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BOOK REPORT

"Bypassing Dystopia" Could Free Canada from the Clutches of Neoliberalism

By Ed Finn, *rabble.ca*, June 5, 2018

The people in Canada who are intelligent, open-minded, and not ideologically conservative would probably number at least a million. But if only one in 20 of them – 50,000 – were to read Joyce Nelson's latest book, *Bypassing Dystopia*:

Hope-filled challenges to corporate rule – the outcome could be a grassroots uprising that would free Canada from the corrosive clutches of neoliberalism.

Canada would become the idyllic country of economic, social, and environmental well-being that our corporate and political leaders hypocritically boast it already is.

For anyone who hasn't read this book and doesn't intend to do so, my prediction of its revolutionary effects may seem impossibly grandiose. Most of those who do read it, however, will almost certainly share my enthusiasm. Its stunning exposure of how neoliberalism has worsened poverty and inequality, while supplanting democracy with plutocracy, will both infuriate and motivate readers not yet aware of these and many other "free market" iniquities.

A brief review, no matter how descriptive, can never do justice to the substance of so influential a book. So, I'll just touch on a few of the highlights – especially the forgotten vital role of the Bank of Canada – if only to whet your appetite for the complete tome.

Bypassing Dystopia is the sequel to Nel-

son's previous book, *Beyond Banksters: Resisting the New Feudalism*, published in 2016. It would be beneficial to have read that book, but by no means essential, since Nelson provides a helpful summary in her introduction to the sequel.

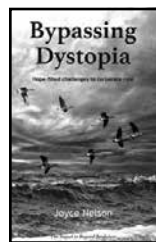
To give you some idea of the book's scope, I'll list the 12 harmful aspects of neoliberalism that it succinctly lists. Nelson appropriately calls them "the Dirty Dozen."

- Unlimited economic growth
- Privatization of public assets
- Deregulation
- Free trade (corporate rights deals)
- Smaller government
- Tax cuts for multinational corporations
- Austerity budgets
- Union-busting
- Open borders for capital
- Tax havens
- Privatization of the money-creating function
- Central bank "independence"

One by one, Nelson methodically exposes the baneful effects of these infamous neoliberal policies, as well as a few others not specifically on the Dirty Dozen list, such as the housing crisis and threats to Canada's water and farmland.

Lacking space to delve into Nelson's meticulous analysis of all these neoliberal atrocities, I'll focus on examples of the surprising optimism she expresses in her chosen subtitle: *Hope-filled challenges to corporate rule*. Although I'm not putting quotation marks around the following extracts,

Continued on page 2





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Dystopia from page 1

all but the bracketed words are based on the book's text.

Divestment from Fossil Fuels

[While Canada's federal and most provincial governments continue to push for more pipelines], the rest of the world seems poised to move away from tar sands investment. Norway's central bank, which runs that country's \$1 trillion sovereign wealth fund, has recommended that the Norwegian government fully divest from oil and gas companies and sell off some US\$35 billion of shares in that sector.

Last year, 83 economists released an open letter, “Declaration on Climate Finance,” which called on “global economic actors to fully embrace safe and renewable energies and phase out fossil fuels “by no longer investing in them.” *The Guardian* later reported that, across the planet, more than 800 institutions, with total investments valued at \$6 trillion, have committed to divest from fossil fuels.

Opposition to ISDS

The investor-state dispute settlement (ISDS) clause in NAFTA, and other trade deals such as CETA that Canada has signed, allows foreign companies to challenge domestic laws that threaten their profitability. (Since 2010, according to the CCPA, Canada has been sued under NAFTA twice as often as the US and Mexico combined, with claims from corporations often targeting environmental protection, public health, and resource management decisions by Canadian governments. On top of the \$219 million Ottawa has paid out in awards and settlements, it has also spent more than \$95 million in legal fees defending these lawsuits.)

In a scathing editorial titled “The Arbitration Game,” *The Economist* noted: “If you want to convince the public that international trade agreements are a way to let multinational companies get rich at the expense of ordinary people, this is what you would do: give foreign firms a special right to apply to a secretive tribunal of highly paid corporate lawyers for compensation whenever a government passes a law to, say, discourage smoking, protect the environment, or prevent a nuclear catastrophe. Yet that is precisely what trade and investment treaties have done, through a process known as ‘investor-state dispute settlement,’ or ISDS.”

(US President Trump has proposed scrapping the ISDS clause in NAFTA, and Canadian negotiators reportedly were will-

ing to follow suit.) But Prime Minister Justin Trudeau stubbornly insists that ISDS be maintained in both NAFTA and the CETA, despite Canada's poor track record and the costly, unreasonable threat ISDS poses to democratic policy-making.

An ongoing and robust public opposition to ISDS has grown massively since 2012 (especially in Europe and Central and South America). But in Canada, the Trudeau government is a notable exception to the anti-ISDS movement. When asked to explain this anomaly, Celia Olivet, head of the Economic Justice Program at the Netherlands-based Transnational Institute, responded: “In my view, the only way to explain the Canadian government pushing for ISDS is because it is defending the privileges and interests of Canadian multinational corporations that could benefit from the system.”

Tax Havens

After the release of the informative Paradise Papers in 2017, the NGO Canadians for Tax Fairness (CTF) estimated that between \$10 billion and \$15 billion in taxes were not being collected annually from the massive amounts being stashed in tax havens by big corporations and wealthy individuals. The Conference Board of Canada's estimate is even higher: a whopping \$47 billion a year lost to overseas tax evasion.

The CTF stated that this forgone tax revenue would be enough to fund Pharmacare, universal child care, free university tuition, and infrastructure improvements in First Nations communities, all at the same time.

The corporate sector overlords have been hiding trillions in tax havens to “starve the beast” of governments worldwide, forcing austerity measures, deregulation, privatizations, and further tax cuts for the rich.

The *Toronto Star* pointed out that “the Paradise Papers are doing nothing to soothe those who worry about the unseemly intertwining of money and power in politics, or about the extent to which the economy is being rigged by the few against the many. The government can do something about this. It can, for instance, close unfair loopholes and collect what's owed.”

Both these changes, however, would need a loud, concerted, and immediate push from the Canadian public. In other words, this is no time for either apathy or cynicism.

The Bank of Canada — For 35 years the “People's Bank”

The *Bank of Canada Act* gives our publicly-owned central bank the power to make

near-zero interest loans to our federal, provincial, (and potentially, municipal) governments for infrastructure and health care spending. The BoC successfully did this for 35 years, from 1938 to 1973 [funding the St. Lawrence Seaway, the Trans-Canada Highway, construction of coastal ports and airports, and many other public building ventures] and without incurring debts to private lenders and without creating inflation problems.

In 1974, however, the Bank for International Settlements, the World Bank, the International Monetary Fund, and a variety of corporate think-tanks persuaded most countries, including Canada, to stop their central banks from making interest-free loans (and have governments do most of their borrowing from the private banks instead). Since then, the neoliberal economic agenda has created environmental destruction and massive wealth inequality across the planet. Canada's federal debt has skyrocketed, and we have paid about \$1.5 trillion in interest to the private banks (most of which could have been saved if our federal government had continued to borrow from the Bank of Canada).

For the past seven years, the Toronto-based Committee on Monetary and Economic Reform (COMER) has been pursuing a lawsuit against the federal government's refusal to reactivate the Bank of Canada's original mandate of funding public projects. In May of 2017, however, the Supreme Court of Canada refused to hear COMER's lawsuit. The Court never gives a reason for refusing a case, but the government's lawyers contended that the Bank of Canada issue is "not for the courts, but for the electorate" to decide.

[Given Trudeau's decision to bypass the Bank of Canada and set up a Canada Infrastructure Bank that intends to spend \$180 billion over the next decade – derived mostly from private sector investors who will be paid millions in interest – it's obvious he will never voluntarily resume borrowing from the Bank of Canada.]

Last year, while Trudeau was speaking to a town hall meeting in Peterborough, Ont., on the country's economic problems, COMER's Herb Wiseman shouted out: "Use your central bank!" To which Trudeau promptly responded: "That doesn't work." It was a stunning remark, blithely ignoring and denying 35 years of Canadian history. Moreover, Ecuador has proven over the last several years that using the central bank actually does work to put money into the real

economy without taking on expensive debt to private banksters or causing an inflationary spiral.

[Another country that has continued major borrowing from its central bank is Japan.] As Ellen Brown has pointed out, "While the US government (along with Canada's government) has been driving up its 'sovereign' debt and the interest owed on it, Japan has been cancelling its debt at the rate of \$720 billion per year. How? By selling its debt to its own central bank, which returns the interest to the government. An interest-free debt owed to oneself that is rolled over from year to year is effectively void."

That strategy by Japan's central bank sounds very familiar to what COMER has been advocating for Canada.

COMER has not been discouraged by

the Bank of Canada's refusal to hear its case. Its leaders and supporters have decided to increase their educational outreach to the public. Their goal is to make the restoration of the Bank of Canada's role as the main funder of government projects a key issue in the next federal election.

I estimated at the start of this review that *Bypassing Dystopia* could have as many as 50,000 intelligent and open-minded readers. Since Watershed Sentinel Books is a relatively small publisher, however, without the financial means to widely promote their books, that estimate may be overly optimistic.

But maybe not. If every reader becomes as impressed and enthused by *Bypassing Dystopia* as I am, and if each of them commits to persuading 10 or more of their relatives,

Neoliberalism Is the Real Problem We Face

Opinion, The Peterborough Examiner, July 3, 2018

There is much wrong with Ron Graham's rant about alleged biased coverage in the Examiner, not the least of which is his claim to economics expertise like that of Stephen Harper. He ignores his own biases and actually misses the Examiner's biases. While I do not like using debt to GDP ratios, Ontario's is about 38 percent, which is better than (lower) than over 100 countries including many of the top performers like Germany. No danger of bankruptcy exists here.

The teaching of economics is a subjective, propaganda activity. Its teachers pay little or no attention to economic history nor scientific principles. Its theories are based on ridiculous, untested models appealing to beliefs rather than reason. Therefore, contradictory views to the current economic belief system are not allowed. To be fair some economists are now pointing that out to their colleagues.

The role of the Examiner, now that it is under new ownership, is to promote policies that will make the Neoliberal Age of Austerity in which we now live, more humane but not challenge it. It likely will not provide information to its readers about neoliberalism except through letters. Unlike the Guardian in the UK which has columnists who write about it.

Wynne enacted neoliberal policies (privatizing hydro, P3s) while pretending to fix the harms caused by neoliberalism (by

testing the feasibility of Basic Income Guarantee, increasing minimum wage).

Doug Ford used populist rhetoric to appeal to the prevailing neoliberal beliefs held by a minority of voters (maybe 40 percent) in this province so giving him a chance to see what he will achieve is a silly notion. Sixty percent of voters made other choices.

Andrea Horwath promoted a return to social democracy and appealed to about 34 percent of voters.

Neoliberalism developed out of a fear and loathing of social democracy.

But by far the most egregious aspect of Ron Graham's letter is that he, like Ford, looks at the world through the lens of money. Since he likes economics experts, he might want to read Prof. Peter Fleming's books on this topic. Fleming points out that central to neoliberalism ideology is money. Everything must have a price and the *only* purpose of human activity is to make money. In Neoliberalism, money *trumps* life.

The Examiner might consider a column about neoliberalism versus social democracy. The neoliberals have had their way with us for 40 years but that is not enough for Ron Graham. Compare and contrast this time with the previous 30 and the relative impact on debt. But most economists (and the Examiner) do not do that. Worse, there is no analysis of what changed in the '70s and why.

Herb Wiseman, Peterborough, former Vice-Chair of COMER

friends and co-workers to read it as well, that 50,000 readership level might actually be reached.

And then, if these many thousands of readers become politically active during next year's election campaign, the Bank of Canada's "resurrection" as the prime funder of public projects could indeed win overwhelming voter support.

