerous as the proposed Transatlantic Trade and Investment Partnership (TTIP) deal between the EU and the US, which hands massive power to multinationals and is a direct threat to democracy on both sides of the Atlantic. The way the EC is handling CETA is a stark clue to what's in store for TTIP.

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

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The Collapse of Western Democracy

By Paul Craig Roberts, *Information Clearing House*, June 30, 2016

Democracy no longer exists in the West. In the US powerful private interest groups, such as the military-security complex, Wall Street, the Israel Lobby, agribusiness and the extractive industries of energy, timber and mining, have long exercised more control over government than the people. But now even the semblance of democracy has been abandoned.

In the US Donald Trump has won the Republican presidential nomination. However, Republican convention delegates are plotting to deny Trump the nomination that the people have voted him. The Republican political establishment is showing an unwillingness to accept democratic outcomes. The people chose, but their choice is unacceptable to the establishment which intends to substitute its choice for the people's choice.

Do you remember Dominic Strauss-Kahn? Strauss-Kahn is the Frenchman who was head of the IMF and, according to polls, the likely next president of France. He said something that sounded too favorable toward the Greek people. This concerned powerful banking interests who worried that he might get in the way of their plunder of Greece, Portugal, Spain, and Italy. A hotel maid appeared who accused him of rape. He was arrested and held without bail. After the police and prosecutors had made fools of themselves, he was released with all charges dropped. But the goal was achieved. Strauss-Kahn had to resign as IMF director and kiss goodbye his chance for the presidency of France.

Curious, isn't it, that a woman has now appeared who claims Trump raped her when she was 13 years old.

Consider the political establishment's

response to the Brexit vote. Members of Parliament are saying that the vote is unacceptable and that Parliament has the right and responsibility to ignore the voice of the people.

The view now established in the West is that the people are not qualified to make political decisions. The position of the opponents of Brexit is clear: it simply is not a matter for the British people whether their sovereignty is given away to an unaccountable commission in Brussels.

Martin Schultz, President of the EU Parliament, puts it clearly: "*It is not the EU philosophy that the crowd can decide its fate.*"

The Western media have made it clear that they do not accept the people's decision either. The vote is said to be "racist" and therefore can be disregarded as illegitimate.

Washington has no intention of permitting the British to exit the European Union. Washington did not work for 60 years to put all of Europe in the EU bag that Washington can control only to let democracy undo its achievement.

The Federal Reserve, its Wall Street allies, and its Bank of Japan and European Central Bank vassals will short the UK pound and equities, and the pressitutes will explain the decline in values as "the market's" pronouncement that the British vote was a mistake. If Britain is actually permitted to leave, the two-year long negotiations will be used to tie the British into the EU so firmly that Britain leaves in name only.

No one with a brain believes that Europeans are happy that Washington and NATO are driving them into conflict with Russia. Yet their protests have no effect on their governments.

Consider the French protests of what the neoliberal French government, masquerading as socialist, calls "labor law reforms." What the "reform" does is to take away the reforms that the French people achieved over decades of struggle. The French made employment more stable and less uncertain, thereby reducing stress and contributing to the happiness of life. But the corporations want more profit and regard regulations and laws that benefit people as barriers to higher profitability. Neoliberal economists backed the takeback of French labor rights with the false argument that a humane society causes unemployment. The neoliberal economists call it "liberating the employment market" from reforms achieved by the French people.

The French government, of course, rep-

resents corporations, not the French people.

The neoliberal economists and politicians have no qualms about sacrificing the quality of French life in order to clear the way for global corporations to make more profits. What is the value in "the global market" when the result is to worsen the fate of peoples?

Consider the Germans. They are being overrun with refugees from Washington's wars, wars that the stupid German government enabled. The German people are experiencing increases in crime and sexual attacks. They protest, but their government does not hear them. The German government is more concerned about the refugees than it is about the German people.

Consider the Greeks and the Portuguese forced by their governments to accept personal financial ruin in order to boost the profits of foreign banks. These governments represent foreign bankers, not the Greek and Portuguese people.

One wonders how long before all Western peoples conclude that only a French Revolution complete with guillotine can set them free.

Powerful Interest Groups have Triumphed Over the Rule of Law

By Paul Craig Roberts

This from a reader:

"It was reported this morning that recently the jet that Attorney General Loretta Lynch was on just happened to be on the same ramp as the one carrying Bill Clinton.

"And somehow each party apparently knew of the presence of the other.

"And they were in close enough proximity that Bill and Loretta met privately in one of the jets.

"The FBI (a department under the AG) is investigating Hillary's emails as a criminal violation of the espionage act and the funding of the Clinton Foundation by foreign interests.

"Seems to me that this is more than coincidental and is highly irregular for a prosecuting official to meet privately with a potential defendant – or husband of a potential defendant.

"Wonder who's jet they met on? Did the AG go to Bill's jet? Wouldn't that be particularly unusual? Did Bill go over to the AG's jet, and if so why would the AG allow it and precipitate such a conflict of interests?"

Here is confirmation that this meeting did occur:

There was a half hour meeting on the AG's plane. Watch the news video

from ABC 15: www.thegatewaypundit.com/2016/06/ag-loretta-lynch-half-hour-meeting-bill-clinton-airplane-says-talked-grandchildren-video and www.abc15.com/news/region-phoenix-metro/central-phoenix/loretta-lynch-bill-clinton-meet-privately-in-phoenix.

Dr. Paul Craig Roberts was Assistant Secretary of the Treasury for Economic Policy and associate editor of The Wall Street Journal. He was columnist for Business Week, Scripps Howard News Service, and Creators Syndicate. He has had many university appointments. His internet columns have attracted a worldwide following. Roberts' latest books are The Failure of Laissez Faire Capitalism and Economic Dissolution of the West, How America Was Lost, and The Neoconservative Threat to World Order.

The ECB's Illusory Independence

By Yanis Varoufakis, Project Syndicate, June 1, 2016

Athens – A commitment to the independence of central banks is a vital part of the creed that “serious” policymakers are expected to uphold (privatization, labor-market “flexibility,” and so on). But what are central banks meant to be independent of? The answer seems obvious: governments.

In this sense, the European Central Bank is the quintessentially independent central bank: No single government stands behind it, and it is expressly prohibited from standing behind any of the national governments whose central bank it is. And yet the ECB is the least independent central bank in the developed world.

The key difficulty is the ECB’s “no bailout” clause – the ban on aiding an insolvent member-state government. Because commercial banks are an essential source of funding for member governments, the ECB is forced to refuse liquidity to banks domiciled in insolvent members. Thus, the ECB is founded on rules that prevent it from serving as lender of last resort.

The Achilles heel of this arrangement is the lack of insolvency procedures for euro members. When, for example, Greece became insolvent in 2010, the German and French governments denied its government the right to default on debt held by German and French banks. Greece’s first “bailout” was used to make French and German banks whole. But doing so deepened Greece’s insolvency.

It was at this point that the ECB’s lack of independence was fully exposed. Since 2010, the Greek government has been relying on a sequence of loans that it can never repay to maintain a façade of solvency. A truly independent ECB, adhering to its own rules, should have refused to accept as collateral all debt liabilities guaranteed by the Greek state – government bonds, treasury bills, and the more than €50 billion (\$56 billion) of IOUs that Greece’s banks have issued to remain afloat.

Of course, such a refusal would close down Greek banks and lead immediately to Greece’s exit from the eurozone, because the government would be forced to issue its own liquidity. The only alternative would be a meaningful debt restructuring to end Greece’s insolvency. Alas, Europe’s political establishment, unwilling to adopt either option, has chosen to extend Greece’s insolvency – which it pretends has been resolved through new loan tranches.

The ECB’s ongoing acquiescence in the extend-and-pretend charade demanded by Greece’s creditors has demolished its claim to be independent. To keep Greece’s banks open, and accept their government-guaranteed collateral, the ECB is obliged to grant Greek debt an exemption from its no-insolvency rule. And, to keep the noose firmly around Greece’s neck, Germany insists that this exemption is conditional on its approval – or, in euro-speak, that the Eurogroup of eurozone finance ministers confirms that “Greece’s fiscal consolidation and reform program are on track.”

So, in effect, it is politicians that tell the ECB when to cut off liquidity to an entire banking system. While the ECB can claim independence vis-à-vis insolvent, peripheral governments, it is entirely at the mercy of the governments of Europe’s creditor countries.

To illustrate the ECB’s conundrum, it is worthwhile revisiting the creditors’ treatment of the Greek government elected in January 2015. By December 2014, it had become clear that the previous government was on its last legs and that the leftist Syriza party was on its way to power. The governor of Greece’s central bank, an arm of the ECB, “predicted” that markets were facing a liquidity squeeze, implying that a Syriza victory would render the banking system unsafe – a statement that would be inane were it not calculated to start a bank run.

By the time I became Finance Minister that February, after Syriza’s electoral victory, the bank run was in full swing and stocks

were in free fall. The reason, of course, was the common knowledge that Germany, vehemently opposed to our government, was about to switch off the green light required by the ECB to maintain the exemptions allowing it to accept Greek collateral.

To stabilize the situation, I flew to London to address financiers with a message of moderation and sensible policies regarding both reforms and debt restructuring. The following morning, the stock exchange rebounded 13%, bank shares rose by more than 20%, and the bank run ceased.

On that day, the ECB, pressured by Germany, rescinded an important part of its exemption, thereby cutting off Greek banks’ direct access to the ECB and diverting them to pricier financing from Greece’s central bank (so-called emergency liquidity assistance). Unsurprisingly, stock prices plummeted and the bank run returned with a vengeance, bleeding €5 billion of deposits out of the system over the next few months. Meanwhile, Germany and other creditors began to push Greece to accept new austerity measures as the price of reversing the “ECB’s” decision.

This was not the ECB’s only politically driven intervention. Equally aggressive was its decision to curtail Greek banks’ spending on government treasuries, by instructing them to refuse debt rollovers. This diminished my ministry’s capacity to repay the International Monetary Fund, which was insisting on drastic pension cuts and on the removal of the last protections for Greek workers.

John Hahn Riddell

JOHN PASSED AWAY on Sunday, May 15, 2016, in his 74th year, following a gallant, long-term struggle against cancer. He brought to that struggle, the same wonderful qualities that made him such an asset to COMER and to many other organizations and individuals, right up to his final attack. His courage and his perseverance were exemplary.

He has bequeathed us valuable video interviews posted on You Tube, and a wealth of information and ideas on his websites: www.thedreamofcanada.ca, www.monetaryandeconomicreform.ca and www.comer.org

Our fervent thanks, and deepest admiration, John.

For five months, as the ECB's noose tightened, we resisted German and IMF demands for further austerity. Finally, the complete cessation of all liquidity to Greece's banks in June 2015 forced their closure. This was followed by the final push to divide our government and force the prime minister to capitulate – as he did, accepting the latest extend-and-pretend loan of €5 billion.

Almost a year later, Greece's creditors were pushing for even greater austerity in exchange for more loan tranches. At this point, Greece's central-bank governor (who had triggered the original bank run in December 2014) publicly alleged that our government's stance until June 2015 caused the loss of €5 billion worth of deposits, the ensuing bank closures, and the new extend-and-pretend loans. The bully was blaming the victim, and the ECB was openly embracing its role as enforcer for its political masters: the creditors.

The eurozone's current design makes ECB independence impossible. Worse, the pretense of independence serves as a fig leaf for interventions that are not only politically driven, but that are also utterly inconsistent with the principles of liberal democracy.

Those who voted to leave the EU weren't stupid. They were just angry. And with cause.

By Rex Murphy, National Post, June 30, 2016

You have to consult the Lamentations of Jeremiah to find a grim parallel to the wailing and gnashing of Europhile teeth after the Brexit side won the recent referendum in the UK. The Remain crowd have proved to be sore losers, with their flood of exco-riation, mockery, denigration and raw anger directed at those who voted to leave the European Union.

Even days after the vote, the losers cannot contain their scorn for the result, nor repress their anger at the low-rent, anti-immigrant, xenophobic Little Englanders whose views prevailed. The Leave side won, evidently, because the slow-witted and retrogressive elements of the population out-campaigned and outsmarted their demonstratively superior antagonists.

Rationalizing a loss is, of course, not a new phenomenon. But building a rationalization on the idea that the crowd you lost to cannot, as the phrase has it, walk and

chew gum at the same time, is a novel excursion. If you lost to a pack of fools and social Neanderthals, and if you lost with your side having all respectable opinion, the organs of academia, the press and business interests on your side, then it should prompt some serious and not-too-flattering introspection. In a nutshell, if the Leave side was so stupid and out of touch with everything in the modern age, how on earth did Remain, with all that intelligence and authority, lose the vote?

Not only are the losers displaying bad political manners, they are also blind to the real reasons why they lost. Do any of the Remain campaigners acknowledge the great file of complaints that has grown over the last decade about the EU's style of governance, its increasing distance from any superintending authority other than its own, its absolute divorce from democratic responsibility and the furiously paternalistic and near-imperial manner in which it treats the representatives and citizens of its member states?

The European Parliament does house members from democratic states, but once those members make it to Brussels and Strasbourg, they have no constituents to answer to and give but haughty regard to the countries that sent them. The EU is a bureaucrats' imperium, where unelected masters dispense rules and laws to the citizens of 28 previously sovereign states, with little respect to the traditions and cultures of those nations, and no accountability to any but their well-paid peers and paladins.

The EU itself was formed using the frog-in-boiling-water approach: a little encroachment at a time, so no one notices the kettle is getting hotter every year. First it was but a common market with a few states. It then began encroaching on every other aspect of European life – EU bureaucrats have a morbid appetite for petty and trivial intrusions into the personal and domestic arenas of almost every citizen under their dubious flag.

Who is the EU to regulate the kitchen kettle? Or the shape of bananas? Or whether olive oil must be capped when served in restaurants? Or how powerful vacuum cleaners need to be? Should a super-state dictate the heating capacity of your hairdryer? There was nothing too picayune, too morbidly particular that the diktat-wielding EU bureaucracy wouldn't stick its overbearing nose into. And to hell with the dignity of those it presumed to hector.