Edward (Ed) Finn, Jr. is a Canadian trade unionist and journalist, editor, author and former Newfoundland politician. He was the leader of the Newfoundland Democratic Party and the first leader of the Newfoundland New Democratic Party. Finn also wrote a weekly labour column for the Toronto Star from 1968-1982 and has also contributed articles to various publications. Now retired, he worked for the Canadian Centre for Policy Alternatives beginning 1993 as editor of its monthly journal, The CCPA Monitor. The CCPA has published several collections of Finn's essays in three books, The Right is Wrong and the Left is Right, Cutting through the Neoliberal Bafflegab, Under Corporate Rule and Who Do We Try to Rescue Today?

Bypassing Dystopia: Hope-Filled Challenges to Corporate Rule

By Joyce Nelson
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Our Comment

I'm always moved, on Canada Day, to see such great numbers of Canadians sporting flags and singing, "Oh Canada!," in joyous celebration of all they believe their country to be – expressing their confidence in it, and their heartfelt allegiance to it.

I'm moved by the unrealized human potential it reflects and the promise for a better future that it holds – and I'm moved to deep resentment of the politicians to whom Canadians have entrusted all of that, and who have betrayed that trust through policies dictated by Neoliberalism's "Dirty Dozen."

ER subscribers will not be unacquainted with information about "the Dirty Dozen." But however well informed one may be, Nelson's "meticulous analysis" is certain to evoke fresh insights and to sharpen one's indignation. This is balanced with "Hope-filled challenges to corporate rule" in a way

that is indicative of the negative and positive forces – presently at work – that define the critical moment of our time.

The examples addressed clearly identify those whose government the Trudeau government really is. They support Michael Hudson's contentions (*Finance Capitalism and Its Discontents, Interviews and Speeches, 2003-2012*) that, "Governments henceforth are to serve high finance, not labour and industry" (page 41), and that, "The reality is a new epoch of class warfare" (page 64). "The banks' plan is to get public bailouts for themselves but not for the rest of the economy. This has become today's financialized mode of class warfare" (page 56).

Clearly, electoral reform is a fundamental step forward. The great 'democratic' choice has come to be the 'lesser evil' resulting in a tweedle-dum-tweedle-dee alternation between two strings of the same team.

In an article "Challenging the Common Sense of Neoliberalism," Ian McKay, Chair of the Wilson Institute for Canadian History at McMaster University in Hamilton Ontario, argues that "The term 'neoliberalism'...in many ways misleads us" – that it might more accurately be called 'authoritarian liberalism.'

"In essence, such authoritarian liberals, now hegemonic throughout much of the West, though stoutly affirming their loyalty to conventional liberal values and practices, consistently defend an implicit theory of politics that radically departs from them. Aware that a kind of grassroots liberalism – a belief in fairness, honesty, and accountability – has deep roots in the populace, such authoritarians continue to pay lip service to compassion, equality, and democracy while blatantly contravening any such commitment. (*Rethinking Democracy*, by Leo Panitch and Greg Albo, *Socialist Register*, 2018)

This hypocrisy is evident in the "Dirty Dozen" neoliberal credo, and in the "foregone tax revenue" that hardly reflects such traditional liberal values as "fairness, honesty, and accountability...equality and democracy"!

As the *Toronto Star* pointed out, time is of the essence. We are living through a critical moment. Dealing with the problems of *money* and *power* in politics, and of an economy that favours the many, will take more than "a loud, concerted and immediate push" from the Canadian public! It will require electoral reform, and public education.

Surely those of us who have been so affected by the consequences of these policies

as to find our way to reliable information like that delivered by Joyce Nelson, can find a way to get that 50,000 Canadians to read the "stunning exposure of how liberalism has worsened poverty and inequality, while supplanting democracy with plutocracy."

Among other things, we should insist that glib answers like, "that doesn't work," be backed up with the reason why!

Speed up the process of change!

Get a group together – share responsibility for reading sections of *Bypassing Dystopia* – organize public forums to inform and inspire your neighbours at the local level!

Cheers!

Élan

Further Comment

"In *Beyond Banksters*, Nelson laid out key forms of financial and trade practices that enrich the very wealthy, and obstruct the rights, security and opportunities of ordinary citizens. Now, in this sequel, she details further initiatives that enrich the vastly rich, but she also lays out a brace of key examples of successful pushback from those same ordinary citizens, aided by courageous industry whistle-blowers and bold and prescient political leaders. The outline of a new social contract – where people always count more than profit – is present in this work, and it will undoubtedly stir readers to apply new and constructive ideas in their own lives." — *R. Warren Bell, Past Founding President, CAPE (Canadian Association of Physicians for the Environment)*

"Given an economy rigged against us, Nelson's book provides examples of citizens acting together, affecting fundamental and structural change." — *Judy Kennedy, activist and long-time COMER member*

"Joyce Nelson's incisive sequel to *Beyond Banksters* is, like the predecessor, required reading to understand the deep structural evils of neoliberal capitalism. Again and again, *Bypassing Dystopia* exposes how vile greed is institutionalized to economically and ecologically rape our planet and its people, the vast majority who are propagandized to believe in the latest versions of progress, packed and sold by corporations, banks, their political servants and PR flacks. The author points to beacons of light in the darkness of corporate control, such as the regenerative organic agricultural revolution, but she makes it clear that without a grassroots revolution of informed and organized citizens, the seductions of neoliberalism doom us to serfdom and ecological destruction." — *John Stauber, author and activist*

The Commons

By David Bollier, *The Social Artist, Summer 2018*

David: The idea of “the commons” refers to more than just land. It can mean digital spaces; it can mean urban spaces; it can mean social spaces. It refers to a regime of self-government and management of shared resources. A commons is not the resource alone, as many economists seem to think; it is not just “un-owned resources”: it is the resource plus the community that governs it, plus a set of rules or protocols which regulate its use. The English enclosure movement is definitely an important touchstone, an inspiration for talk about the commons today. But the idea has now been adapted and developed to become, as you say, a kind of “grand narrative.” It is attractive to me because it both allows a critique of our present system – of which enclosures are a major part – and provides a platform for constructing alternatives.

Jane: So what is meant exactly by “enclosure”?

David: Enclosure is the commodification and privatisation of our shared wealth. It means that things that were previously free for the taking, or collectively managed, pass into the hands of individuals or, in collusion with governments, are privatised and made available for market exchange. This process is cast as “progress” by the capitalist system, and put forward as the way that human development happens – the way that wealth is generated. But in fact, it is often just a radical dispossession of people. It removes things from their organic context, be that a community or an ecosystem, so that they can be sold. So the commons is a story that helps us talk about what I think of as the great unacknowledged scandal of our times, which is the enclosure of the wealth that belongs to all of us.

Jane: We are going to go on to talk about how this is happening with things like intellectual property and the internet. But I was surprised to learn that even in terms of the literal enclosure of land, there are still two billion people in the world today – that is, more than a quarter of the global population – who are dependent on collectively managed natural resources.

David: It is fascinating that modern economic theory *does not regard subsistence economies as meaningful*.

That’s because there is no cash exchanged

and no formal markets, even though people’s needs are being met. Subsistence commons are seen as potential or proto-markets that need to be developed in a western consumer sense. So in places like Africa, Asia and Latin America, we are currently seeing sovereign investment funds, hedge funds and speculators colluding with governments to take over lands which have historically been managed as commons – and actually, in many cases, managed very well. This land grab is going to cause the same kind of problems that the English enclosure system caused – the pauperisation of people, ecological exploitation, the cultural decimation of indigenous people. I call it “the tragedy of the market.”

Jane: You are making a reference, I believe, to the phrase “the tragedy of the commons” which is still one of the first things that come up when you Google “the commons.” Is this the idea that common ownership of resources necessarily leads to them being over-exploited.

David: Yes. The term “tragedy of the commons” derives from an article written by biologist Garrett Hardin in 1968.... Hardin talked about the commons as if it were a free-for-all regime where people could do whatever they wanted. But this is not what a commons is. A commons is a social system that manages resources sustainably, and which has regulations and boundaries that its members can enforce, through penalties if necessary, to make sure that the resources do not get over used. So a commons has ways of dealing with people who want to appropriate them for their own gain, or free-loaders who want to use them without playing a part in their upkeep....

Jane: Can you give us some examples of successful commons projects?

David: In New Mexico, there is a system of community-managed water control known as *acequias*. These water systems, which derive from the ways in which indigenous Americans managed water, have been sustainable in a very arid region. What is remarkable is that the commons has been able to steward the water in ways that do not over deplete it. It has statutory recognition by the state government, so this is a rare example of a state-sanctioned commons. Its success stands in stark contrast to the suburban and urban areas around it, which are grossly over-using the water relative to what

the ecosystem can replenish.

There are many similar examples around the world of sustainable stewardship of shared resources. Elinor Ostrom in her landmark book, *Governing the Commons*, mentioned a great many – from the *zanjeras* in the Philippines to the communal tenure systems in the high mountain meadows in Switzerland, and the *huerta* irrigation institutions in Spain. All these have been successfully running for a long time – in many cases, for centuries.

Until Ostrom came along, these social systems had been understudied by conventional economics with its focus on the atomistic individual, *homo economicus*. *The ontology of economics cannot really understand collective action because the presumption is that individuals matter more than groups, and every individual is supposedly rational and calculating in advancing his or her material self-interest*. This is in contrast to the empirically obvious fact that people in many communities can and do negotiate their way to collectively managing their wealth.

The Second Age of Enclosure

Jane: It seems ironic that at the same time as these examples are becoming known, we seem to be going through an intensification of the process of privatisation. Some people have gone so far as to call this “the second age of enclosure.”

David: Yes, indeed: there has been an enormous extension of the scope of property rights over the last few decades. Enclosures have been moving into areas that are often intangible – such as knowledge, business models, sounds, and even smells – which are more subtle than enclosures of land. Let me go through a few examples. One area is the term of copyright on materials produced by writers and artists. In the USA this has now been extended to the life of an author, plus 70 years. This means that I can scribble something on a piece of paper and it will be copyrighted to about the year 2200, which is just absurd. This is supposedly needed as an incentive for me to create. There are attempts to marketize the internet; the whole net-neutrality debate in the USA concerns whether companies will have proprietary control over what is happening online. Twenty percent of the human genome is now patented for private purposes, which is discouraging a lot of research into medical treatments and biological functions. In urban regions developers and absentee investors are controlling how cities are developing; they are taking over public spaces

and acquiring a lot of infrastructure. There are many roads which used to be publicly managed that are now private toll roads. The list goes on and on. We have privatisation of public information, public lands, the airwaves that are used for broadcasting, and federal drug research. In the United States, the publishers of court decisions can now claim copyright over the official publications even although the decisions are funded by taxpayers. Companies are patenting nano-matter, and algorithms embedded in software can be copyrighted. President Trump has even expressed the hope that private companies will go to the moon and lay claim to resources there.

Jane: I know that all this is leading to some extraordinary restrictions. For instance, in some places where genetically modified crops have been introduced, it has become illegal for people to gather and share seeds. This means that indigenous peoples are prevented from growing the crops that they have relied on for centuries, or even millennia.

David: Yes, even in Europe there are efforts now to criminalise the sharing of seeds. The problem is that the law – state law – is often employed in the service of enclosure. However, there are also some instances where the law has been used to protect the commons. These amount to what you might call “legal hacks.” An example is the Creative Commons licenses, which allow authors to retain copyright over their works, and be acknowledged for it, whilst still making them freely available for others to copy, share and modify. The General Public License for free and open software does the same thing for software code. The point of legal hacks is to use the existing legal system against its intended purposes in order to protect the rights of commoners to share.

Jane: Why do you think that enclosure is becoming so much more pervasive in our present time?

David: Because the political system has bought into the economics of capitalism and we have what I call a “market–state alliance.” Enclosure is so prevalent that there has not really been much public discourse about what is happening. It is just seen as inevitable, and even desirable. So there is a lot of debate about whether resources like water, power or transport should be managed by the state or by private enterprise, but really, this is a specious choice. The larger debate, which has not been joined at all, is whether these things should be self-managed as commons, outside of the direct

THANK YOU FOR
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control of government or markets. Part of the point of the commons is to provide a language for naming this process of privatisation and state control, and to point out that there are feasible alternatives....