That's the trivial stuff that gets under people's skin, but the EU has also assumed

many of the responsibilities that were traditionally the proprietary domain of sovereign states. The European Court of Justice assumed authority over the courts of countries, like the UK, that have a tradition of common law that dates back to the Magna Carta, and which have done more to spread the ideas of democracy and the rule of law than anything Brussels could dream of.

I could cite examples big and small. But my main point is that, contrary to the mewling complaints and arrogant dismissal of last week's vote as a product of ignorance and folly combined, there were serious reasons behind the votes of many who opted to leave the EU. And much of the result flowed directly from the manners and practices of the bureaucrats in Brussels who over the years did more to advance the cause of those who voted Leave than the Leave campaign itself.

Some modesty, early on, in responding to member states' complaints, some reserve and limitation on the range and number of their mind-numbing corpus of petty regulations – these might have softened the antipathy and reduced the temperature of the EU's opponents. I think a lot of people who voted Leave saw a massive power grab underway, the creation of a super-entity that had contempt for local sensibilities, was insulated from every notion of accountability and regarded the individual citizens of its forced-march member states as kulaks and peasants of a new order. No wonder the Europhiles lost. Those who voted to leave weren't stupid. They were just angry. And with cause.

British Youth Looking Into the Abyss of EU-less Future

By Mitch Potter, Foreign Affairs Writer Toronto Star, June 24, 2016

Younger generations had most to gain by staying in Europe

For all the societal fault lines the Disunited Kingdom revealed in the harsh morning after – North versus South, English versus Scot, urban versus rural, moneyed versus not – none gaped more cruelly than the gobsmacked anguish of the young.

To be millennial or younger in the UK today is to be staring at an unwanted, world-shrinking Brexit delivered by their addled grandparents. Close to three-quarters of the very people who will live longest with the consequences of Britain's coming divorce from Europe wanted absolutely nothing to do with it.

They are, in a word, devastated. And they gaged, digitally. As you would expect, aghast at what many viewed as a decision bordering on filicide.

One especially well-travelled tweet put it this way: “I’m not giving up my seat to the elderly anymore. Eye for an eye.”

Another – this too went viral – was the horrified synopsis of a 25-year-old Londoner working in Florence as a research associate. Posting only as “Nicholas” on the bottom of a Financial Times story, he itemized what he saw as the multiple tragedies of Brexit.

“The younger generation has lost the right to live and work in 27 other countries,” wrote Nicholas, later identified by BuzzFeed as Nicholas Barrett.

“We will never know the full extent of the lost opportunities, friendships, marriages and experiences we will be denied. Freedom of movement was taken away by our parents, uncles and grandparents in a parting blow to a generation that was already drowning in the debts of our predecessors.”

Time used to be on their side. Just a few more years, UK demographers projected, and the faded memories of empire

that helped steer elderly Britons toward Brexit would die away. The young – Britain’s component of the outward-looking, globalist, digital natives on whom our interconnected, interdependent future lies – would inherit all.

Now they’re feeling more like alternate-universe victims of the fabled “death panels” that former Alaska governor Sarah Palin imagined out of whole cloth as the hidden agenda of Obamacare. Except these were “life panels” – Britain’s most aged citizens, many in their final years, redrawing the world smaller, likely for decades to come.

How Bad Can the TPP Be?

*By Elizabeth May, elizabethmaymp.ca
how-bad-can-the-tpp-be, May 18, 2016*

There are several layers of offences in the thousands of pages of the Trans-Pacific Partnership Agreement. Some are embedded in the inferior bargaining positions in which Canada found itself as the former Prime Minister rushed to catch up with a train well and truly leaving the station. The others are part and parcel of the, now ubiquitous, investor-state provisions of the treaty.

The first group of flaws has a lot to do with Canada joining the talks when they were already quite far advanced. We started from a very weak negotiating position on a wide range of trade issues – from the auto sector to the patent protection of prescription drugs to intellectual property protection – and from that weak position, we caved. The US auto sector gets protected far longer from Japanese competition than their Canadian counterparts. The cost of Canadian pharmaceutical drugs will soar. And the potential for Canada to excel in the ideas economy is kyboshed while those new economic winners in the virtual economy are enshrined in their existing power position. Canada will be frozen out. As Jim Balsillie, founder of Research in Motion, told the trade committee, Canada will be a “colossal loser” under the TPP. The game will be fixed and we will not have a seat at the table. His advice to Canadian innovators if the TPP goes through? Move to the US and start your business there.

Which is quite the observation when one considers what US economists are saying about the TPP. Nobel Prize winning economist and professor at Columbia University, Joseph Stiglitz describes the TPP as “the worst trade deal ever.” Not the worst deal for

Canada – the worst deal ever for the United States too. And the US negotiators struck a much better deal.

Stiglitz observes that the TPP is not really a trade deal at all. It is about managing trade in a way that benefits a new global regime of corporate rule and not the actual promotion of the trade in goods and services. In that sense it is not a traditional trade deal at all.

The alarm felt about the TPP in the US has much to do with the dawning recognition of how investor-state agreements work. The TPP is not the first one the US has entered into. The US has executed dozens of ISDS treaties. But unlike the first one, Chapter 11 of NAFTA and unlike ones between the US and Ecuador or the US and the Philippines, this is an ISDS in which the US might actually lose. The reality of these provisions, that allow a foreign corporation to bring arbitration suits against governments that enact changes that have the incidental, even if unintentional, effect of reducing a foreign corporation’s profits, is that the arbitration is neither fair nor neutral. Almost every single case is resolved in favour of the larger economic power. So if it is a case between a US corporation and the Canadian government, or between a Canadian corporation and the US government, the US is about 95% likely to win – whether state or investor. But the TPP opens up the chance of other serious economic players being able to bring arbitration cases against the US.

The political debate over TPP has separated Hilary Clinton from Obama’s legacy. She has come out against the TPP, and so has Trump. It will make no sense at all to ratify a treaty that the US may not ratify.

Meanwhile, the debate gives us a chance to re-examine all of the investor-state agree-

ments. They are offensive and anti-democratic by their very nature. They have nothing to do with trade promotion or protection of the assets of foreign investors. They are all about the erosion of the ability of sovereign states to act in the public interest. The ability to act in the public interest remains, but is forever constrained. Profits of foreign corporations will trump acting in the public interest. That such an unholy and outrageous scheme could be elevated to “routine” is shocking. The CETA agreement with the EU now boasts a new approach – setting up an Investment Court. Don’t be fooled. It is no different than its predecessors. It has some window dressing, but fails to remedy the central objectionable feature of ISDS agreements. Whether under the CETA approach, NAFTA or the Canada-China Investment Treaty, foreign corporations are given extraordinary rights to demand compensation when a government – municipal, provincial or federal – acts in a way that reduces a foreign corporation’s expectation of profits.

We need to engage a global process of re-negotiation of all ISDS. Canada should open the dialogue about the creation of a rebalancing of nation state rights versus corporate rule. We should propose within the WTO the creation of a model agreement to protect the legitimate interests of the investor and the protection of domestic sovereignty. With the litany of perverse decisions accumulating under these agreements, we should find many countries willing to demand a new approach leading to the replacement of all current ISDS agreements.

Meanwhile, we start by saying “no” to the TPP.

Originally published in the Hill Times.

In the avalanche of research on what Britons want, one study last week plugged pension data into a forecast not only of preference by age but also average lifespan. Britain's youngest voters, 18-24, it projected, would endure the consequences for an average of 69 years. Those 65 and older, on average, will be gone in 16.

Beyond anger, frustrations erupted among British teens that as recently as last year thought enfranchised democracy might soon include them. A 2015 bid to lower the voting age to 16, backed by Labour, the Liberal Democrats and the SNP, looked to have a chance – until the government shut it down, citing cost.

British writer George Chesterton, among many others, saw the generational chasm coming – and took cheekily to the pages of British GQ with a completely absurd call for

a “total ban on anyone of retirement age voting in the EU referendum as the only way of stopping the Leave campaign.

“The idea hardened in me after a long conversation with my father, which included the words ‘conspiracy,’ ‘the central powers’ and ‘they hate us.’”

The fulcrum of Chesterton's argument: “If a 15-year-old, whose entire economic and political future could be determined by the referendum, can't vote, then neither should a 75-year-old, whose entire economic and political future could be determined by the fluctuating price of mince.”

On twitter Friday, Chesterton reposted the piece, adding: “Last week I wrote this as a joke. Now I'm not so sure.”

More's the pity, then, as Britons hover today over the shattered torso of their modern-day Humpty Dumpty, wondering what

next. Once an empire that outreached all, wielding a world-shaping hold over wealth and territory – it feels more like a broken nursery rhyme now. Its constituent pieces angry, jagged shards.

UK voters built a wall against Europe. A big, beautiful wall, you might even say. They climbed it. Proclaimed it. And then promptly tumbled off in a fist-bumping pratfall for the ages.

The fractures are almost too many to count. Scotland and Northern Ireland, both now eyeing Brexits of their own to regain ties with Europe. If whatever glue emerges now doesn't hold, that way lies the end of Britain itself, with only Little England and even Littler Wales left to wave the Disunion Jack.

And London, alone, with the young wanting what democracy has told them cannot be. ■

What We Need to Know About Neoliberalism (Before It's Too Late)

By Ed Finn, CCPA, May 11, 2016

This is Part 1 of a three-part series that examines the ideology of neoliberalism and the enormous harm its implementation imposes on people and the planet.

“All great truths begin as blasphemies.”

– George Bernard Shaw

Having recently become a nonagenarian, I spend a lot of time these days remembering the past, as most people in their 90s tend to do. But, more and more, I also think about the future I won't be around to see, and with mounting concern about the kind of world my grandchildren will be living in.

If current economic, social, political, and environmental trends continue, the portents are ominous, to say the least.

My anxiety has been deepened by the rapidly worsening decline in living conditions for many – poverty, inequality, unemployment, sickness, pollution, and the erosion of social and political rights, to name a few.

There has been a tendency to perceive these and other ill-effects as separate problems, when in fact they are all connected. They can all be traced to a single source – the ideology of neoliberalism, which has come to decree the policies and preferences of both the large corporations and the governments they manipulate.

I'm writing this essay after just reading *How Did We Get Into This Mess?*, the latest book by George Monbiot. It's a collection of

his columns in the English newspaper *The Guardian*, and it provides the best answer to the preponderate titular question that I have so far come across.

Monbiot starts off by asking his readers if they even know what neoliberalism is, and estimates that 95% of them will admit they don't. This is not surprising, since its far-right proponents have succeeded in squelching the term “neoliberalism” and even denying it applies to them. Monbiot shows that it does, and gives a brief account of its coinage and history. He also provides the following definition:

Neoliberalism sees competition as the defining characteristic of human relations. It redefines citizens as consumers, whose democratic choices are best exercised by buying and selling... Attempts to limit competition are treated as attacks on liberty. Tax and regulation should be minimized, public services should be privatized. Unions and collective bargaining are market distortions that impede the natural hierarchy of winners and losers. Inequality is recast as virtuous – a reward for the generators of wealth that trickles down to enrich everyone. Efforts to create a more equal society are both counterproductive and morally corrosive. The market (left free and unregulated) ensures that everyone gets what they deserve.

The corporate and political promoters of neoliberalism claim that it protects and enhances freedom, especially the freedom to consume the products of a free market.

But, as Monbiot bitingly points out, “Freedom from unions and collective bargaining means the freedom to suppress wages. Freedom from regulation is the freedom to poison rivers, endanger workers, and charge iniquitous rates of interest. Freedom from taxes means freedom from the distribution of wealth that lifts people out of poverty.”

Monbiot is far from the only critic of unconstrained capitalism to expose and deplore its many ill-effects on the vast majority of people, and on the planet itself. Chris Hedges, former foreign correspondent for *The New York Times*, for example, is even more censorious. “A handful of corporate oligarchs around the world,” he writes, “now have everything – wealth, power and privilege – while the rest of us struggle as part of a vast underclass, increasingly impoverished and ruthlessly repressed. There is one set of laws and regulations for us, another set for a corporate power elite that functions as a global Mafia.”

In my less lucid style, I have also been critiquing excessive corporate power for a long time. Indeed, if I can say so without immodesty, I was probably among the first journalists to decry the growing power of corporations, albeit in journals with small circulations and limited readership.

Twenty years ago, I had a collection of essays published with the title *Under Corporate Rule: The Big Business Takeover of Canada*. The essays were written in the

early 1990s for the now defunct progressive magazine *Canadian Forum*. They reflected my deep concern, even then, about inequality, pollution, free trade, social program cuts, the erosion of democracy, attacks on unions, and other dire consequences of corporate rule.

The headings of these essays speak for themselves: “Free Trade’s Shackles,” “Public Sector Bashing,” “The Cost of Cutbacks,” “The Great Deficit Hoax,” “Scapegoating the Poor,” “What Business Wants, Business Gets.” Etc, etc. What is scary about re-reading them is that most could be republished today with hardly any need for updating.

I kept hammering away at the scourge of ever-expanding corporate dominance during the late 1990s and through the first 14 years of this century. My ongoing efforts – mostly futile – to enlighten and galvanize Canadians could be summed up in the title of my next published collection of essays, a whopping 80 of them: *The Right is Wrong, and the Left is Right*.

In one of these essays, which I titled “The Big Business Bang Theory,” published in 2006, I actually pre-empted Monbiot’s answer to the question “How Did We Get Into This Mess?” He identified the root cause of all our major problems as neoliberalism. Here’s what I wrote 10 years ago:

Is there one big connection between all the social, economic, environmental and political problems we are concerned about? If we were to take a cause-and-effect approach, could we identify one overriding cause of all the troubles that beset us? If we could, it would certainly simplify, solidify, and intensify our reform efforts. Instead of dissipating our resources trying to tackle each of the many problems separately, we could come together in a concerted campaign to tackle their common cause. That, in turn, would give us a much better chance of averting global collapse.