Cooperation and Flourishing

Jane: I can see how the enclosure of land could be wealth-generating from a certain perspective. But in other cases, it seems that enclosure must be directly counterproductive. You talk a lot about what is happening within academia, where openness and sharing is surely a necessity for successful work.

David: Well, enclosure clearly does not support the historic goals of academia or the aims of science. But it is very consistent with the goal of corporations who want to use academia’s research for their proprietary benefit at minimal or no cost. Nowadays, there are lots of corporate partnerships with academic departments which allow these companies to appropriate the resulting research, and deny it to their competitors or to other academics and the public.

My feeling is that university administrators have not shown the kind of leadership or vision that is needed to reclaim control of the very resources that they (or often, we as taxpayers) are financing. Why do they allow their researchers to publish their papers in commercial journals, which then copyright them and sell them back to university libraries at exorbitant subscription rates? There are many alternative ways of sharing knowledge within a discipline or to the public, such as open-access publishing or, more broadly, open educational resources such as open text-books or open data commons.... It is just so enormously more efficient and innovative to share knowledge than to lock it up.

Jane: This aspect of greater efficiency and productivity seems to be one of the most important features of the new conception of the commons. And also the idea of flourishing in its widest sense: human flourishing – meaning the flourishing of our humanity. Why do you think that commons are more conducive to this than a market-driven economy?

David: A key idea of the commons is “inalienability.” This means that something is not for sale. Market categories of control and management are becoming so pervasive in human life..., and it is profoundly dehu-

manising. This is now going on in so many parts of the world that the managers of big data, like Google and Facebook, are superimposing these values on us as they seek to monetise our personal data. So it is important that we begin to assert that there are some parts of our life which are inalienable and not governed by market norms. The commons is about carving out protected spaces for a different kind of humanity to emerge. This is both a personal, existential necessity, and a challenge to create new types of institutions.

Jane: So how would you define this different kind of humanity?

David: It is one that is developed in relationship with others. We are not self-made in the way that the market presumes that we should be; we are not *homo economicus*. Identity and human flourishing come about through having a connection, a relationship with others, including non-human life and the earth itself. A commons is a vehicle for discovering our common purposes together in an organic, place-based context. This general scenario is quite different from a market culture where each of us is seen as a fungible unit of humanity that can be deployed here, there or anywhere on the planet. Meaning arises out of relationships, and the market as a vehicle for impersonal transactions does not provide that; it provides commodities through which we can, at best, buy a kind of identity.

Jane: You have talked about new research which is showing the importance of this cooperative side of human nature in our evolution. Neo-liberal economics, by contrast, goes hand-in-hand with a more Darwinian idea of progress.

David: ...Many contemporary evolutionary scientists are pointing out that cooperation is far more pervasive in the history of the human species than the brutal competitiveness of neo-Darwinism, and that it has been essential to our survival.

Jane: There is a very interesting quote from Martin Nowak, Professor of Biology and Mathematics at Harvard University: “Perhaps one of the most remarkable aspects of evolution is its ability to generate cooperation in a competitive world.”

David: Yes..., while predatory, self-serving individuals may succeed within groups, a group committed to collective action that cooperates within its own members, beats selfish groups in terms of evolution. So there is some fascinating historical evidence which shows that cooperation is really our

fate, as opposed to the two-hundred-year epiphenomenon of homo economicus. Of course, a larger question is the purpose to which cooperation is put – whether to advance the usual capitalist accumulation or to develop new types of social cooperation and institutions.

Jane: Anyone who has ever attempted any kind of communal action will know only too well that there are a whole host of difficulties which arise between people when they try to work together. It is not generally easy to reach agreement, to work out the protocols for actions, etc. So you have made it clear that the commons is not a utopian vision: it does not pretend to have all the answers.

David: Absolutely. The idea of the commons is not a magic pixie-dust for solving all our problems. However, what it does do – unlike a lot of large-scale structures of politics – is to provide a serious vehicle for deliberation and taking account of other people's views in order to come to a common purpose. This can work especially well at a smaller scale, but it can also apply to larger organisations.

One of the criticisms levelled at the commons is that it can't scale up, meaning that it is stuck with operating only at a very local level. It is true that it won't scale in the way that we are used to, in a hierarchical way to create a single, large organisation. But what can happen is emulation and federation. Lots of smaller scale commons can be in communication with one another and build on each other's innovations, as we see in many digital spaces where countless open-source communities are collaborating with each other.

In this way, we can have both meaningful self-governance and production through commons, but, also operate on a larger scale. The term that has been used to describe this is "cosmo-local" production. This means global collaboration of knowledge and design through the internet in an open-source way, but local production using inexpensive, modular and locally sourceable materials without large transport costs. This is a different logic, a different pattern of behaviour, from the 20th-century industrial model of how you build and scale something. I think this is definitely the future. There is a quote that I love from the Belgian designer Thomas Lommée: "The next big thing will be a lot of small things." This is what we are struggling to invent right now: how can a lot of small things interconnect and nourish each other without having large centralised

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bureaucracies directing them?

Jane: We do have some examples of commons that work on a large scale, for example, Wikipedia. This seems to me to illustrate very well the importance of protocols, because it has very strict procedures for editing articles, and it is policed to prevent the information becoming corrupted.

David: Yes, it is remarkable that an organisation of such a size manages to operate as an open-access site. It has some governance issues, however: it is a very male dominated – younger male dominated – community, and there are also philosophical debates about whether its content should be inclusivist – meaning that virtually all content, however seemingly trivial, should be allowed – or whether it should be something that is more curated and editorially controlled. Wikipedia is still fairly young, so many problems of large-scale commons are novel and not yet fully resolved....

The Deeper Philosophy of the Commons

Jane: So would you say that the idea of the commons is most useful because it helps us to articulate things which had previously been rather invisible?

David: Absolutely. It helps to make many phenomena which until now have been radically disconnected or isolated culturally legible. The fact that seed-sharing in order to prevent proprietary control of the seed stock, can be seen as similar to code-sharing is an example. People can see that they share an identity as commoners who are fighting over-marketization, and that they have a common aim in wanting self-determination and control over the resources upon which they depend. This phenomenon is going on in countless different realms. The idea of the commons helps to provide a cultural framework, an historical context and a coherent philosophy for protecting the things that matter to them.

David Bollier is a leading figure in the international commons movement. In this interview with Jane Clark, he explains how our humanity is being restricted by the increasing commodification not only of land but of social and intellectual space, and how "commoning," based upon values of sharing, connection and cooperation, presents a feasible alternative.

Our Comment

Yanis Varoufakis, in *Talking to My Daughter About the Economy, or, How Capitalism Works – And How it Fails*, distinguishes between two kinds of values: Exchange Value and Experiential Value.

He points out that things like "twilight on Aegina...were never intended to go on sale. *Commodities*, on the other hand, are goods produced in order to be sold" (page 26).

He comments that although "these two types of value, Experiential and Exchange, couldn't be more different from each other...often in today's society...all values are measured – by economists, at any rate – as if they were exchange values" (page 30).

Referring to Oscar Wilde's remark that, "A cynical person is someone who knows the price of everything but the value of nothing," he contends that, "our societies tend to make us all cynics" (page 31). (Actually, an economist has often been defined as "someone who knows the price of everything but the value of nothing.")

Varoufakis goes on to explain how, "exchange value [managed] this triumph over experiential value," through "the commodification of everything" (page 32).

He outlines the process by which Britain was transformed "from a society with markets into a market society, because kicking out the serfs turned both labour and land into commodities" (page 42).

As Karl Polanyi put it, in *The Great Transformation*, the market economy "reduced man to labour and Nature to land."

A great heist! But nothing compared to the "Second Age of Enclosure," thanks to neoliberalism's "Dirty Dozen"!

Élan

The Social Artist is the Social Credit Quarterly. It is freely available electronically at www.douglassocialcredit.com.

COMER and Social Creditors have long been allies. We receive The Social Artist regularly and they occasionally publish articles from our ER.

"The body of economic theory known as 'social credit' was studied across the world in the inter-war years of the 1920s and 1930s, as ordinary men and women struggled to understand how it was that the world could afford the waste and horror of war. The Social Credit movement was supported by leading figures in the arts, sciences, the church, politics and social activism, all of whom presented the case for peace based upon social justice and environmental sustainability" (from the Social Artist).

Centrist Think Tanks Won't Save Our Cities

By Gar Alperovitz, *inthesetimes.com*, January 8, 2018

With both houses of Congress and most state governments captured by the Republican Party, those opposed to Trump and Trumpism are looking to cities. This strategic choice is increasingly being made not only by the Left, but by the careful center as well, a fact shown nowhere more clearly than in *The New Localism* by Bruce Katz and Jeremy Nowak, urban policy experts at the Brookings Institution, an influential Washington think tank.

Katz and Nowak offer a window into the mindset of elite resistance to Trump. While they don't like the nationalism and nativism of right-wing populism, their interest lies with leadership by and largely for those at the top. As Donald Trump tears down what remains of the welfare state, local elites are working hard to save their cities.

While this certainly may sound like a good thing, the term "their" is used advisedly: What they are after are high-tech metropolises whose upscale tone and glamour can bypass and obscure the deepening pain of those left behind. A rumbling, anger-driven and increasingly sophisticated alternative, however, based on grassroots experimentation and organizing, suggests the developing possibility of something very different.

Katz and Nowak's first chapter begins with a Robert Caro quote: "My interest is in power. How power works." The key to "problem solving," they hold, is getting corporate, hospital and university leaders to work together (preferably in "CEO-only" meetings) to make things happen.

Selective success stories they point to include Pittsburgh, Indianapolis and Copenhagen, all of which have indeed found different ways to revitalize (at least parts of) troubled cities. In Pittsburgh, for example, partnerships among research universities like Carnegie Mellon, local foundations and entrepreneurs (albeit, Katz and Nowak acknowledge, with a strong dose of federal R&D funding) helped the city nurture a 21st-century economy that's on the cutting edge of medicine, robotics, nanofabrication and autonomous vehicle technologies.

Pivoting from the declining steel industry, the city has cultivated local assets to attract and retain millennial and immigrant professionals. Indisputably, such

achievements are possible with elite leadership. But just as indisputably, they often leave aside vast numbers of the Black, Brown and working-class white Americans excluded from the high-tech economy. (They also usually involve using or forgoing tax revenues that could be used for other purposes.)

Put bluntly, *The New Localism* is largely about what can be done for those sufficiently skilled and educated to find a place in the increasingly unequal technological economy. The authors pay little notice to inequality, and only occasional and inadequate attention to housing and poverty. These and other problems – from skyrocketing health-care costs to unlivable wages – are largely for the federal government to solve.

What this ignores is that there is unlikely to be major federal action on any of these matters in the absence of new grassroots mobilizations, above all at the local level. Certainly, Katz and Nowak appreciate an occasional community-organizing effort like that of BUILD in Baltimore, a long-standing alliance of local groups working to improve housing, job opportunities and schooling. But they also offer no evidence of, interest in or knowledge of the existing movements, almost all city-based, that are quietly building power aimed at something beyond elite-dominated modernization.

Remarkably, for instance, they write: "The United States today is unlikely to create publicly owned banks" – even as activist-led campaigns in Philadelphia, Santa Fe, NM, Oakland, Calif., Seattle and other cities have pushed their local governments to begin exploring that very option. The public banking movement demonstrates the power of grassroots action to set the political agenda: The new governor of New Jersey, Phil Murphy, has just completed a winning election campaign that included a promise of a state-owned bank, and Los Angeles City Council President Herb Wesson has advanced a public bank proposal in the nation's second largest city.

Another area in which community activist efforts are creating a new politics and new institutional forms, ignored in the book, involves worker-owned firms. One of the most advanced US efforts is in Cleveland, where the Evergreen Cooperatives, a complex of worker co-ops linked together via a community-based nonprofit corporation,

are supported in part by the purchasing power of hospitals and universities in the area.

It's not just the United States: There is evidence of a growing global movement to build new power and transform political and economic institutions, beginning with cities. The British city of Preston, for instance, has taken the Cleveland co-op model even further, getting hospitals, universities and city government to purchase locally (and eventually from worker co-ops); Preston also aims to establish a public bank. Related efforts to build power from the bottom up and create new democratically owned institutions, including co-ops and public banks, are increasingly widespread in cities ranging from Barcelona to Buenos Aires.