At the risk of being branded a monomaniac or a crazy conspiracy theorist, let me give you this common cause: excessive and destructive corporate power. Call it neoliberalism, corporatism, globalization, right-wing fundamentalism, the corporate agenda, unfettered private enterprise, or any of the other descriptive tags applied to a world overwhelmingly dominated by Big Business. Whatever term you choose (neoliberalism perhaps being the most apt), you’ll find it to be the root cause of virtually every social, economic, political, and environmental problem we are now grappling with. And, by extension, it’s also the primary cause of the rapidly worsening global ecological crisis, the most frightening of all.

Several readers of this essay phoned or emailed me to pose this question: If all our most pressing problems are indeed perpetuated by unbridled corporate power, how can the barbaric economic system spawned by this power be overthrown and replaced by a truly fair and democratic system?

My reply was that two key prerequisites had to be met. First, there would have to be a widespread public awareness of the urgent need to curb corporate dominance – an awakening that would-be reformers could build upon. And, second, the movement to confront the powerful business elite would have to be soundly led and global in scale.

Since then, the first requirement has clearly been achieved. In addition to Monbiot, scores of well-known thinkers, writers, economists, and activists have vociferously denounced the many abuses of large business empires driven by their greed and unchecked power. The upsurge of Occupy Wall Street, Idle No More, and other public protest movements have all specifically targeted the big investment firms, banks, and other corporate giants.

Corporations and their CEOs are now commonly portrayed as villains in movies, TV shows, and books. The proliferation of insider-trading and other “white-collar” crimes make front-page news. Many thousands of people have had a personal bad experience with an insurance or investment firm. And most are now also aware that the worst pollution of the environment comes from the chemicals and effluents spewed out by the big industrial complexes.

The majority of the populace realizes that there is something seriously wrong with the prevailing political and economic systems. They may not trace their unemployment, low wages, or shoddy living conditions to the inequities of *laissez-faire* capitalism, but they know that sweeping changes of some kind need to be made. In the United States, this widespread malcontent has been tapped during the current primary contests by Bernie Sanders on the left and Donald Trump on the right. Both have been campaigning as champions of the downtrodden against the unpopular establishment of their respective Democratic and Republican parties. Both have been fierce critics of Wall Street, of free trade deals, and of companies that outsource jobs to Mexico, China, and other low-wage countries.

Unfortunately, this anti-establishment outburst is very unlikely to result in any serious decrease of corporate power in the US. Sanders has done a magnificent job of set-

ting forth an agenda that, if implemented, would greatly help the poor and other victims of neoliberalism; but the Democratic Party’s delegate selection system will ensure that its nominee for the presidency will be Hillary Clinton, who is almost certain to beat Trump in the election in November. She’s not going to adopt Bernie’s progressive platform after she gets to the White House, if only because most of her campaign funding comes from the big corporations that control both parties in Congress.

Most of us had naively thought that the exposure of blatant corporate infamy would lead to a strong political crackdown in Canada and other countries around the world, if not in the US. We expected that governments would act promptly to clamp regulatory restraints on corporate wrongdoers, constrain free markets, re-impose much higher business taxes, and punish financial felons with prison terms and huge fines. Instead, governments have allowed corporations to continue their iniquitous misconduct, and even lavished them with further tax cuts and subsidies.

The decision not to penalize the Wall Street firms whose insatiable greed precipitated the 2008 financial meltdown, but instead bail them out with the tax money of their victims – that was a stark disclosure of the extent to which governments have yielded political decision-making to corporations.

So it’s clear now that simply exposing big business atrocities will have no deterrent effects, either by governments or the corporate scoundrels themselves. Even the opposition parties in our legislatures rarely, if ever, mention corporate malfeasance during election campaigns or Question Periods. And since the politicians we vote for are the only ones with the authority to stop the titans of capitalism from further impoverishing billions, worsening inequality, and eventually wrecking the planet, we find ourselves at an impasse.

I’ll discuss other aspects of corporate rule in Part 2 of this three-part series.

Part 2: Free Trade Extends Scope and Power of Corporate Oligarchy

*“Ill fares the land, to hastening ills a prey,
Where wealth accumulates, and men decay.”*

– Oliver Goldsmith

Seventeen years ago, I wrote a column in which I described free-market capitalism as “the most unjust and barbaric economic sys-

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tem ever created, and one that now oppresses and abuses most of the world's people." I was later vilified by neoliberal pundits, and even chided by some progressives who thought that calling the dominant economic system "barbaric" was going too far.

This is how I responded to my critics:

Look up the word "barbaric" in your dictionary, and you'll find several synonyms, including brutal, cruel, and savage. They all apply to the current capitalist system – and even more so to its leaders. These suave chief executives don't look or act like Attila the Hun. They dress smartly, talk smoothly, and their table manners are impeccable. But strip away the glossy veneer, and you find the ruthless autocrats beneath the surface.

These modern barbarian chieftains don't personally lead their hordes to invade other countries. They don't physically destroy cultures, openly loot and pillage cities, or brutalize their citizens. But they engage in the equivalent of all these barbaric activities from the seclusion of their boardrooms, sometimes with just a phone call or a tap on a computer key.

Their invasions take the form of "free trade." Their looting and pillaging is done through strip-mining, deforestation, privatization, deregulation, currency speculation, and IMF-enforced repayments of onerous debtloads.

In the wake of these corporate depredations, billions of people are doomed to poverty, hunger and disease, and hundreds of thousands to premature death. They are as much the victims of barbarism as were those slaughtered by Attila and Genghis Khan. The business brigands who plan and direct these pogroms don't have blood on their well-manicured hands, but they make the Goths and Vandals look like teen-aged delinquents.

That malediction dates back to 1999, but I wouldn't change or take back a word of it today. If anything, corporate barbarism has intensified on a colossal scale, to the point of endangering the very sustainability of human life on the planet. The scourge of poverty and inequality runs even more rampant, with a few hundred multi-billionaires hoarding more wealth than two-thirds of the world's populace.

There's no alternative – really?

The defenders of this inhumane system argue that the "free market," though admittedly flawed, is still the best way to run the economy. Its publicized faults – job cuts, outsourcing, tax evasion, financial fraud, recurring meltdowns, and the enshrinement of competition over co-operation – are all

brushed away as unavoidable defects in an otherwise ideal system, one that in any case allegedly has no viable alternative.

"If our economy wasn't run by capitalists," I was often asked, "would you rather have it run by communists or anarchists?" These critics had either never heard of the democratic socialism that thrives in Sweden, Norway, Denmark and Finland, or chose to dismiss it as an aberration confined to the Scandinavian countries.

The neoliberal faithful conveniently overlook the insanity of an economic system that is built on the anticipation of infinite growth on a finite planet. Capitalism, of course, could not continue without such a misguided and ultimately destructive delusion. Left unchecked, it is bound to collapse from the depletion of resources and the devastation of global warming – perhaps as soon as the 2050s, but certainly before the end of this century.

In the meantime, economic growth will continue to be pursued and sanctioned, not just by the corporations but by their subservient governments and media. In this Alice-in-Wonderland world, the growth that threatens any semblance of civilization is welcomed while the curbing of growth that is so urgently needed is dismissed as disastrous. So, in effect, cancerous growth is being treated as the cure to the economy's malaise instead of its cause.