The guiding argument behind this activist surge is that creating a truly democratic economic system and a reinvigorated left politics requires building new democratic economic institutions and, ultimately, a culture of community and participatory governance from the bottom up. The long-term strategy aims at democratizing ownership and control at all levels, step by step, over time, no matter how difficult and demanding the challenge.

It is an argument, despite Donald Trump's current dominance, that converges with potentially explosive political energies that were revealed by the Bernie Sanders campaign, the Black Lives Matter movement, the women's marches and the recent Alabama election. It is, however, an argument, and an energy, that Katz and Nowak fail to engage – their theory of change remains focused on bringing together existing leaders and power players.

In 1932, Supreme Court Justice Louis Brandeis famously praised states as the laboratories in which "novel social and economic experiments" could be tested. Many of those experiments subsequently became the basis of the New Deal. Today, cities – with their high concentrations of politically progressive and radical residents (and political leaders), infrastructure and supportive institutions (such as philanthropy, unions and anchors) – are emerging as centers for social, economic and ecological innovation and organizing.

In the painful context of the Trump era, new city-level democratizing strategies and efforts to deploy them are demonstration

projects. They help define strategic options and possible longer-term pathways of change. As in the pre-New Deal period – and as economic suffering and dislocation increase – there are reasons to believe they may spread, city by city and state by state, to help form one element of a viable national movement for change.

Above all, the new movements offer new answers, and are likely to continue to offer more as the people commonly ignored by The New Localism – organizers, workers, people of color – steadily build both new institutions and new power.

Gar Alperovitz is co-founder of the Democracy Collaborative and co-chair of its Next System Project. He is author, most recently, of Principles of a Pluralist Commonwealth.

Our Comment

One of the memorable points made clear here, is that different levels of society, in

what may seem to be a common cause, may become allies because they share a common goal – like “the revitalization of troubled cities,” or the pursuit of personal income.

Thus, certain corporate interests may be served by prospective *victims* of prevailing ‘solutions,’ due to certain circumstances, on the one hand, and “mindset,” on the other.

Workers whose livelihoods depend on jobs at the tar-sands or the installation of pipelines, for example, cannot be blamed for opposing shutting down the tar-sands or cancelling the Kinder-Morgan. They cannot be held accountable for the toxic consequences they may themselves experience, nor the environmental calamities that may result from the work they do.

This conflict of interest has to be kept in mind and not obscured in efforts “to make things happen.” A 21st-century political economy must recognize and deal with such conflicts.

As William Krehm has often found the need to point out, to solve an equation you must enter into your calculation, *all* the pertinent factors.

Alas, it is a general failure of mainstream economics that factors such as the common good, are, instead, routinely dismissed as “externalities.”

Like Pittsburg, Indianapolis, and Copenhagen, we must stretch ourselves into the 21st Century, and move on to solutions that address *all* critical factors.

Moving on has political, educational and other implications and as Yanis Varoufakis, a former Finance Minister of Greece, argues in *Talking to My Daughter About the Economy or, How Capitalism Works – And How It Fails*, this hinges on our scrapping our present “imperfect” democracy, and establishing an “authentic” democracy.

He makes the difference abundantly clear.

Élan

Dark Foreboding: Is the American Democratic Experiment Over?

By William Boardman, Reader Supported News, July 10, 2018

Things fall apart; the centre cannot hold;
Mere anarchy is loosed upon the world
The blood-dimmed tide is loosed, and everywhere

The ceremony of innocence is drowned;
The best lack all conviction, while the worst

Are full of passionate intensity.

– William Butler Yeats, *The Second Coming*, 1919

Apocalyptic thinking has been with us for a long time, and it sometimes ushers in actual apocalypses, albeit at human scale, without biblical finality. For a century now, the Yeats poem above has served as an increasingly common reference point for those who fear apocalyptic events approaching. Today such fears are varied, the threats are real, and reactions range from crisis-mongering to self-serving denial, making any rational, coherent societal response almost impossible.

We’ve been heading this way for decades. We finally got here in 2016. It’s taken awhile, but the forces of chaos and greed seem to be cohering, tightening their grip on power, on government and culture, facing little or no effective opposition. An election is coming. It will matter. But how?

***Things fall apart; the centre cannot hold;
Mere anarchy is loosed upon the world***

Worse, things are under attack, the center is the enemy. The US president veers toward dictatorial powers and seeks out new targets to disrupt or destroy. The US wages war around the world in at least 7 countries (with combat forces in 146 according to Seymour Hersh). The US Environmental Protection Agency wages war on the environment along with public health and safety. The US Education Department wages war on public education. The US Justice Department wages war on Justice, turning law enforcement into a profit-making, human-trafficking criminal enterprise. The US Department of Housing and Urban Development wages war on the poor, as do other agencies. The US Labor Department wages war on labor. The US Supreme Court wages war on pretty much 99% of the population. And so it goes: almost everywhere one looks, there is almost no center left to hold. Resistance is scattered, ineffective, inconsistent, fragmented – mere anarchy is loosed upon the world.

***The blood-dimmed tide is loosed,
and everywhere***

The ceremony of innocence is drowned;

This is our country that has loosed a

blood-dimmed tide across the globe for decades, this is American exceptionalism that has flooded countries from Iran to Guatemala with its citizens’ blood for American ends. This endless flow of American violence and death has drowned our innocence, and still so many of us pretend there is no blood on our hands, no blood up to our eyeballs, no blood vengeance haunting our future.

That’s not the way we see the border, but that’s the way the border is. American-sponsored dictatorships and genocides are sending the children of their victims to our borders where we victimize them again and again and again. And finally, at least more than just a few people notice who and what we are, and who and what we have been for so long, and there is horror, at least for some. No border guards are yet showing signs of conscience as they carry out unlawful orders, but at least one immigration judge has expressed embarrassment at asking a one-year-old if he understood the proceedings the US was putting him through.

***The best lack all conviction, while
the worst
Are full of passionate intensity.***

And so we head for another election on November 6, bitterly divided as a country.

It's a so-called off-year election (no presidential race), but it may be darkly viewed as the last stand for the American democratic republic. Some say that 242-year-old experiment has already failed, and there's logic to that opinion. The decline has been long, slow, relentless and the end will not likely be apocalyptic.

When did we lose the possibility of a country of freedom, tolerance, and honesty? OK, the Constitution allowed slavery. More recently, was it our willingness to incinerate Japanese civilians with atomic weapons? Was it our willingness to accept Reagan as president despite his dealing with Iran to rig the election? Was it our willingness to let the Supreme Court choose Bush for president? Was it our willingness to let Bush lie us into wars that haven't ended yet? Was it our willingness to accept yet another blood dictatorship in Honduras (after all the others over so many years)? Was it our willingness to accept a Supreme Court decision (Citizens United) that turned democratic elections into plutocratic power auctions? Was it our acceptance of Republicans stealing a Supreme Court seat? Was it our election of minority-president Trump? Any of these points (and no doubt others) were turning points where the best lacked all conviction, while the worst rode their passionate intensity to the verge of total control of the US government. From there, it could be but a short distance to totalitarian control.

We're heading into the 2018 election with polling that shows only a slight majority of Americans – around 53% – opposed to the direction of the country, opposed to Republicans, opposed to Trump. Republicans currently control the presidency, both houses of Congress, and the Supreme Court (with another justice online).

The election can't change the presidency. The election can't change the Supreme Court directly (especially if Kavanaugh is approved beforehand).

The election can change either house of Congress, neither of which is anything like a sure thing. If the House gets a Democratic majority, that puts all legislation on the negotiating table and raises the possibility of articles of impeachment for which this president has qualified since day one of his presidency.

If the Senate gets a Democratic majority, that also makes all legislation negotiable and makes it harder for Republicans to pack the courts. If both houses of Congress get Democratic majorities, that gives the

Continued on page 15

The Coming Collapse

By Chris Hedges, Information Clearing House, May 21, 2018

May 21, 2018 "Information Clearing House" – The Trump administration did not rise, *prima facie*, like Venus on a half shell from the sea. Donald Trump is the result of a long process of political, cultural and social decay. He is a product of our failed democracy. The longer we perpetuate the fiction that we live in a functioning democracy, that Trump and the political mutations around him are somehow an aberrant deviation that can be vanquished in the next election, the more we will hurtle toward tyranny. The problem is not Trump. It is a political system, dominated by corporate power and the mandarins of the two major political parties, in which we don't count. We will wrest back political control by dismantling the corporate state, and this means massive and sustained civil disobedience, like that demonstrated by teachers around the country this year. If we do not stand up we will enter a new dark age.

The Democratic Party, which helped build our system of inverted totalitarianism, is once again held up by many on the left as the savior. Yet the party steadfastly refuses to address the social inequality that led to the election of Trump and the insurgency by Bernie Sanders. It is deaf, dumb and blind to the very real economic suffering that plagues over half the country. It will not fight to pay workers a living wage. It will not defy the pharmaceutical and insurance industries to provide Medicare for all. It will not curb the voracious appetite of the military that is disemboweling the country and promoting the prosecution of futile and costly foreign wars. It will not restore our lost civil liberties, including the right to privacy, freedom from government surveillance, and due process. It will not get corporate and dark money out of politics. It will not demilitarize our police and reform a prison system that has 25 percent of the world's prisoners although the United States has only 5 percent of the world's population. It plays to the margins, especially in election seasons, refusing to address substantive political and social problems and instead focusing on narrow cultural issues like gay rights, abortion and gun control in our peculiar species of anti-politics.

This is a doomed tactic, but one that is understandable. The leadership of the party,

the Clintons, Nancy Pelosi, Chuck Schumer, Tom Perez, are creations of corporate America. In an open and democratic political process, one not dominated by party elites and corporate money, these people would not hold political power. They know this. They would rather implode the entire system than give up their positions of privilege. And that, I fear, is what will happen. The idea that the Democratic Party is in any way a bulwark against despotism defies the last three decades of its political activity. It is the guarantor of despotism.

Trump has tapped into the hatred that huge segments of the American public have for a political and economic system that has betrayed them. He may be inept, degenerate, dishonest and a narcissist, but he adeptly ridicules the system they despise. His cruel and demeaning taunts directed at government agencies, laws and the established elites resonate with people for whom these agencies, laws and elites have become hostile forces. And for many who see no shift in the political landscape to alleviate their suffering, Trump's cruelty and invective are at least cathartic.

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Trump, like all despots, has no ethical core. He chooses his allies and appointees based on their personal loyalty and fawning obsequiousness to him. He will sell anyone out. He is corrupt, amassing money for himself – he made \$40 million from his Washington, DC, hotel alone last year – and his corporate allies. He is dismantling government institutions that once provided some regulation and oversight. He is an enemy of the open society. This makes him dangerous. His turbocharged assault on the last vestiges of democratic institutions and norms means there will soon be nothing, even in name, to protect us from corporate totalitarianism.

But the warnings from the architects of our failed democracy against creeping fascism, Madeleine Albright among them, are risible. They show how disconnected the elites have become from the zeitgeist. None of these elites have credibility. They built the edifice of lies, deceit and corporate pillage that made Trump possible. And the more Trump demeans these elites, and the more they cry out like Cassandras, the more he salvages his disastrous presidency and

enables the kleptocrats pillaging the country as it swiftly disintegrates.

The press is one of the principal pillars of Trump's despotism. It chatters endlessly like 18th-century courtiers at the court of Versailles about the foibles of the monarch while the peasants lack bread. It drones on and on and on about empty topics such as Russian meddling and a payoff to a porn actress that have nothing to do with the daily hell that, for many, defines life in America. It refuses to critique or investigate the abuses by corporate power, which has destroyed our democracy and economy and orchestrated the largest transfer of wealth upward in American history. The corporate press is a decayed relic that, in exchange for money and access, committed cultural suicide. And when Trump attacks it over "fake news," he expresses, once again, the deep hatred of all those the press ignores. The press worships the idol of Mammon as slavishly as Trump does. It loves the reality-show presidency. The press, especially the cable news shows, keeps the lights on and the cameras rolling so viewers will be glued to a 21st-century version of "The Cabinet of Dr. Caligari." It is good for ratings. It is good for profits. But it accelerates the decline.