In a rational society, the recurring economic crises triggered by neoliberal economics would prompt their abandonment. Instead, as *Guardian* columnist George Monbiot points out in *How Did We Get Into This Mess?*, "The greater the failure, the more extreme the ideology becomes. Governments use neoliberal crises as both excuse and opportunity to cut taxes, privatize remaining public services, rip holes in the social safety net, deregulate corporations, and re-regulate citizens."

Proliferation of Junk

Secure from government intervention, corporations are left free to generate economic growth and profits by any means they choose. Equally irresponsible governments will cut corporations' taxes, raise their subsidies, and facilitate their ongoing destruction of the ecosphere.

Citizens are encouraged to help with this depletion and pollution by consuming the output of uncontrolled growth – even when many of the products manufactured are unnecessary and could legitimately be called junk. In her film *The Story of Stuff*,

Annie Leonard disclosed that, of the goods purchased in the United States, very few remain in use six months after sale. Her study found that, after a recent Christmas holiday, novelty gifts such as a beer-can chiller, an electric wine breather, bacon-flavoured toothpaste, and a talking piggy bank were discarded by their recipients within a week.

But the main criterion of corporations today is not whether something they make is useful, but whether slick advertising or “keep-up-with-the-Joneses” pressure will stimulate profits from the sale of junk. Never mind that the production of rubbish is exhausting resources that could be put to more constructive use. As Monbiot satirically observed in 2012: “forests are felled to make ‘personalized heart-shaped wooden cheese board sets.’ Rivers are poisoned to manufacture talking fish. This is pathological consumption: a world-consuming epidemic of collective madness, rendered so normal by advertising and the media that we scarcely notice what is happening to us.”

The profit motive drives corporate conduct and sets the priorities. If something can be developed, produced and sold for a profit, it keeps getting produced and sold, regardless of ruinous long-term consequences. On the other hand, if something is actually needed to enhance public welfare, but wouldn't be profitable enough to make, it doesn't get made.

- Extracting and selling fossil fuels is profitable.
- Pillaging non-renewable resources is profitable.
- Deforestation is profitable.
- Pollution is profitable.
- War is profitable.
- Offshore tax havens are profitable.
- Poverty and inequality are profitable.
- Hooking kids on sugar is profitable.
- Ill-health is profitable.
- Drugs are profitable.
- Child labour and slave labour are profitable.
- Low wages and high unemployment are profitable.
- Unsafe workplaces are profitable.
- Purchasing politicians is profitable.

Conversely, of course, anything that would benefit most people, but *not* make as large a profit as frivolous trinkets or the latest high-def TV, will not be undertaken. Repairing our crumbling infrastructure could be profitable and create more jobs, but not as much as outsourcing jobs to a low-wage country. Reducing the high rates of disease caused by poverty and malnutrition would

lower health care costs, but it's more profitable to treat the sick with expensive drugs than help them stay well in the first place.

The same skewed profit priority applies to the continued reliance on climate-changing fossil fuels instead of launching an all-out conversion to clean renewable forms of energy. The list is long.

“A Rapacious Oligarchy”

One of the books that impressed and enlightened me when I was compiling my “Under Corporate Rule” columns in the late 1980s and early 1990s was *The Next American Nation* by Michael Lind, a senior editor of *Harper's* magazine. Though neither a Marxist nor left-wing radical, he described what was happening in the United States – and by extension in Canada – in stark and realistic terms.

His book, published in 1985, shunned euphemisms. He called the small group with most of the money and power in the US at that time “a rapacious oligarchy.” This oligarchy, he said, “supported by the news media (which it largely owns), has waged a war of attrition against the wage-earning majority through regressive taxation and the expatriation of industry through free trade.”

Lind listed the four tactics deployed by the American ruling class to maintain and increase its dominance. These were (1) adopt a “divide and rule” strategy that pits various groups against one another in zero-sum struggles for a share of declining wage income; (2) gain complete control of the major political parties; (3) withdraw from the rest of society into heavily guarded enclaves; and (4) successfully promote the belief that their oligarchy doesn't really exist.

During the 25 years that have elapsed since Lind exposed the baneful behaviour of the oligarchy, its cunning corporate maneuvers have not only persisted, unopposed, but are now even more pervasive. As a result, corporate rule has ballooned from the national level to encompass the entire planet.

The principal means by which this global corporate conquest was accomplished was through the negotiation of multi-country “free trade” agreements. Though widely promoted as deals that benefit workers and consumers, in reality they are primarily designed to further bolster the power and profits of corporations.

I was among the journalists on the left who started writing anti-free trade articles back in the late 1980s. That was while the first FTA was being negotiated between the United States and Canada by Ronald Rea-

gan and Brian Mulroney. That deal was the main issue of contention during the 1987 federal election, which unfortunately was won by Mulroney's Progressive Conservative party. It was expanded in 1994 by the North American Free Trade Agreement (NAFTA), which added Mexico to the pact.

Under the terms of NAFTA, corporations who feel their profits – or expected profits – have been adversely affected by government legislation can sue such a government, either to have such laws rescinded or to be compensated for alleged profit losses. Many such claims can and have been filed, even against laws or policies enacted to protect public well-being.

For example, shortly after NAFTA came into effect, our federal government decided to ban the import of a gasoline additive that studies found could cause cancer. The American producer of this additive filed a charge under NAFTA, and after a preliminary tribunal judgment against Canada, the government agreed to rescind the law and pay the company \$13 million for lost sales. That's how NAFTA compels member countries to make the preservation of profits their top priority, even taking precedence over the preservation of their citizens' health.

More than two dozen such NAFTA suits have since been filed against Canada, resulting in fines or settlements totaling \$190 million. In one egregious recent case, US drug firm Eli Lilly is demanding \$500 million from Canada after two of its patents were revoked by a Canadian court because the company had failed to prove the drugs provided the promised benefits.

This outrageous elevation of business interests above the public interest is compounded by another clause in NAFTA and other trade deals that bypasses the country's sovereignty and legal system. It puts the decision on whether to uphold or reject business vs. government suits in the hands of a tribunal composed of three private adjudicators whose rulings are immediately binding and can't be appealed. These deals actually constitute a legal bill of rights for transnational corporations. They allow business interests to take priority over all other considerations.

A Litmus Test for Trudeau

The most recent international trade deal, still not signed by all 12 participating countries, is the Trans-Pacific Partnership (TPP), which has been vociferously denounced by many eminent economists and commentators.

Former *New York Times* foreign correspondent Chris Hedges calls it “the most brazen corporate power grab in history” because it “solidifies the creeping corporate *coup d’état* along with the final evisceration of national sovereignty.” Ralph Nader charges that “the TPP allows corporations to bypass our three branches of government to have enforceable sanctions imposed by secret tribunals. It establishes a transatlantic autocratic system of governance in defiance of our domestic laws.”

Nobel Prize-winning economist Joseph Stiglitz says “the TPP may well be the worst trade agreement ever negotiated. It was negotiated with corporate interests at the table, and could be used to prevent or overturn rules that prevent usury or predatory lending practices.”

Ralph Nader charges that “the TPP allows corporations to bypass our three branches of government to have enforceable sanctions imposed by secret tribunals. It establishes a transatlantic autocratic system of governance in defiance of our domestic laws.”