All this will soon be compounded by financial collapse. Wall Street banks have been handed \$16 trillion in bailouts and other subsidies by the Federal Reserve and Congress at nearly zero percent interest since the 2008 financial collapse. They have used this money, as well as the money saved through the huge tax cuts imposed last year, to buy back their own stock, raising the compensation and bonuses of their managers and thrusting the society deeper into untenable debt peonage. Sheldon Adelson's casino operations alone got a \$670 million tax break under the 2017 legislation. The ratio of CEO to worker pay now averages 339 to 1, with the highest gap approaching 5,000 to 1. This circular use of money to make and hoard money is what Karl Marx called "fictitious capital." The steady increase in public debt, corporate debt, credit card debt and student loan debt will ultimately lead, as Nomi Prins writes, to "a tipping point – when money coming in to furnish that debt, or available to borrow, simply won't cover the interest payments. Then debt bubbles will pop, beginning with higher yielding bonds."

An economy reliant on debt for its growth causes our interest rate to jump to 28 percent when we are late on a credit card payment. It is why our wages are stagnant or have

declined in real terms – if we earned a sustainable income we would not have to borrow money to survive. It is why a university education, houses, medical bills and utilities cost so much. The system is designed so we can never free ourselves from debt.

However, the next financial crash, as Prins points out in her book *Collusion: How Central Bankers Rigged the World*, won't be like the last one. This is because, as she says, "there is no Plan B." Interest rates can't go any lower. There has been no growth in the real economy. The next time, there will be no way out. Once the economy crashes and the rage across the country explodes into a firestorm, the political freaks will appear, ones that will make Trump look sagacious and benign.

And so, to quote Vladimir Lenin, what must be done?

We must invest our energy in building parallel, popular institutions to protect ourselves and to pit power against power. These parallel institutions, including unions, community development organizations, local currencies, alternative political parties and food cooperatives, will have to be constructed town by town. The elites in a time of distress will retreat to their gated compounds and leave us to fend for ourselves. Basic services, from garbage collection to public transportation, food distribution and health care, will collapse. Massive unemployment and underemployment, triggering social unrest, will be dealt with not through government job creation but the brutality of militarized police and a complete suspension of civil liberties. Critics of the system, already pushed to the margins, will be silenced and attacked as enemies of the state. The last vestiges of labor unions will be targeted for abolition, a process that will soon be accelerated given the expected ruling in a case before the Supreme Court that will cripple the ability of public-sector unions to represent workers. The dollar will stop being the world's reserve currency, causing a steep devaluation. Banks will close. Global warming will extract heavier and heavier costs, especially on the coastal populations, farming and the infrastructure, costs that the depleted state will be unable to address. The corporate press, like the ruling elites, will go from burlesque to absurdism, its rhetoric so patently fictitious it will, as in all totalitarian states, be unmoored from reality. The media outlets will all sound as fatuous as Trump. And, to quote W.H. Auden, "the little children will die in the streets."

As a foreign correspondent I covered

collapsed societies, including the former Yugoslavia. It is impossible for any doomed population to grasp how fragile the decayed financial, social and political system is on the eve of implosion. All the harbingers of collapse are visible: crumbling infrastructure; chronic underemployment and unemployment; the indiscriminate use of lethal force by police; political paralysis and stagnation; an economy built on the scaffolding of debt; nihilistic mass shootings in schools, universities, workplaces, malls, concert venues and movie theaters; opioid overdoses that kill some 64,000 people a year; an epidemic of suicides; unsustainable military expansion; gambling as a desperate tool of economic development and government revenue; the capture of power by a tiny, corrupt clique; censorship; the physical diminishing of public institutions ranging from schools and libraries to courts and medical facilities; the incessant bombardment by electronic hallucinations to divert us from the depressing sight that has become America and keep us trapped in illusions. We suffer the usual pathologies of impending death. I would be happy to be wrong. But I have seen this before. I know the warning signs. All I can say is get ready.

Chris Hedges, spent nearly two decades as a foreign correspondent in Central America, the Middle East, Africa and the Balkans. He has reported from more than 50 countries and has worked for The Christian Science Monitor, National Public Radio, The Dallas Morning News and The New York Times, for which he was a foreign correspondent for 15 years. This article was originally published by TruthDig.

Our Comment

Who would deny the importance of early detection and treatment in curing disease? But this holds for sick *societies* as well as sick *people*. There have always been far-sighted people who could see trouble ahead and who cared enough to alert the rest of us to our impending danger. The rest of us have not always responded well enough to avoid the ugly consequences – such as devastating world wars.

We're particularly fortunate today in knowledgeable, analytical activists like Chris Hedges – for the need for truth was never greater – given our ever increasing capacity to waste ourselves. Getting ready? Time to "find out," then help others find out. Time to join others already *acting* on what we know. Waiting is not an option!

Élan

Power: The Central Issue

The Social Artist, www.douglassocialcredit.com, Summer 2018

Enclosure forces us to confront the issue of power, of who controls resources and decision-making, of how power is exercised, by whom and for whose benefit. If the beneficiaries of enclosure have been able to maintain their power, it is not because those who have been disadvantaged by the process are compliant – on the contrary, resistance to enclosure is a constant everyday phenomenon – but because enclosures have built up structures of social control that enable them to maintain their power and influence despite resistance from the commons.

Understanding these structures – how they work and who the major players are – is vital to the struggle to reclaim the commons. For it is such structures, rather than “lack of political will” or “insufficient knowledge,” which are the major barriers to reclaiming the commons.

Today, economic and political power is entrenched in a network of interest groups whose influence on policy lies in the scope and intricacy of the mutually beneficial, though often uneasy, alliances that hold them together. Such alliances now bind industrialists to government officials, politicians to individual companies, companies to the military, the military to the state, the state to aid agencies, aid agencies to corporations, corporations to academia, academia to regulatory agencies, and regulatory agencies to industry. Although the alliances may be unequal, all the partners have something to gain from joining forces. The result is a web of interlocking interests that effectively ensures that what is deemed “good” for those interests is deemed “good” for society at large. Transnational Corporations (TNCs) epitomize the logic of enclosure.

Disembedded from any one culture and any one environment, they owe no loyalty to any community, any government or any people anywhere in the world. They are the most blatant example of what the anthropologist Roy Rappaport has called the “special purpose institution.” Such institutions – from the military to government departments and international agencies – are driven by the desire to promote their own interests, to perpetuate themselves and to increase their power and influence. Deci-

sions are not made because they are of benefit to the community or on environmental grounds but because they serve the institution’s particular vested interest.

Employees are similarly disembedded from the real world. When acting for the organization, company loyalty takes precedence over the moral and cultural restraints that mediate the rest of their lives. Dennis Levine, a Wall Street highflyer who was imprisoned for insider trading, captures the detached world in which much corporate decision-making takes place: “We had a phenomenal enterprise going on Wall Street, and it was easy to forget that the billions of dollars we threw around had any material impact upon the jobs and, thus, the daily lives of millions of Americans. All too often the Street seemed to be a giant Monopoly board and this game-like attitude was clearly evident in our terminology. When a company was identified as an acquisition target, we declared that it was ‘in play.’

“We designated the playing pieces and strategies in whimsical terms: white knight, target, shark repellent, the Pac-Man defence, poison pill, greenmail, the golden parachute. Keeping a scorecard was easy – the winner was the one who finalized the most deals and took home the most money.”

The power wielded by these organizations is greater than that of many, if not all, governments and makes a mockery

of certain countries’ claims to democracy. With the world as their gaming table, TNCs are beholden neither to local communities nor to national electorates, but can dictate policy through their control of markets and the economic havoc they can cause by withdrawing support from a government. As such, they are the chief obstacle to the resolution of our environmental and social problems. If incalculably more money has been spent in the last 40 years on nuclear power rather than solar energy, for example, this is not because communities or electorates have favoured nuclear over solar; it is because TNCs, acting in alliance with state corporations, stand to benefit more from nuclear energy, whereas solar power has a potential to put control of energy back into the hands of the community.

This material was first published in The Ecologist, Vol. 22, No. 4, July/August 1992.

Our Comment

We are, today, most fortunate in the resources available to us through which we can learn about “the structures of social control” that have facilitated the theft of the commons in the first place, and that continue to promote the pillaging and ravaging characteristic of our present political economy.

Two of the most chilling features of the enclosure dynamic driving those who wield the power or those who serve it is the lure of the “game,” and the sort of detachment described by Dennis Levine.

Understanding *this* commanding incentive behind the ambition to enclose, also has implications for how we deal with power.

Élan

New Information Officer

We are pleased to introduce our new information officer, Larry Farquharson.

Larry first became involved with COMER through the National Party of Canada in 1993, when he was a candidate in the federal election. The COMER position – monetary and economic reform – resonated with Larry, and in 1997, when he ran as an independent candidate in the federal election, COMER and monetary reform were his platform. While the message was well received, he was not elected.

He has been a member of COMER since 1997. He was a founding member of the Ca-

nadian Council on National Issues (CCNI) which organized six regional Canada & Country social and economic symposiums in southwestern Ontario, where COMER was featured through presentations by William Krehm, John Hotson, Jack Biddell, George Crowell and others.

It was Larry who set up comer.org. He contributed to the publishing and distribution of the *Journal of the Committee on Monetary and Economic Reform*, and a number of books, including *It's Your Money* by William F. Hixson. Larry has recently started a COMER Chapter in London.

He teaches business and computer studies and is currently a teacher-librarian at a secondary school in London, Ontario. ■



Facts about Kinder Morgan Canadian Taxpayers Need to Know

By Andrew Nikiforuk, *TheTyee.ca*, April 20, 2018

Due diligence required before we sink money into a corporation with poor stock performance and repeated legal violations.

Prime Minister Justin Trudeau has instructed Finance Minister Bill Morneau to begin a series of discussions about a bailout for Kinder Morgan's Trans Mountain project that will take place in Calgary, Toronto, Houston and New York, but the talks "won't happen in public."

Kinder Morgan, which has invested approximately \$1 billion in the expansion of the project to date, stopped all essential work on the project on April 8 citing delays and uncertainty about the project's economic future due to sustained legal, economic and political opposition.

Trudeau's decision to invest in the \$7.4-billion project with the object of "de-risking" the expansion to move diluted bitumen to the coast has been derided by both project proponents and critics alike as "a terrible idea."

In contrast investors have noted that it won't be the end of the world if Kinder Morgan pulls out of the project.

"The company would have a very strong balance sheet and other potential options to deploy capital, so it wouldn't be a disaster for them, or us as investors," Jim Hall, chairman of Mawer Investment Management, told Reuters.

Trudeau says the bailout is in the "national interest" but has provided no independent economic analysis on pouring tax dollars into a US corporation.

Here's a quick rundown on what Canadian taxpayers, potential Kinder Morgan investors, should know about the US pipeline giant and its financial health.

History: An Enron spin-off

Kinder Morgan, which runs what founder and Texas billionaire Richard Kinder calls an "unsexy, dirty business," started off as an offshoot of the US corporate giant Enron in 1996. That's when a pair of senior Enron executives, Richard Kinder and Bill Morgan, joined up to purchase a couple of pipelines from Enron. Kinder and Morgan parlayed that investment into a North American pipeline empire while Enron

collapsed in a spectacular fraud scandal in 2001.

To this day Kinder rarely speaks about the Enron scandal even though Kinder Morgan's senior management team includes many prominent Enron executives, including Jordan Mintz and Steve Kean.

Kinder Morgan works like a utility and makes its money by charging shipping fees or tolls for moving gas, oil, CO₂ and other petroleum products on its pipeline network. The company has pipelines extending to every major shale oil and gas field in North America and is a major mover of condensate, an essential diluent for bitumen, to Alberta's oil sands. The company has a vast footprint and owns an interest in or operates approximately 137,000 kilometres of pipelines and 152 terminals.

Kinder, chair of the company, has a net worth of approximately \$8 billion, which is about the cost of the entire Trans Mountain pipeline. *Forbes* magazine once described Kinder and his team as glorified toll takers.

"If you own a toll road, you don't care how many passengers are in each car or what kind of car it is," Kinder told *Forbes*. "You just want as many cars to move down the road as possible, and you make damn certain they pay their tolls, OK?"

Poor Stock Performance

The company has been in the financial doldrums for years due to poor earnings (the smallest dividend yields in the industry) and high debt.

Originally structured as a master limited partnership, which doesn't pay corporate taxes, the company restructured in 2014 and became a corporation. In recent years master limited partnerships have been big money losers "as the energy crash has exposed earlier excesses in terms of leverage and bad investments," explained a recent article in *Bloomberg*.

Due to high debt levels (\$37 billion, or nearly a third of the value of the company) and low oil prices, the company has lost half of its stock value since 2015. Analysts credit the company's poor stock performance to "poor business execution and way too much debt."

There have been other issues. In 2013 Kevin Kaiser, a Wall Street analyst at Hedge-

eye Risk Management, accused the company of failing to properly maintain its pipeline infrastructure while boosting stock prices. Kaiser even described the firm as "a house of cards, completely misunderstood and mispriced."

Two years later Kaiser still described KMI as "a capital intensive, cyclical conglomerate with low-to-no growth and an over-levered balance sheet."

In recent years the company's poor stock performance has helped to invent a new verb. When Kinder promised to boost dividends in 2014 but then cut dividends by 75 percent, investors complained that they had been "kindered."

Troubled Pipeline Financing

During the controversial 2014 NEB Trans Mountain hearings, Houston-based Kinder Morgan Inc. said it would provide 100 percent of the debt and equity for the pipeline. But the oil price collapse combined with rising debt levels put the company's largest capital project on shaky ground. Investor interest waned, and Kinder Morgan Inc. had trouble raising debt or equity in the US markets. Nor could it find a joint-venture partner.

As a result, the job of raising money for the high-risk project fell to Kinder Morgan Canada.

In 2017 an initial public offering by Kinder Morgan Canada raised \$1.6 billion, but the money did not go to finance the Trans Mountain expansion project. Instead it was used to pay off debts of the parent company, Kinder Morgan Inc. Kinder explained the move in a conference call with investors: "So we were able to strengthen KMI'S balance sheet using the IPO proceeds to pay down debt..."

Kinder Morgan Canada has arranged \$5.5 billion in construction facility loans from Canadian banks – but only if Kinder Morgan raises \$2 billion in equity for the project. The federal government is now holding private conversations with Kinder Morgan about financial support.

An Active Political Player

Kinder Morgan yields political power in a variety of ways and has always been a keen supporter of the Republican Party.

BookStore

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In 2016 Kinder donated more than \$1.1 million to the Jeb Bush presidential campaign as well as other Republican candidates in Texas.

In Canada the company has actively lobbied provincial and federal politicians since 2009. According to the Office of the Commissioner for Lobbying, representatives of Kinder Morgan Canada have been extremely busy lobbying 19 different federal agencies, including the PMO's office, on technical tax issues, support for Trans Mountain expansion and promotion of international oil tanker shipping.

Since 2009 Anderson, the president of Kinder Morgan Canada, has had 226 "communications" with the federal government including nine "communications" in 2018 alone.

According to a study by the Corporate Mapping Project, the combined lobbying of politicians in British Columbia and Ottawa resulted in a total 826 contacts with government officials between 2011 and 2016: "This amounts to about one contact every two business days during that period." That's more contact than the average Canadian will ever have with their governments.

Rising Tolls Mean Rising Gas Prices for BC

The National Energy Board has allowed Kinder Morgan to double toll rates on the Trans Mountain's expansion even though the project is being built solely to serve foreign markets.

It used to cost \$2.50 a barrel to move petroleum products in the pipeline, but with the new toll rates Kinder Morgan will be able to charge \$5.90 a barrel and reap profits of nearly \$1 billion a year on shipping tolls.

Even Suncor, one of Canada's largest bitumen producers, strenuously objected to these increased toll rates during a 2013 hearing on toll rates.

According to Suncor, Kinder Morgan's new rates would secure the company an average projected return-on-equity of 28.3 percent over a 20-year contract period.

Such a high level of profit was "in excess of [return on equity] of other pipelines in Canada," testified Greg Matwichuk, a Calgary-based chartered accountant hired by Suncor.

Economist Robyn Allan argues that NEB's decision to allow a doubling of tolls works as a perversion of market signals.

"What this means is that not only will pump prices rise if Trans Mountain's expansion is built, more than \$100 million

a year will be siphoned away from the BC economy to help pay for a new pipeline that provides the local economy with no market enhancement benefit."

In other words, BC citizens will pay for the cost of building the project with higher gasoline prices.

Tax avoider

Economist Allan has detailed in *The Tyee* how Kinder Morgan avoids taxes and liabilities by setting up a complicated network of corporations based in several provinces. Thanks to these tax avoidance schemes, Kinder Morgan Canada paid no taxes in 2017. Just download the company's presentation to Toronto investors on March 6 to 7 and check out page 36.

For the three years prior to that year Kinder Morgan Canada paid less than one percent on distributable cash flow (Kinder Morgan's metric for profits) of an average of \$246 million a year, reported Allan.

Highly Subsidized

In the United States, Kinder Morgan Inc. is adept at securing subsidies from state and federal governments. According to Good Jobs First, a US website dedicated to making economic development subsidies more accountable, Kinder Morgan obtained more than \$62 million in federal tax credits and grants including \$8 million from individual US states since 2000. Federal loans, loan guarantees and bailouts totaled \$488 million for the same period.

Canada has already granted Kinder Morgan several subsidies. In 2011 the NEB granted Kinder Morgan a special fee of approximately \$1.45 a barrel to help fund the company's participation in the regulatory review of the Trans Mountain pipeline.

By 2014 Kinder Morgan confirmed that it had collected \$132 million in fees. Economist Allan has described the approval of Kinder Morgan's firm service fee by the board as unprecedented.

"The NEB effectively granted Kinder Morgan a right to guaranteed shipper surcharges in order to build a regulatory approval process 'war chest' available to the pipeline company to draw on, when and as needed, to fund capacity expansion applications for its Trans Mountain pipeline system."

Allan also counts Trudeau's promise to fund a \$1.5 billion ocean protection plan to cope with increased oil tanker traffic if the pipeline is built as another clear taxpayer subsidy for Kinder Morgan.

Repeated Violator of the Law

Kinder Morgan has a long and detailed record of violating both environmental and financial laws resulting in penalties of \$162 million since 2000 in the United States. Key offences include environmental violations (\$119 million) such as pipeline spills and explosions, energy market manipulation (\$20 million fine), pipeline safety violations and repeated labour violations. In 2011 the US Department of Labor sued Kinder Morgan for underpaying nearly 4,600 workers for overtime for at least two years. The company resolved the lawsuit by paying out \$830,000 in back wages.

The company has also violated the *Foreign Corrupt Practices Act*. In 2007 the El Paso Corporation, a subsidiary of Kinder Morgan, agreed to pay \$7.7 million “to settle allegations that it indirectly paid nearly \$5.5 million in illegal surcharges to Iraq in connection with its purchases of crude oil from third parties under the United Nations Oil for Food Program.” El Paso never admitted nor denied the allegations.

According to the Houston *Chronicle*, “the Houston federal court has become one of the busiest in the nation for cases involving foreign bribery cases in large part because of the concentration of energy companies that do business around the world.”

A 2014 report by Sightline has documented the company’s history of law-breaking and pollution.

As recently as this year the NEB disclosed that Kinder Morgan aerial patrols of its 1,200-kilometre long Cochin pipeline from Alberta to Ontario to be non-compliant on 12 different counts.

Canadian Investors

Eight large Canadian investors own nearly \$2 billion worth of shares in Kinder Morgan Inc., a company whose pipeline and terminal network is valued at \$81 billion.

These organizations include the Canadian Imperial Bank of Commerce, Brookfield Asset Management, CI Financial Corp, Manulife Financial Corp, Royal Bank of Canada, Power Corporation of Canada, Province of Quebec and the Ontario Teachers’ Pension Fund.

Climate Change

A company statement says the firm believes that climate change is real. However, it believes one of the best solutions lies in pursuing Kinder Morgan’s “leading status in delivering natural gas to consumers.” Anderson, the president of Kinder Morgan Canada, has said that he doesn’t know if petroleum-powered humans are causing climate change. “I’ve read the science on both sides and I don’t pretend to be smart enough to know which is right.”

Kinder, the Texas billionaire and US Republican donor, has a much more definite

vision on the issue: “I think that for any of our lifetimes fossil fuels are going to be the primary source of energy in this world.... I’m a huge believer in the genius of mankind, and I think we’ll continue to find new ways to utilize, explore for and produce more and more fossil fuels.”

Andrew Nikiforuk is an award-winning journalist who has been writing about the energy industry for two decades and is a contributing editor to The Tyee. On April 7, he protested at the gates of Kinder Morgan’s worksite as a civic duty. Kinder Morgan did not enforce the injunction that day and there were no arrests due to the presence of Grand Chief Stewart Phillip.

Our Comment

One of the most pressing reasons for electoral reform has to be the degree to which the present system accommodates the practice of behind-the-public’s-back decision making.

Can we be confident that our Prime Minister knows the “facts about Kinder Morgan Canadian taxpayers need to know”?

From what point of view is the bailout in the “national interest,” one wonders. (Might the question, “Whose national interest” be pertinent?)

Anderson’s comment on climate change is *illuminating*.

Kinder’s “vision”?

Élan

Foreboding from page 10

American experiment a chance to continue, dependent on Democratic courage long in short supply.

***And what rough beast, its hour come round at last,
Slouches towards Bethlehem to be born?***

So ends *The Second Coming* by Yeats, inconclusively, suggestively. There’s no knowing what may happen to head off our own rough beast slouching toward November. Perhaps Mueller will go public on Trump crimes. Perhaps the trade war will implode the US economy.

Perhaps Trump will sack Mueller (or some other critical figure). Perhaps enough people will recognize – and reject – the already functional police state created by ICE jurisdiction. Perhaps Republican Senator Richard Burr, already on record as chair of the Senate Intelligence Committee that Russian collusion in 2016 happened, will seize the moment to hold hearings to learn

“What did the President know and when did he know it?”

Or perhaps the fascist coup, the totalitarian American state, is already upon us and we’re only waiting for massive popular passivity to confirm it. There are those, after all, millions who seem to believe that Donald Trump really is the Second Coming.

William M. Boardman has over 40 years experience in theatre, radio, TV, print journalism, and non-fiction, including 20 years in the Vermont judiciary. He has received honors from Writers Guild of America, Corporation for Public Broadcasting, Vermont Life magazine, and an Emmy Award nomination from the Academy of Television Arts and Sciences.

Our Comment

This is a useful summary – if somewhat daunting – of what *has been* and *is*.

The motto above the front portal of the university I attended reads: *The Truth Will*

Set You Free. Alas, that would seem to be true only if enough of us *recognize* the truth when it is somehow revealed.

Rather than yielding to the “dark foreboding” festering in the present, it would surely be better to face the truth and acknowledge that the *future* is still a *question* – not a *sentence*!

The implications of *knowing* the truth include an obligation to share that knowledge, and the need to balance it with knowledge of trends, events, and other evidence that, “the forces of chaos and greed” are not the only energies at work in the world.

Those energies are daily made manifest in myriad expressions of caring, sacrifice and courage – also typical of the human potential.

The deep global concern and the heroic *and successful* response to the plight of the soccer team trapped in a cave in Thailand, is an inspiring example.

Élan

Kinder Morgan Fiasco: The Cat Is Out of the Bag at the CPPIB

By Bob Farkas, *Socialist Project, The Bulletin, Labour, Public Goods, May 30, 2018*

In the weeks and months ahead, there will be many political casualties of the Liberal government's crisis surrounding the Kinder Morgan Trans Mountain Pipeline expansion. The first of these, however, was the carefully-crafted illusion that the Canada Pension Plan Investment Board's (CPPIB) investment decisions are free from political influence. Over two decades, the Board had painstakingly constructed the pretence that Board decisions stood above retail politics.