Speaking to the CBC after he recently delivered a speech at the University of Ottawa, Stiglitz expressed regret that our International Trade Minister, Chrystia Freeland, has already put her signature to the TPP on behalf of the Trudeau government. Ratification of the treaty, however, has been deferred while it is being studied by the House of Commons trade committee. Stiglitz later met with Freeland to explain the pitfalls of the TPP, urging the minister and the trade committee to recommend against ratifying it.

Whatever the committee’s advice, however, the TPP should be resoundingly rejected. For Justin Trudeau, this crucial decision will depend on whether he has the perspicacity and courage to put the public need ahead of private greed. He knows that refusing to ratify the TPP will unleash a firestorm of corporate wrath, but will dread of that business backlash shackle him? Or will he boldly defy the business barons?

How this issue unfolds – whether our prime minister accepts or rejects the TPP – will give us the result of a vital litmus test. We will then know if he is leading a government that is truly small-l (as well as capital-L) liberal, or if at its core it’s a government that is as fundamentally neoliberal as the previous one.

In the third and final part of this series, I’ll assess the prospects of exiting the neoliberal mess in time to avert an ecological cataclysm.

Part 3: “The Future’s Not Ours to See” — But It Is Ours to Shape

“There was a wise man in the East whose constant prayer was that he might see today with the eyes of tomorrow.”
— Alfred Mercier

Elmer the frog strayed away from his pond and lost his way. While searching for another pool to avoid dehydration, he wandered into a picnic area. Spying a large pot of water, he jumped in.

Had the water been hot, Elmer would just as quickly have jumped out. But the pot had only recently been put on the grill, so the water was pleasantly warm. He enjoyed his new “pond” and dozed off.

Unfortunately for Elmer, the temperature of the water rose so gradually that his self-preservation reflexes weren’t triggered in time to save him from being parboiled. So he croaked.

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Donald the billionaire was so proud of his stellar business success that nothing seemed beyond the reach of his superior intellect. He even became confident that he could fly, and was peeved when nobody believed him. So he decided to demonstrate his new avian ability by jumping off the roof of one of his skyscrapers.

As he was falling past the 50th floor, wildly flapping his arms, he noticed some people who had gathered on a balcony to watch his flight.

“So far, so good!” he shouted at them triumphantly.

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If Aesop were still alive, these two allegories (which I confess I’ve embellished) might be a couple of his modern fables. I often think of them lately as I contemplate the ever-darkening future that I fear looms ahead.

Elmer the frog typifies the people (too many of us), for whom global warming remains a far-away danger – one that seemingly doesn’t necessitate protective measures any time soon. The rise of global temperature is so slow and incremental that it induces indifference rather than alarm. One of the defects of evolution is that it gave humans short-term-wired brains. We tend to focus on problems (financial, social, work-related) that confront us immediately. It’s an instinct that served us well in the past as hunters and gatherers. But it imperils us now as so many of us remain idle while global warming rises to a crisis level.

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Donald the billionaire typifies the rich and powerful elite who believe that a resource-devouring economic system can be kept running forever on a finite planet. In their hubris, they seem confident they will somehow evade the calamitous fate to which they are exposing billions of their fellow humans, but that’s a neoliberal fantasy. The billionaires, bankers, CEOs, political leaders, and other neoliberal fanatics won’t hit the “pavement” in 15 or 20 seconds; but eventually – perhaps as soon as the 2030s or ’40s if they continue ravaging the planet – they will find that their belief in perpetual growth and affluence is just as illusory as Donald’s belief that he could fly.

Deniers and Believers

As we face the growing menace of an overheated planet, human beings can roughly be divided into “believers” and “deniers.” The believers are those who heed the scientists’ urgent warning that global warming must be curbed. The deniers are those who either dismiss global warming as a hoax, or believe its worst effects will be mitigated or avoided.

The believers and deniers can be divided into sub-groups. First, the believers:

The activists: Millions of people have been galvanized by already obvious warning signs – more frequent and damaging hurricanes, tornados, floods, droughts and wildfires. They have flocked to join Greenpeace, Friends of the Earth, and other environmental organizations. They stage protests against corporations that pillage and pollute, and against governments that permit – or even facilitate – such corporate vandalism.

The high-tech reliers: They agree with the activists, but believe that the worst impacts of global warming can be mitigated by the application of innovative new technology. Some of these proposed solutions include the construction of protective domes over major cities; the dispersal or absorption of CO₂ emissions before they accumulate further; and the placement of huge mirrors in orbit that will provide all the solar energy needed to make fossil fuels obsolete.

The delayers: They believe that global warming is potentially world-shattering, but think it’s safe to wait another 15 or 20 years before serious efforts have to be made to cope with it. This delay, they feel, is required to give them the time they need to deal with their more pressing personal concerns.

The eat-drink-and-be-merriers: They believe in global warming, but also believe it’s too late to stop it. They are resigned to the

eventual obliteration of their current way of life, so they have decided to relax and enjoy the time that remains.

The survivalists: They believe that the time has passed when activists had any chance of stopping the environmental devastation caused by corporations and their complicit governments. But, unlike the eat-drink-and-be-merriers, they are determined to survive the impending collapse. So they have prepared “annihilation shelters” stocked with the essential food and materials needed to “weather” Nature’s onslaught.

The hostages: They are the billions of people who have been co-opted to serve the planet-wreckers. In order to keep running a mad global economy rife with poverty, inequality, and a terminally sick environment, our corporate rulers and their political lackeys need compliant workers. Millions of them. And these workers depend on their employers for the wages and salaries they need for their livelihood. Those in the private sector may not like helping their bosses perpetuate a ruinous economic system. And those in the public sector may not like helping their governments help the corporate marauders. But all these workers (and their unions) are hostages to a warped global economic system. Any inclination they may have to join the dissident activists is stifled.

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Now the deniers:

The corporate CEOs, managers, bankers, stockholders and investors: They are the major short-term beneficiaries of neoliberal capitalism, and thus resist any threat to their wealth and power. Many of them have actually convinced themselves that global warming is a myth or that, even if it isn’t, it will never increase to the apocalyptic extent the scientists predict. Whether they also believe they can maintain constant economic growth on a resource-limited planet is moot, because they have no choice, anyway. To accept a no-growth or even restricted-growth economy would be tantamount to abandoning their neoliberal ideology, and even capitalism itself. Unthinkable.

The converters: They have been indoctrinated by the right-wing media and think-tanks. They swallow the corporate claim that global warming is not caused by human activity, but is a natural climatic condition that waxes and wanes, but never rises to dangerous heights. Converts to this specious propaganda feel they can safely scoff at the scientists and their believers, and keep living as usual.

The religious fundamentalists: They could

also be listed among the believers, because they don’t deny that cataclysmic climate change is real. But they do deny the need for – or even the justification for – preventive measures. They see global warming as part of God’s preparation for Armageddon and the Bible’s promise of the Second Coming. They denounce efforts to interfere with God’s plan for the “end times” as futile, and even sacrilegious.

Three Formidable Barriers

This sub-group scattering of people’s views about global warming deters efforts to tackle the worst threat that has ever menaced humankind. But, even if all the environmental activists in the world were to unite in mobilizing a concerted save-the-planet campaign, they would still have three towering barriers to surmount.