Despite occasional whispers of politically-inspired Board investments and industrial policy by stealth, the public position of the Board has been a steadfast insistence on autonomy and independence. For two decades, a parade of faith groups, trade unionists, environmentalists, and mining justice activists beat a path to 1 Queen Street East in Toronto, only to be solemnly informed that shunning tobacco, divesting from fossil fuels, and rejecting labour and human rights violators were incompatible with the CPPIB's exclusive remit to make profits.

The Board needed only to point to its founding statute. The CPPIB Act carefully specifies that the Board is not an agent of the Crown, and that it stands at arm's length from the Government of Canada. The Board is mandated to invest its assets with a view to achieving a maximum rate of return, without undue risk of loss, and the Board is expressly prohibited from conducting any business in a manner that is contrary to this principle. In practice, of course, these strictures proved extremely malleable, and the Board continued to invest in a diverse group of assets offering a wide range of risk-adjusted returns. Nevertheless, the Board stuck to its narrative that the political needs of governments of the day never entered into the equation.

Pretence Laid to Rest

In mid-May, however, this pretence was laid to rest. Canada Finance Minister Bill Morneau pledged to indemnify any investor that takes over Kinder Morgan Trans Mountain pipeline expansion, and mused that pension funds might be interested if KM stepped away. The same day, CPPIB CEO Mark Machin signaled that the CPP

was on board.

Now, the federal government will assume the construction risk of the Trans Mountain Expansion Project, transferring ownership to private investors once the political and first-phase uncertainties are overcome. If the CPPIB is among these investors, there will be no going back to the Board's guise of a politically-independent global investor.

Since its inception, the CPPIB has been intensely sensitive to the political winds blowing from Ottawa and provincial capitals. What's changed is that the federal government has embarked on seriously courting pension fund investment. Like many governments around the world, Canada's response has been to keep public investment carefully limited, while expanding opportunities for private capital to invest. The Liberal's "Bank of Privatization," the Canada Infrastructure Bank, was conceived precisely to attract Canadian and international pension funds to large-scale infrastructure projects. In practice, this has proved exceedingly difficult in the United Kingdom, the United States, and other countries. Where pension funds and large investors can be persuaded to join in, the result will be far more expensive projects with higher long-term costs to public finances.

Democratically-Controlled Social Investment

In our view, trade unions and the Left should seize on this opportunity by demanding much more than elaborate trappings of socially-responsible investment criteria in Board decision-making. Instead, the Left needs to think much more ambitiously about ways to harness pension funds for democratically-controlled social investment, for several reasons.

First, Canada is not on track to meet even its modest climate commitments made in Paris. Far more ambitious investments in renewable energy, energy conservation, and electrified transit are needed to significantly reduce emissions by mid-century. Hoping that a mix of carbon taxes and inducements will spur private investors to lead this transition is pure fantasy. A major program of public investment is necessary if we are to speed decarbonization, creating decent jobs and reversing insecurity and inequality.

Second, underinvestment in public in-

frastructure in recent decades is unmistakable. Municipal infrastructure is decaying; transit systems and libraries are shamefully under-resourced; and public housing nearly everywhere is scarce and in disrepair. Hospitals and long-term care need significant investments, and northern and remote communities have vast unmet energy, water and health needs. Canada beyond Quebec continues to have no universal child care system. As even bourgeois economists have been insisting, public infrastructure investments are more likely than ever to pay off in creating jobs and incomes, reducing poverty and improving public health, to say nothing of stimulating productivity growth and private investment.

One solution would be to propose a conditional levy on pension surpluses to finance a fund for economic renewal. This fund could be bankrolled simply through funding excesses generated by pension plans like the CPP. The existing CPP remains a largely pay-as-you-go plan, with current contributions funding current benefits. Since 1997, however, higher contributions have allowed the CPP reserve fund, managed by the CPPIB, to grow to over \$350 billion today, before swelling to a projected \$6.7 trillion in 2090. Since it began in 1997, the CPPIB's average return on CPP assets has been well above the necessary minimum long-run real rate of return; current assets are one-third again greater than was projected just ten years ago. Tapping only funding excesses in the CPP would preserve benefit security and leave plan provisions unchanged.

How might a fund for economic renewal work? It could distribute funds to regional sub-funds overseen by local community groups, unions, community economic development associations. Residents could identify urgent local needs – child-care, or school renovations, hospital beds or community care facilities. Investments in basic skills, on-the-job training and apprenticeships would aim at maximizing local employment benefits and developing capacities, especially among disadvantaged groups. Economic renewal funds could be supported by federal, provincial/territorial and municipal investment. A portion of returns on specific investments, for instance from rents on social housing, would flow back to the pension fund.

Nor should a pension levy to support economic development be restricted to the CPP fund (or the Quebec Pension Plan fund in that province). Large public-sector workplace plans in Canada, many of which

deliver consistently-high returns and are in positions of funding excesses, should also be levied. These plans hugely benefit from large public subsidies. Canada has by far the greatest tax breaks for private pensions in the OECD. In 2013, Canada reported spending 2.0% of GDP on tax breaks for workplace plans, five times the OECD average. Imposing a levy on workplace plans in the service of social investment could reduce some of the resentment of public-sector pensions, while leaving benefit security untouched.

With the Kinder Morgan fiasco, the Liberal government has spilled the beans about the CPPIB, and reminded the Left to think ambitiously and creatively about socializing investment. Let's seize the chance.

Bob Farkas is a teacher, union member, and activist living in Toronto, Ontario, with a longstanding interest in pension issues.

Our Comment

The Canada Pension Plan Investment Board (CPPIB), manages \$283 billion in assets. Its CEO, Mark Wiseman, has "encouraged the [Canadian] federal government to look to places like Australia or the UK as examples of how Ottawa could utilize the capital of these global funds to meet its own infrastructure needs – 'projects of scale' – like airports, roads, ports, etc." (Joyce Nelson, *Beyond Banksters*, page 26).

Through Mark Wiseman, "already involved with BlackRock's Larry Fink," the Canadian federal government consulted a Bank of America, Merrill Lynch banker for advice on the proposed Canada Infrastructure Bank" (*Beyond Banksters*, page 29).

"On May 18, 2016, *The Financial Post* reported that Mark Wiseman...was leaving in June to take 'a senior leadership role' at BlackRock, in September, 2016" (page 33).

"Canada's public pension funds are often criticized outside the country for helping to privatize public assets" (page 29, the "Asset Recycling Model").

Readers may want to review Joyce Nelson's lowdown on BlackRock in *Beyond Banksters* page 24...127.

CPPIB pensioners, like retired Ontario teachers, might want to learn more about BlackRock, Mark Wiseman, and the CPPIB's investments on teachers' behalf. It's to be hoped that teachers, among others, will not suffer the probable fate of the proverbial chap who, having leapt from the top of a many-storied building, was heard to say – as he passed the 23rd floor – "So far, so good!"

Élan

ON CIVIL SOCIETY

Yanis Varoufakis: Has Capitalism Failed Us?

Three members of the COMER Executive, Ann Emmett, Ronnie Pereira and Patrick Cryan, were lucky enough to get tickets to this sold-out event at the Toronto Reference Library. Greece's former Finance Minister, Yanis Varoufakis, author of many books including The Global Minotaur, and Talking to my Daughter about the Economy, or, How Capitalism Works – and How it Fails.

In the course of his interview with Ana Serrano he spoke about how Capitalism works and how it fails and why there is so much inequality in the world.



COMER's Youth Representative Patrick Cryan in a tête-à-tête with Yanis Varoufakis.

With jargon-free language, and comparisons drawn from well known sources, he eloquently spoke of how Capitalism undermines itself, and how technology contributes to that. He spoke of how we are shifting gradually towards a Matrix-like economy, where we who have produced all these machines end up being their slaves, and how that includes the people who own them, who are constantly in fear of losing ownership of those machines. "And in the end, we all cry ourselves to sleep at night!" (*The Matrix* trilogy is a science-fiction-action media franchise, about heroes who fight a desperate war against machine overlords that have enslaved humanity in an extremely sophisticated virtual reality system.)

With much humour he went on..., "And the market for anti-depressants does magnificently – mainly for the 0.1%."

He then pointed out – more seriously –

that, "This is the stuff of genuine tragedy. It's like watching Macbeth. Every crime that he commits makes him more desperate until, in the end, he wants to die. He wants Macduff to stop him, and says, 'Lay on Macduff!'"

Then he went on to say, "And you are damned if you stand back and say, 'Enough!' So, democratizing our society is not an option. It is our duty to the next generation, to ourselves, because if we don't do that, we will become slaves of our own artifacts, very much like Frankenstein became a victim of his own creation."

It was an evening to remember, for everybody there.

Our Comment

It was my very good fortune to get a chance to speak briefly to Yanis Varoufakis at the end of the evening.

I have never before met anyone who made so arresting an impression! I sensed an extraordinary strength – strength of mind – strength of purpose – strength of spirit!

There were two questions that I was burning to ask him.

When I asked him how – with such strong support from the Greek people behind them – the newly elected Syriza party could have caved in to external pressures as they had, he looked me straight in the eye and, after a thoughtful pause, said emphatically "I ask myself that question every day!"

Then, I explained that from what I had read of his analysis of the inherently flawed structure of the EU, I could not understand his criticism of Brexit. His response was that he thought that it was better to stay and fight to change it.

While I cannot see how that can be accomplished, since members seem to have no leverage other than the threat to leave, I am persuaded that if anyone can lead European countries out of what he calls "Bailoutistan," he can (*Adults in the Room*). To that end, he is cofounder of an international grassroots movement, Di EM25, that is campaigning for the revival of Democracy in Europe.

That campaign should be of interest to us all.

Ann Emmett

American Democracy on the Brink

By Joseph E. Stiglitz, June 29, 2018, www.project-syndicate.org

In just the past few days, the US Supreme Court has handed down a series of rulings favoring corporations over workers, and right-wing extremists over the majority of Americans. With the Court following Donald Trump down the path of racism, misogyny, nativism, and deepening inequality, it would appear that yet another pillar of American democracy has crumbled.

New York – The center is not holding. After US President Donald Trump's election in November 2016, millions of Americans and others around the world took solace in the idea that strong institutions and the US Constitution would protect American democracy from his predations. But events over the past few days suggest that America's institutional shock absorbers are not as robust as advertised. Within the Republican Party, which controls all three branches of the US government, the siren song of tribal politics is drowning out any remaining fidelity to America's constitutional traditions.

The clearest case of institutional rot can be found in the US Supreme Court. In the space of just a few days, the Court has issued four divisive rulings that appear to have been designed to entrench illiberal Trumpism for years to come. Making matters worse, on Wednesday, Justice Anthony M. Kennedy, the Court's longstanding swing voter, announced his retirement, paving the way for Trump to appoint another justice who has been hand-selected by the right-wing Federalist Society.

The Court's rulings this term have all but confirmed the widely held view that it is no longer acting as a wise and impartial adjudicator of the inevitable disputes that arise in any society. Instead, it has become merely another instrument for advancing an extreme right-wing agenda, one that has subjected the United States to minority rule.

Recall that, in the 2016 election, Trump

received three million fewer votes than Hillary Clinton, and Republicans held onto the Senate, even though Republican candidates received fewer votes overall than Democratic candidates. Similarly, in the US House of Representatives, Republicans won a majority far larger than their actual share of the total vote, owing to partisan gerrymandering after the 2010 census. In 2000, the Supreme Court handed the presidency to George W. Bush, who, like Trump, won fewer votes than his opponent. Now it has upheld the Republicans' gerrymandering, as well as Republican legislation that has suppressed voting among groups more likely to vote for Democrats.

Of, By, and For the Corporations

The Court's first egregious decision this week came on Monday, in the case of *Ohio v. American Express*. In a 5-to-4 decision, the Court upheld anti-competitive contracts that American Express imposes on merchants to accept AmEx credit-card payments. As I pointed out in an amicus brief to the court, AmEx's arguments in defense of its anti-competitive practices were totally specious.

The decision, written by the Court's most predictably right-wing member, Clarence Thomas, betrayed deep misunderstanding of economics, and reflected a rigidly ideological, pro-business stance. All told, the ruling amounts to a major victory for monopoly power. Major corporations that engage in similar anti-competitive practices will now be able to entrench tier market dominance even further, distorting the economy and increasing America's already glaringly high levels of inequality.

Equally perverse was the Court's ruling in *Janus v. American Federation of State, Country, and Municipal Employees*. In another 5-to-4 decision, the Court prohibited public-sector labor contracts from requiring that government workers contribute dues to unions that are negotiating on their behalf. In a country already suffering from a massive imbalance between employers and workers, the Court has loaded the scale even further in favor of the former. Selfish workers will now be able to free ride on their colleagues' efforts to bargain for improved working conditions and higher pay; and if there are enough of such workers, unions will be further weakened for lack of funds.

The purpose of unions is to take political positions that will advance the interests of workers. And to ensure that the political positions they take reflect the views of a majority of workers, unions hold democratic elections. The five conservative justices who signed the opinion, however, offered the galling argument that forcing workers to pay to support views with which they disagree is a violation of their First Amendment free-speech rights.

It is worth remembering that in *Citizens United v. Federal Election Commission* (2010), the Court decided that the First Amendment permits corporations to make unlimited contributions to political campaigns. So, in the eyes of the Court's conservatives, corporations may support views that run contrary to a majority of their shareholders and workers – who had no say in the matter – but unions may not express views that are opposed by even a single dues-payer.

Culture War "Justice"

The Court's conservatives offered another perverse reading of the First Amendment in *National Institute of Family and Life Advocates v. Becerra*. In yet another partisan, 5-to-4 decision, they ruled that a state cannot force a licensed reproductive-health center to inform patients of the availability of abortion options. According to this view, freedom of speech includes the freedom not to say certain things, even if one is purporting to be a legitimate health-care provider.

Under the extremist view, cigarette companies do not have to disclose that smoking is bad for one's health, and banks need not disclose the full extent of their charges. In these and other situations in the past, the Court struck a balance between free speech and other equally important rights. But in the case this week, there was no balancing whatsoever. The reason is simple: The Court, as a tool of the extremist right, is advancing a Republican campaign against a woman's right to make informed decisions concerning her own health.

For years, Republicans at the state level have been rolling out measures to make it harder for women to get an abortion – or even to learn about it – and these policies have proven particularly harmful to the poor. But now that Kennedy is retiring, the right to abortion itself, recognized in the landmark case of *Roe v. Wade* (1973), will

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.

be in the conservatives' crosshairs. If it is overturned, Republican-controlled states across the country will suddenly have the power to deny women's longstanding 14th Amendment right to privacy and control over their bodies.

The fourth alarming decision this week came in *Trump v. Hawaii*, in which the Court's conservative majority upheld Trump's executive order banning entry to travelers from a number of predominantly Muslim countries. The Court ruled that Trump did not abuse his authority to control immigration in the interest of national security. Yet, as Trump himself has indicated on many occasions, protecting national security was not rally his intent when crafting a ban. As Associate Justice Sonia Sotomayor made clear in her blistering dissent, Trump's own incendiary tweets show that his real goal was to keep Muslims out of the US.

To be sure, the Court was reviewing the third revision of Trump's travel ban, which had been expanded beyond Muslims to include bans on North Koreans and Venezuelans. But the administration's claim that the ban is necessary because it is too difficult to vet people from these two countries is laughable. North Koreans, in particular, have been vetted with a fine-tooth comb for decades, given that there has never been a peace agreement formally ending the 1950-1953 Korean War.

And, of course, if Trump's goal is to protect national security, one wonders why Saudi Arabia – who's citizens were responsible for the September 11, 2001, attacks – is not on the list. The answer is obvious: Trump wants to maintain his and his family's lucrative relationship with the Kingdom's rulers.

Now, if the Court's perspective is taken to its logical conclusion, Trump can simply

defend any outrageous action he takes on the dubious grounds of "national security" – the alibi beloved by all fascist dictatorships. The Court's conservatives have signaled that they will turn a blind eye to policies motivated by racial or religious animus. And, presumably, they would have no problem supporting Trump's trade war, which he has also launched in the name of national security.

Tyranny of the Minority

The four major decisions handed down by the Supreme Court this term are each disturbing in their own way. America already has the highest level of inequality among advanced countries, and the Court has now empowered monopolies and corporations, while gutting the power of trade unions to reach collective bargains that benefit the working and middle classes.

42% Increase in Pipeline Incidents Shows Safety Claims as "Meaningless Marketing Mantras"

By *Équiterre, equiterre.org, June 15, 2018*

Incidents on interprovincial and international oil and gas pipelines in Canada increased 42% between 2016 and 2017, from 122 to 173, and more than half of the incidents in Quebec since 2008 took place in 2017, Montreal-based *Équiterre* reveals in a report released yesterday.

The pipeline industry's "widely-touted spill detection technology is detecting less than 50% of incidents," while the National Energy Board "is not effectively protecting citizens nor the environment from pipeline incidents," the organization concludes from a review of NEB and federal Transportation Safety Board (TSB) records.

With an average of one pipeline incident somewhere in the country every two days in 2017, the total count was up in at least four provinces compared to 2016 – from 33 to 56 (70%) in BC, from one to 16 in Quebec, from 40 to 53 (32.5%) in Alberta, and from eight to 16 (100%) in Saskatchewan. In a single year, Quebec saw 55% of its total incidents since 2008, British Columbia 23%.

The findings show up pipeliners' claims of "world-class safety" and "state-of-the-art" technology as "meaningless marketing mantras," *Équiterre* concludes, "while lax federal and provincial enforcement is letting oil pipelines continue to pose unacceptable risks" in Québec and across the country.

"The analysis and findings of the report

strongly challenge the picture of pipeline safety as often portrayed by governments and industry," the organization adds. "The report reveals that the impact of monetary penalties has been limited by the relatively sparse use of this enforcement mechanism and by the fact that fines levied to date are insufficiently high to deter violations. Safety orders and inspection orders are not frequently employed and effectiveness is limited."

"The National Energy Board is failing to protect Canadians and the environment from pipeline incidents," declared Senior Director Steven Guilbeault. "Not only is it failing to ensure the safety of existing pipelines, but it is also responsible for authorizing the development of new ones."

With the federal government's May 29 decision to make every citizen of the country an involuntary pipeline owner, he added, "Canadians should be worried by this report's findings that show that the agency responsible for enforcing pipeline safety is not capable of handling the work that's currently on its plate."

The report focuses in on four pipelines operating in or from Quebec and identifies one of them, the Trans-Nord, as a particular problem. It documents 79 incidents in one or the other province between 2004 and 2017, nearly 70% of them due in part to engineering and planning problems, with only

a 39% detection rate. "The Trans-Nord pipeline has seen reporting lags of not just days and weeks, but months and even years between the time when incidents occur and when they are reported to the National Energy Board," *Équiterre* notes.

"If I had 79 violations of the highway code in the past 10 years, I certainly wouldn't have a driver's licence anymore, and I might even be in jail," Guilbeault said. "And yet, companies like Trans-Nord can continue operating with impunity, with a total disregard for the safety of citizens and the quality of our environment."

The report calls for more urgent federal and provincial action to decrease reliance on fossil fuels and demands immediate federal action on Trans-Nord, including new investigations by the TSB and increased enforcement by the NEB. It also urges Ottawa to review its pipeline enforcement practices and "allow citizens to fully review and critique the results prior to the creation of new policy or legislative proposals."



Our Comment. This report does leave one wondering how serious the intention can be to ensure safe practices and to promote responsible pipeline management. It also makes it increasingly difficult to appreciate the Prime Minister's enthusiastic support for Kinder Morgan. *Élan*

But, beyond that, the way the Court arrived at these four decisions has launched a new political war. Since America's founding, successive governments have struggled to craft norms that would steer the country away from extremism. Heeding the wisdom of America's founders, most US leaders have understood the risk posed by ruling parties that abuse their power, leading to establishment of an array of processes and institutions to prevent majoritarian diktats. For example, in the US Senate, the filibuster rule sets a floor of 60 votes for passing major legislation, precisely so that the majority party cannot run roughshod over the minority.

But the Republicans started ignoring these norms. The US Constitution requires that the Senate provide "advice and consent" on presidential appointments, and the norm had long been that only truly unqualified candidates should be rejected. But during Barack Obama's presidency, Senate Republicans used the filibuster with abandon to block candidates with whom they disagreed on issues such as abortion. As executive-branch vacancies began to pile up, Senate Democrats, then in the majority, had no choice but to end the filibuster rule for presidential nominations. Even at the time, the dangers of such a move were clear. An extremist president, supported by a compliant Senate, could appoint almost anyone to any position.

Today, we are now witnessing what happens when the system of checks and balances is torn asunder. After retaking the Senate in 2014, Republicans refused even to consider Obama's highly qualified centrist candidate for the Supreme Court, Merrick B. Garland. And last year, after their obstructionism paid off with Trump's victory, the Republicans ended the filibuster for Supreme Court nominations, in order to confirm Trump's

pick, Neil M. Gorsuch, to succeed Antonin Scalia (who by that pint had been dead for 14 months). Now that Justice Kennedy's retirement has opened another vacancy on the bench, Trump will be able to pack the Court for at least a generation. After that happens, we will most likely be in a situation in which a majority of Americans has no confidence in the Court whatsoever – to say nothing of the other branches of government.

The Dying of the Light

The US Constitution provides that Supreme Court justices "shall hold their Offices during good Behavior," which implies a life-long tenure. But in 1789, people simply did not live as long as they do today. And so, over the years, Republicans have gamed the system by appointing young, sometimes dubiously qualified justices in an attempt to pack the federal courts. The fact that Democrats have not tried to do the same suggests that they, at least, take seriously the responsibility of finding the most qualified candidates.

Given the decision that the Court handed down this season, it is now obvious that the US needs a constitutional amendment to set term limits for justices. That won't be easy. But it is imperative to restore the Court's legitimacy as a fair arbiter.

The only alternative is to expand the size of the Court, which does not require a constitutional amendment. That is what former President Franklin D. Roosevelt famously tried and failed to do when a narrowly divided Court threatened to obstruct his New Deal reforms. But breaking the "norm" of nine justices poses its own risks, because once that threshold has been crossed, the extremist Republican Party will have yet another tool for packing the Court.

Another important lesson to be drawn from the Supreme Court's just-completed

term is that the rule of law, so often held up as the backbone of American society and its political economy, is perhaps not nearly as sturdy as many imagine it to be. The "law," after all, can and has been used by the powerful to oppress the weak. And, as we are seeing today, it can also be used by a minority to put its foot on the throat at the majority.

Even if Fox News and other forms of right-wing propaganda persuaded a narrow majority of Americans to support the arguments offered by the Court's conservatives, its recent decisions would be questionable. And yet all of them will have far-reaching implications. As Duke University law professor Jedediah Purdy rightly noted, they form "part of a longer historical arc: the dismantling of the legal legacy of the New Deal and the creation of law for a new Gilded Age." In other words, the Court is steadily changing the rules of the game in ways that will alter the nature of American society for the worse.

Trump is taking America down the path of racism, misogyny, nativism, prejudice, and protectionism, while pursuing economic policies that serve the very few at the expense of the overwhelming majority. He and his Republican lackeys are undermining America's system of checks and balances, as well as its truth-telling institutions, from universities and research institutions to the media and intelligence agencies.

The judiciary is supposed to provide a check when other cannot. Now that the Supreme Court has cast its lot with Trump, US democracy is truly in peril.

Joseph E. Stiglitz, a Nobel laureate in economics, is University Professor at Columbia University and Chief Economist at the Roosevelt Institute. His most recent book is Globalization and Its Discontents Revisited: Anti-Globalization in the Era of Trump.



Our Comment. What a testament to the urgent need to rethink the system and its infrastructure. In *The Failure of Corporate Law in America*, Kent Greenfield "has outlined a number of flaws in existing corporate governance in the United States. [He] has also suggested a range of policy changes that would make the American corporation more rational, democratic, accountable, and law abiding." *Élan*