1. *The entrenchment of free-market capitalism.*

The virtually unfettered form of capitalism that now girdles the globe is committed to a voracious economic system that, left unchecked, will destroy civilization as we know it.

Do the business barons who pursue this economic frenzy know what they are doing? Some of them surely do. They’re not stupid. But the appalling fact is that they are now riding a runaway economic express that they can’t stop, even if they wanted to. Why not? Because their legal charters and corporate mandates compel them to make the maximization of profits and shareholder dividends their one and only short-term objective. That fixation trumps everything else, regardless of how catastrophic the long-term consequences.

Any CEO who deliberately incurred shrinking profits by becoming more ethical or environmentally sensitive would soon be turfed out by irate directors or major stockholders. If he wasn’t, his company would soon be taken over by a more ruthless competitor. In fact, regardless of why profits fall, and for *any* reason, the corporation’s top executive seldom avoids punishment of some kind.

Look at what happened to Henry Ford more than a hundred years ago when he dared to defy his board of directors. He lowered the price of his new Model-T Ford so workers could afford to buy them. This was a shrewd move because it eventually increased sales, but in the short term it reduced profits. So two of his board’s directors, the Dodge brothers, sued him for breaching his mandate to keep profits as high as possible.

The judge who heard the case found Ford guilty as charged, and awarded the Dodge brothers a multi-million-dollar settlement – money they then used to set up their own car company.

The same enshrinement of the primacy of profit is proclaimed in the laws that cover business operations. This was made clear in the 2004 *People vs. Wise* case when the ruling of Canada’s Supreme Court was based on the wording of the *Canada Business Corporations Act*. The relevant clause states that directors and officers “owe their fiduciary obligations to the corporation, *and the corporation’s interests are not to be confused with the interests of the creditors or any other stakeholder.*”

And there you have it. Any CEO or board of directors reckless enough to deviate from the pursuit of profits for any reason – for the benefit of workers, consumers, society as a whole, or even the planet – risks being fired, sued, or having his company exposed to a hostile takeover.

2. *The subjugation of governments.*

There was a time when governments controlled corporations, when a business firm’s operations were tightly controlled and limited. When governments first started granting charters to set up companies in the early 19th century, such charters confined the new firms to operating in a specific industry and under strict conditions and regulations. They were not allowed to own newspapers, magazines, or later radio networks. They were barred from getting involved in politics or education. Any violations of these limitations could – and did – result in their charters being revoked.

How times have changed since then! The escalating power of the corporations during the past 150 years, along with the rise of neoliberalism and free trade, freed them from virtually all restraints. So dominant have they become – financially, politically and globally – that their relation to governments has been reversed. Instead of governments controlling them, they now control governments.

If you think I’m exaggerating, ask yourself when was the last time any corporation had its charter lifted for getting involved in commercial publishing, or education, or politics – or using its billions to fund election campaigns and influence politicians. It doesn’t happen any more. Corporations have become invulnerable to almost all governments, if not by suborning them, then by intimidating them. There may be a few governments (e.g., those in the Scandinavian

countries) that are not afraid of corporate retaliation, but most won't risk incurring their wrath.

Free trade and its globalization of neoliberal capitalism have given the transnational corporations a far greater ability to ignore or defy government intervention. In their world-wide economy, they can stage a capital strike. Apart from the resource industries, they can shift investment, production and jobs abroad to more business-servile countries with much lower wage rates and taxes.

Corporations still need to have charters, and, theoretically, governments that issue them could re-impose the limits and obligations contained in the early charters. In fact, this would be about the only effective

way of ending corporate rule and saving the environment. But very few national governments today dare to adopt laws or policies that seriously threaten corporate profit-making. As with stopping global warming, it will take all the world's major countries acting together to subdue the rampaging corporate Goliath. And there's no sign such a concerted political crusade is going to be mounted any time soon.

3. Time.

Climatologists and other scientists began sounding the alarm about runaway economic growth and global warming more than half a century ago. Had the world's political leaders listened to them then, and promptly implemented the necessary preventive measures, the subsequent environ-

mental crisis could have been averted. But governments chose to ignore the Club of Rome's seminal study *The Limits of Growth* in 1972, as they have all subsequent scientific studies and appeals for the past 44 years. Instead of preventive action, governments have staged a succession of "climate summits" at which grandiose pledges to halt global warming have been made, but never implemented.

This prolonged political dereliction has left activists with scant time to beef up their campaign to save the planet – and life on the planet – from a devastating collapse. This shortage of time is by far the most obstructive barrier that confronts them. Divided as they are, and as ineffectual as their activism has been so far, is it conceivable at this late stage that such a reinvigorated campaign could succeed?

These doubts, I think, inevitably arise from an objective appraisal of the current global mess in which we find ourselves.

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I was hoping, when I started this blog, that I could end it on an upbeat note – one that would not inadvertently reflect defeatism and despair. As I wind it down, however, I'm still struggling to maintain some shred of optimism that isn't simply based on wishful thinking. There's a fine line between optimism and Pollyannaism, between self-assurance and self-delusion, and it's not easy sometimes to know what side of the line you're on.

So this is not the final part of my rambling dissertation. I'm going to spend a week or two exploring the literary cul-de-sac into which I've trapped myself, looking for a satisfactory way out. Whether I find one or not, I'll soon have a final and much shorter report to append to my trilogy.

In the meantime, if any readers have views, advice, or information that could help me sort out my tangled thinking, I'd appreciate hearing from them.

Ed Finn was Senior Editor at the CCPA and editor of the CCPA Monitor from 1994-2014. Formerly, as a journalist, he worked at The Montreal Gazette and for 14 years wrote a column on labour relations for The Toronto Star. He also served for three decades as a communications officer for several labour organizations, including the Canadian Labour Congress and the Canadian Union of Public Employees.

The World Social Forum

This year we have the chance to receive an important gathering in Canada. In Montréal, from August 9 to the 14, the World Social Forum (WSF) will be held for the first time in the northern hemisphere of the planet.

The WSF is the largest gathering of civil society to find solutions to the problems of our time. Started in 2001 in Brazil, the WSF is an annual gathering that brings together in each of its editions tens of thousands of participants to more than a thousand activities (workshops, conferences, artistic performances...) on various themes (social, solidarity economy, environment, human rights, democratization...).

For this edition of the WSF, 3 members of the International Movement for Monetary Reform (IMMR) will be represented. COMER, Monetative (Germany) and Dinero Positivo (Spain) will send

delegates to Montréal and will each hold a presentation for the public. There will also be a round table for IMMR members to share on common challenges that we face regarding the monetary system. For more information, please look at list of activities organised by the WSF-IMMR committee on this webpage: <https://fsm2016.org/en/groupes/comite-wsf-immr-comitee/events>.

If you would like to get involved in the coordination of activities related to the IMMR during the next editions of the WSF please contact us at wsf-immr@monetaryreforms.ca. All help is welcomed.

Five members of the COMER executive plan to attend.

We have been in touch with Manfred Freund, of Dinero Positivo, for some time, and are looking forward to meeting him and working together with him at the forum.